20 ANNUAL REPORT 20

MEDIASET GROUP

MEDIASET S.p.A. - via Paleocapa, 3 - 20121 Milan

Share Capital EUR 614,238,333.28 fully paid-up

Tax Code, VAT number and Milan Companies

Register No.: 09032310154

Website: www.mediaset.it

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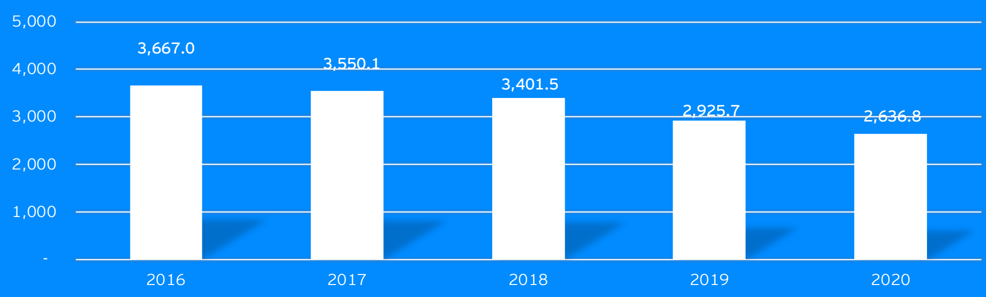
MEDIASET GROUP

CORPORATE BOARDS

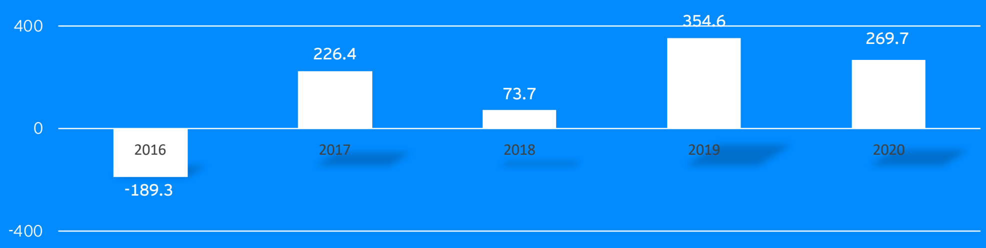
Board of Directors	**Chairman** Fedele Confalonieri **Deputy Chairman and** **Chief Executive Officer** Pier Silvio Berlusconi **Directors** Marina Berlusconi Marina Brogi Andrea Canepa Raffaele Cappiello Costanza Esclapon de Villeneuve Giulio Gallazzi Marco Giordani Francesca Mariotti Gina Nieri Danilo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

FINANCIAL HIGHLIGHTS

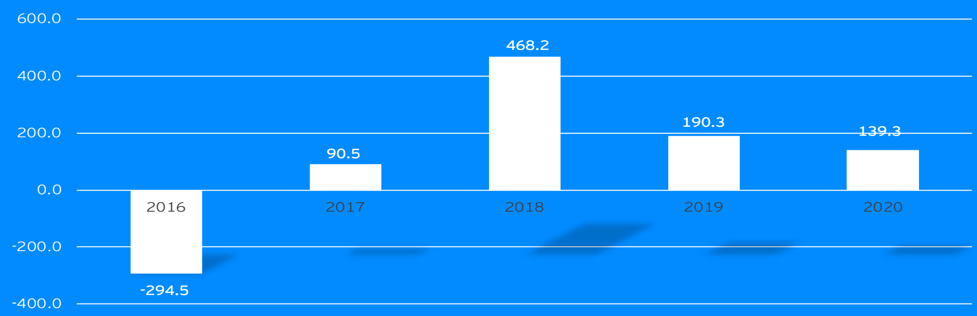
Net Consolidated Revenues
mio €



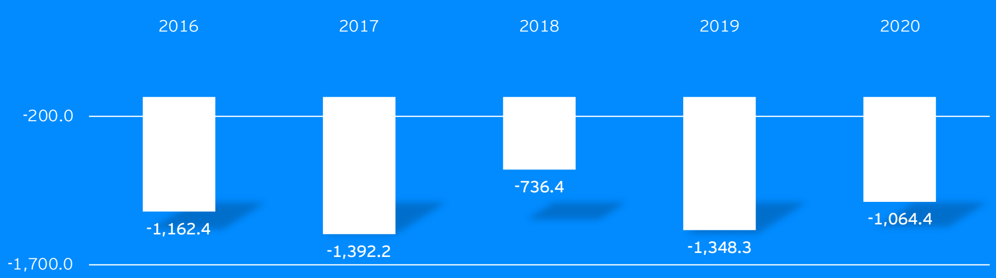
Operating Result (Ebit)
mio €



Net Result
mio €



Net Financial Position
mio €



Main Income Statement Data

€ mio

	2016	2017	2018 (1)	2019	2020
Net Consolidated Revenues (2)	3,667.0	3,550.1	3,401.5	2,925.7	2,636.8
Italy	2,675.9	2,555.3	2,421.4	1,982.1	1,800.5
Spain	992.0	996.3	981.6	946.2	836.6
Operating Result (EBIT)(2)(3)	(189.3)	226.4	73.7	354.6	269.7
Italy	(413.7)	(19.1)	(182.9)	91.3	38.5
spain	224.4	245.3	256.9	264.9	230.5
EBT (2)	(274.5)	219.9	64.0	381.7	285.9
Net Result (4)	(294.5)	90.5	468.2	190.3	139.3

Main Balance Sheet and Financial Data

	2016	2017	2018 (1)	2019	2020
Net Invested Capital (3)	3,698.3	3,774.6	3,589.6	4,238.7	4,230.1
Total Net Shareholders' Equity	2,535.9	2,382.5	2,853.1	2,890.4	3,165.6
Net Group shareholders' Equity	1,947.7	1,916.6	2,409.4	2,477.9	2,668.3
Minorities Shareholders' Equity	588.2	465.9	443.7	412.5	497.3
Net Financial Position (3)	(1,162.4)	(1,392.2)	(736.4)	(1,348.3)	(1,064.4)
Operating Cash Flow (2)(3)	1,140.7	1,189.9	1,026.1	899.4	816.9
Investments (2)	710.4	612.0	618.0	600.1	450.9
Dividends paid by the Parent Company	22.7	-	-	-	-
Dividends paid by Subsidiares	83.3	87.5	95.6	46.6	-

Personnel (5)

	2016	2017	2018	2019	2020
Mediaset Group Personnel (headcount)	5,519	5,470	4,760	4,984	4,906
Italy	4,245	4,197	3,502	3,433	3,351
Spain	1,274	1,273	1,258	1,551	1,555
Mediaset Group Personnel (average)	5,660	5,019	5,004	5,114	4,898
Italy	4,385	3,739	3,737	3,465	3,334
Spain	1,275	1,280	1,267	1,559	1,564

Main Indicators

	2016	2017 (2)	2018 (1)	2019	2020
Operating Result (EBIT)/Net Revenues	n.a.	6.4%	2.2%	12.1%	10.2%
Italy	n.a.	-0.7%	-7.6%	4.6%	2.1%
Spain	22.6%	24.6%	26.2%	28.0%	27.6%
EBT/Net Revenues	n.a.	6.2%	2.0%	13.0%	10.8%
Net Result/Net Revenues	n.a.	2.6%	13.9%	6.5%	5.3%
ROI (6)	n.a.	3.9%	1.3%	6.1%	4.7%
ROE (7)	n.a.	4.7%	19.5%	7.7%	5.2%
Number of shares (8)	1,136,402,064	1,136,402,064	1,137,142,325	1,137,944,400	1,139,192,789
EPS (euro)	n.a.	0.08	0.41	0.17	0.12
Dividend per share (euro)	-	-	-	-	-

(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) Figures refer to average economic results as well as balance sheet and financial data, for which the recognition criteria (pursuant to CONSOB Resolution No. 6064293 of 28 July 2006 and CESR Recommendation of 3 November 2005 concerning non GAAP measures) are described in the Directors' Report on Operations.

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

(5) Includes temporary and permanent workforce

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

(7) Group Net Profit/(Loss) / Group Average Net Equity

(8) Spot date at 31/12 net of treasury shares.

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

During a year defined by the COVID-19 pandemic – which heavily impacted all major countries during the first half of the year – the severe restrictions initially put in place by governments to cope with the public health crisis were gradually relaxed during a first transition phase, only for the contagion curve to rise again towards the end of the year as different international strains of the virus took hold and new blanket restrictions on social mobility and retail were rolled out.

Following the acute contraction recorded in the first two quarters as a result of the lockdown and the halting of much of economic activity ordered by the authorities to prevent the public health crisis from escalating further, there were signs of recovery in all areas of economic production. Nevertheless, the year-on-year figures point to a sharp economic recession which supplanted the still-weak and uncertain situation that prevailed in the Eurozone before the COVID-19 crisis.

Only now, during the first months of 2021, do we appear to be on the laborious path to overcoming the ongoing public health crisis – the impact, contagion rate and geographical spread of which are unprecedented – with the worldwide launch of vaccination drives. However, the lifestyles and habits of businesses, the workforce, the general public and consumers are still likely to be profoundly affected for some time yet In particular, if we look at habits concerning the use of services and multimedia content, we can already see a seismic shift towards the extensive use of digital media.

Here, Mediaset was able to react quickly in its management of the crisis by guaranteeing our own operational and financial continuity and to determinedly pursue our strategic guidelines aimed at managing and strengthening the digital-focused commercial broadcasting model that we are currently developing in both Italy and in Spain. Despite the stalling of the MFE Project due to the ongoing dispute with our shareholder Vivendi, the Group is also continuing to roll out our plan aimed at creating a sustainable European development model in the new global competitive environment.

Both in Italy and in Spain, Mediaset had to be quick and effective in facing up to the crisis from its outset, which we did by adopting thorough measures – in line with those of national and local authorities – to protect the safety of the people working for our Group in the various phases of the crisis and by setting up suitable monitoring and prevention tools. Furthermore, users were guaranteed an uninterrupted flow of television, radio and digital broadcasting services, as we continued to provide news and other content in a serious, timely and balanced manner. Certainly, protecting this crucial public service was no mean feat, given the limited access to company offices that was affecting most critical processes.

As for our core business performance, the pandemic has drastically changed social behaviour and has also affected consumption habits across the media sector. The restrictions on free movement have led even the most "conservative" consumers to dabble in digital modes of consumption. Against this backdrop, Mediaset have managed to hold onto our market shares by continuing to invest in our product and in technological innovation to ensure we have the widest possible reach among our main advertising audiences and a tailored offering underpinned by innovative technologies. Our growing viewership figures are a reward for the quantity and quality of Mediaset's broadcasting content, both with the Group's conventional linear services – across its generalist channels, its vast range of free-to-air and pay thematic channels and its varied series of radio stations – and with its digital on-demand service, which allows unrivalled and original content to be streamed through browsers and apps on smartphones, tablets, games consoles and smart TVs. This approach has also helped attract the growing band of younger viewers.

These developments have further highlighted how Mediaset's has placed on its shoulders its responsibility for stimulating the market. Throughout this difficult and unprecedented period of social and economic life, generalist television – alongside the aforementioned editorial role – has been and continues to be a fundamental lever for companies of all sectors and sizes to deliver institutional brand and product communication plans and strategies. Despite the sharp decline in advertising revenues during the lockdown period in particular, the Group's concessionaires upheld their commitments to support customers, thus creating the conditions for investments and economic margins to recover strongly in the second part of the year.

Indeed, the Group's advertising revenues record a gradual improvement from June onwards, recording consolidated growth of 2.0% during the second half of 2020. In turn, this helped the Group achieve a positive EBIT in both its main geographic regions that was higher than the same period the previous year. This gradual recovery of advertising revenues, the ability to generate value over key non-linear platforms from own cinematic content already completed before the lockdown and the retention of strong and effective measures to control and contain operating costs – with stringer annual savings than in the pre-pandemic budget forecasts – enabled the Group to achieve an operating profit (EBIT) and a net profit, and to improve the Group's free cash flow year on year.

The consolidated financial results for the year are summarised below:

- **Consolidated Net Revenues** amounted to **EUR 2,636.8 million** (-9.9% compared to the previous year's figure of EUR 2,925.7 million).
- **Operating Profit (EBIT)** was EUR **269.7** million, compared to the EUR 354.6 million profit recorded the previous year. Consolidated operating profitability was 10.2%.
- **Group Net Profit** was EUR **139.3** million, compared to the EUR 190.3 million profit recorded in 2019.
- **Net Financial Debt**, calculated in accordance with Consob Communication 6064293 of 28 July 2016, was **EUR 1,064.4 million**. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the financial payable for the equity investment in ProsiebenSat.1 Media SE, **Consolidated Net Financial Debt** was **EUR 473.6 million**, compared to EUR 768.8 million at 31 December 2019. **Free Cash Flow** in Italy and Spain was EUR **311.8 million**, a clear improvement on the EUR 265.9 million recorded in 2019. The Group also made investments of EUR 72.9 during the year to increase its shareholding in ProSiebenSat.1 Media SE.
- **Workforce** of the Mediaset Group companies in the consolidation area, at 31 December 2020, totalled **4,906 employees** (4,984 at 31 December 2019).
- **Parent Company Mediaset S.p.A.** closed the year ending 31 December 2020 with a net profit of **EUR 17.0 million**, compared to the profit of EUR 126.0 million recorded in 2019.
-

In Italy:

- **Consolidated Net Revenues** amounted to **EUR 1,800.5 million**, down -9.2% compared to 2019. This figure mainly reflects the drop in advertising revenues and the discontinuation of the core pay content on Premium DTT channels since June 2019.
- **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 1,735.3 million** in 2020 (down -10.5% compared to 2019). After performing well during the first two months of the year (up by 2.1% on the same period of the previous year), gross advertising revenues were affected by the impact of the COVID-19 emergency on the advertising market, as the majority of investors were forced to defer or reposition their scheduled advertising campaigns, bringing about a loss of -24.5% at the end of the first quarter. Trends in advertising revenues gradually normalised thereafter, recording strong growth of +3.9%

during the second half of the year. 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) contracted by -14.6% in 2020 compared to 2019, while advertising in the Group's core market (TV, radio, digital publishing) was down -10.1%. Investments ringfenced for television contracted by -9.5%; however, its share went up by 3.8 percentage points, thus highlighting the central role played in the market, which contracted overall. Mediaset's television advertising revenue fell by -10.1% at the close of 2020, partly as a result of the lower revenue from pay channels. If we remove this component, the annual trend in the Group's television revenues from Free to Air channels was in line with that of the reference market.

- **Total Audience** over the 24-hour period in 2020 was **10,997,000 viewers** on average, which was markedly down on 2019. Mediaset channels maintained their leadership with the commercial target audience with a 34.6% share over the 24-hour period, a 36% share of the early evening share and a 34.3% share of the daytime slot. Canale 5 was the most watched Italian channel among the commercial target audience across all time slots.
- **Other revenues from TV operations** amounted to **EUR 311.0 million**, compared to EUR 317.0 million for the same period the previous year. This was largely underpinned by the movie distribution activities of Medusa, which in January 2020 released the blockbuster Tolo Tolo (directed by Checco Zalone), produced by Taodue, and the new film from the trio of Aldo, Giovanni and Giacomo, respectively. An additional factor was the revenues from TV and film sublicenses on OTT platforms (including films made by Medusa that could not be screened in cinemas due to the closures caused by the public health emergency);
- **EBIT** from Italian operations was **EUR 38.5 million**, compared to EUR 91.3 million for the previous year. **Total Costs** (personnel costs, purchases, services, other costs, TV rights amortisation and depreciation of fixed assets) amounted to EUR **1,762.0 million**, down -6.8% on the same period in 2019, due – among other things – to the TV rescheduling carried out from March onwards as a consequence of the COVID-19 crisis. Compared to the previous year's figures, costs were also impacted during the first half of the year by the greater costs of distributing films to movie theatres and the fact that the redefinition of Premium assets had been charged to expenditure at the start of the previous year. Net of these components, the cost reduction compared to 2019 was -8.6%;
- **Net Profit** was **EUR 39.2 million** (compared to EUR 76.3 million in 2019).

In Spain:

- **Consolidated Net Revenues** of the Mediaset España Group amounted to **EUR 836.6 million**, a decrease of (-)11.6% compared to 2019.
- **Gross Advertising Revenues** amounted to **EUR 759.1 million,** a decrease of -17.2% compared to 2019. 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, in 2020 overall advertising market in Spain decreased by -18.1% in 2020.
- In 2020, 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 Ficcion, Boing, Divinity, Energy and Be Mad (HD channel), obtained on average audience share out of total viewers, over the **24-hour** period, of **28.4%** and **29.6%** among the **commercial target audience**.
- **Total Costs** (personnel costs, other operating costs, amortisation and depreciation) were EUR **606.1 million**, a reduction of -11.0% compared to the same period in the previous year.

- **EBIT** amounted to **EUR 230.5 million**, compared to the EUR 264.9 million recorded in 2019. This corresponds to an operating profit of 27.6% compared to 28.0% the previous year;
- **Net Profit** came to **EUR 178.7 million**, compared to EUR 211.7 million for the previous year.

GENERAL ECONOMIC TRENDS

During 2020, the global economy was heavily impacted by the Covid-19 pandemic, which forced almost all countries to put in place harsh anti-contagion measures. This led to an unprecedented economy-wide recession, which can be summarized in the -3.9% real-terms drop in global GDP, with very different trends developing across different countries and different geographical areas. Almost everywhere experienced a strong recovery in the third quarter of 2020, as the economy rebounded from the first phase of the pandemic in which governments pushed through blanket restrictions. Nevertheless, the pandemic worsened after the summer months, with containment measures returning as a consequence, albeit this time more selective and less radical than those adopted in the first phase. The result was another general economic downturn during the final months of the year. From a geographical perspective, the differing abilities in dealing with the pandemic has led it to spread more widely in Western economies, whereas Asian countries have been better able to contain it: annual changes in GDP were around -3.5% for the United States, -4.8% for Japan and -9.7% for the United Kingdom. The only economy recording growth figures, including among emerging markets, was China with GDP growth of +2.2%. These geographical differences were accompanied by differences in sectoral trends: the crisis was concentrated in the sectors most affected by the restrictions, which notably included services that require the sharing of spaces (hotels, restaurants, transport, tourism, events and exhibitions), whereas other sectors operated close to their pre-crisis levels or performed even better, resulting in an increase in social inequality within the various national populations.

The Eurozone economy reflected the negative and fluctuating trend recorded globally; Following a significant contraction in the first half of 2020, GDP broadly grew better than expected in the third quarter, before contracting again in the fourth quarter. The annual change in GDP was -6.8%, linked to the collapse of all main demand components and mitigated only by the resilience of public spending. The economic downturn in 2020 caused GDP to fall by -5.3% in Germany and -8.2% in France. In Spain, which performed better than forecast during the fourth quarter due to increased household and public sector spending, GDP contracted by -11%. The weight of the tourism sector, one of the hardest hit by the pandemic, contributed heavily to the collapse of the Spanish economy.

In this context, the ECB has continued – and progressively strengthened and widened – its expansive monetary policy measures. In March, to go alongside its firmly established Quantitative Easing program, it introduced its non-standard Pandemic Emergency Purchase Programme (*PEPP*), an asset purchase programme of private and public sector securities. The programme has since been extended from December until March 2022, with its total budget increasing from EUR 750 billion to EUR 1,800 billion. The European Commission also launched its medium-term NextGenerationEU (*NGEU*) programme for 2021-2027. Operating alongside the ordinary EU budget, this temporary recovery instrument provides funds of EUR 750 billion (of which EUR 672.5 billion through the main Recovery and Resilience Facility - *RFF*), which is financed by EU-issued bonds that will be used and allocated in different ways (soft loans and non-repayable subsidies). The programme aims to benefit the most vulnerable Member States, and is targeted at making strategic and structural investments to contribute to a green and digital European-wide recovery. This programme has been in effect since 19 February 2021. To access these funds, each Member State must product its own national recovery and resilience plan (NRPP) by 30 April 2021.

The Italian economy experienced very similar trends to those of its main European partners: Following a third quarter that was markedly above expectations (+15.9% on the second quarter), the second, autumn wave of the Covid-19 pandemic led to the introduction of new and more extensive social distancing measures and stronger government action to protect and support the businesses and sectors most affected. However, these actions could not prevent another sharp slowdown in economic activity in the fourth quarter. The year-on-year drop in GDP was -8.9%, which is slightly better than the Government's autumn forecasts and is mainly the result of a downturn in domestic demand (-9.2% from capital additions and -10.7% from family expenditure). The breakdown of the sectors impacted by the crisis was influenced by changes in household demand, according to the various items of expenditure. The consumption of travel and tourism services particularly declined, whereas goods consumption fell by a much lower margin, thus underlining a fundamental divergence between food and non-food expenditure. Whereas food consumption experienced overall growth, despite being faced by drastic changes in distribution formats, the non-food sector experienced a sharp increase in the purchase of IT equipment as a consequence of greater distance learning and smart working, but sales in the clothing, footwear and automotive sectors were hit hard by the restrictions and the tendency to stay at home. In almost all sectors, sales losses were mitigated by a significant upturn in online sales.

In the jobs market, the number of people employed fell by around -2.1%. This trend was strongly influenced by the measures put in place by the government to mitigate the economic consequences of the crisis on the labour market. In particular, these measures included a freeze on redundancies of permanent-contract workers on economic grounds.

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.

From a pro-competition perspective, the Notice identifies three different categories of Operators admitted to the allocation procedure.

The decision also implements the Council of State rulings (Nos. 5928/2018 and 6910/2019) recognising the need for a rebalancing in favour of the company Persidera relative to the positions of other multi-network operators (Rai and Mediaset).

In this respect, no operator may have more than 3 DVB-T2 transmission networks in the new system at the end of the auction procedure.

Elettronica Industriale, which has 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, with no frequencies specified, may therefore bid in the procedure to allocate half of just one national multiplex.

The procedure now provides that the Ministry of Economic Development must publish the Notice and the tender specifications between the end of March 2021 and April 2021.

Amendments to Art. 43 of the Consolidated Law on Audiovisual and Radio Media Services (TUSMAR) pursuant to Italian Legislative Decree 177/2005 and related measures

By passing Decree-Law 125/2020 of 7 October 2020, converted with amendments into Art. 4-bis of Law 159/2020 of 27 November 2020, lawmakers amended Art. 43 of the TUSMAR on dominant positions, in order to implement the indications contained in the Judgment of the EU Court of Justice of 3 September 2020, in case C-719/18. The amendments provide that:

"Beginning with the date on which the Law converting this Decree enters into force and for the six months thereafter, if a subject simultaneously operates in electronic communications markets and in a different market falling within the integrated communications system (Sistema Integrato delle Comunicazioni - SIC), including by way of shareholdings that enable the exercise of significant influence pursuant to Article 2359 of the Italian Civil Code, the Communications Regulatory Authority (AGCOM) must initiate an investigation, to be concluded within six months of the procedure initiation date, aimed at verifying whether distorting effects or any other position detrimental to pluralism exist, made on the basis of previously identified criteria and taking into account, among other things, revenues, barriers to entry and the level of competition in the markets involved, and, where appropriate, shall adopt the measures referred to in Art. 43, para 5 of the Consolidated Act on Audiovisual and Radio Media Services, as referred to in Legislative Decree 31 July 2005, No. 177, to inhibit the operation or remove its effects".

By express provision of the law, AGCOM must also carry out this investigation for proceedings that have already concluded, such as in the case of the proceedings referred to in Resolution 178/17/Cons ("Investigation into violation of Art. 43, para 11 of Legislative Decree 31 July 2005, No. 177").

This rule tasks the Authority with verifying, based on the criteria defined in law and by AGCOM itself, links existing between media-telecom companies and related "distorting effects or positions detrimental to pluralism". In particular, the 10% threshold (of the revenues of the integrated communications system as referred to Art.43, para 11 of the previously applicable wording of the TUSMAR) has been eliminated and, to verify the existence of any distorting effects or any other detrimental position, the Authority is now required to conduct a substantive check on the subjects involved and on the financial, economic and organisational relationships existing between the shareholders, including with reference to subjects other than the company.

Therefore, by passing Resolution 640/20/CONS of 4 December 2020, AGCOM made amendments and additions to Arts. 16 (Commencement of investigations) and 24 (Conclusion of procedures) of the Regulation governing the procedures for authorising the transfer of ownership of radio and television companies as referred to in Art. 43 of Italian Legislative Decree 177/2005 of 31 July 2005, to the extent necessary to incorporate the typology introduced by Art. 4-bis of Italian Decree-Law 125/2020 of 7 October 2020.

After passing the Resolution (662/20/Cons of 15 December 2020) amending the Regulation, and given the position of Vivendi SA in light of the shareholdings held in TIM S.p.A. and in Mediaset S.p.A., AGCOM initiated an investigation aimed at verifying whether distorting effects or other positions detrimental to pluralism existed that could fall under the typology referred to in Art. 4 bis, para 1 of Italian Decree-Law 125/2020 of 7 October 2020, converted with amendments by Italian Law 159/2020 of 27 November 2020.

Paragraph 6 of Resolution 662/20/Cons provides that the time limit for passing a final decision is 120 days beginning with the date on which the resolution is notified (therefore by 15 April at the latest), which can be extended by a maximum of 60 days (i.e. to 15 June) by a reasoned act of the Board of AGCOM.

Following the ruling of the European Court of Justice of 3 September 2020, on **23 December 2020** the Regional Administrative Court of Lazio annulled the above-mentioned resolution AGCOM 178/17/Cons. Mediaset has appealed to the Council of State.

European Delegation Law

In the coming months, the Italian Parliament will enact the "Legge di delegazione europea" (the "European Delegation Law"), which will give impetus to the Italian legislator to implement the "Audiovisual Media Services Directive" and other directives relevant to the broadcasting sector.

In particular, the European Delegation Bill, which was approved by the European Commission on 17 December 2020, sets out the guiding criteria for the implementation of:

- Directive (EU) 2018/1808 on audiovisual media services, by amending the Consolidated Act on Audiovisual and Radio Media Services (Italian Legislative Decree 177/2005). This directive paves the way for a regulatory environment that is fairer to the audiovisual sector, including on demand services and video-sharing platforms, by strengthening child protection and tackling hate speech, as well as promoting the production of European works and guaranteeing the independence of the Regulator in the sector.
- Directive (EU) 2018/1972 establishing the European Electronic Communications Code. The Code recasts the four existing telecommunications directives and establishes an updated framework for the regulation of networks and services and sets the tasks of national regulators, with a view to developing new, high-speed 5G networks.

- Directive (EU) 2019/789 laying down rules on the exercise of copyright and related rights and Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market.

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

By way of Resolution 17/21/Cons, AGCOM launched a public consultation aimed at obtaining observations and information from interested parties regarding the proposal to update the plan to automatically number DTT channels (LCN) and regarding related methods of channel number allocation numbers.

This proposal aims to consolidate the automatic channel numbering system by sustaining – save for some reductive changes to numbering allocable to paid services – the positions allocated to the nationwide channels already in operation.

Antitrust - Commitments resulting from the Finelco Group acquisition

On 31 December 2020, part of the conditions prescribed by the Italian Antitrust Authority in its Decision No. 26957 of 13 April 2016, authorising the merger transaction whereunder RTI would acquire control of the Finelco radio group, expired.

On 29 January 2021, the fifth and final annual report was sent to the Italian Antitrust Authority concerning the programme on compliance with the prescribed measures. Until 31 December 2020, these measures had prohibited the acquisition of national radio broadcasters and the making of advertising concession agreements with national radio broadcasters other than those for which they were already in operation.

The obligation to have separate concessionaires for television and radio advertising sales remains in force.

AGCOM PROCEDURES

Advertising - Radio Self-Advertising

In January 2018, AGCOM warned RTI against continuing a practice that it had lawfully been carrying out since March 2016; namely that of self-promoting our radio programs on television. The Authority's stance, which is currently directed at our broadcasters only, prohibits cross-platform advertising beyond the crowding limits, which is a widespread physiological practice carried out by the various publishing groups operating in the Italian television market.

These resolutions were promptly appealed and an application for interim relief was filed by RTI with the competent administrative judge. The matter was discussed in the Council Chamber on 7 February 2018. On the outcome, the Regional Administrative Court set the public hearing concerning the appeals for 28 November 2018.

On 16 April 2019, the three judgments of the Regional Administrative Court were published, dismissing the three appeals against AGCOM's cautionary resolutions against the television advertisements of the Group's radio stations; appeals have been filed with the Council of State against the judgments.

RTI promptly took it upon itself to bring its conduct in line with the new stance of AGCOM outlined in the above mentioned resolutions. Specifically, RTI began to bring its conduct into line on 7 February 2018 (in the absence of a deadline set by the resolutions themselves), thus complying with the time limits for processing the application for interim relief. Nevertheless, in April 2018 AGCOM challenged Italia1, Canale5 and Rete4 with regard to their advertising overcrowding during the months of January and February 2018 (despite the Council Chamber having met after those dates) for the tally of the Group's radio self-advertising spots (Radio 105).

In November 2018, AGCOM brought the proceedings to an end, imposing penalties of EUR 20,658 on Canale5, EUR 20,658 on Italia1 and EUR 20,658 on Rete4.

All penalties were appealed with the Regional Administrative Court (TAR) and a date for the hearing is pending.

MEDIASET SHARES

Stock market performance

As with the rest of the world, the performance of the Italian financial market in 2020 was heavily influenced by the pandemic. Following a slight improvement at the start of the year in spite of concerns growing around of the Coronavirus in China, the market plunged during February and March, when the virus was officially found to be circulating first in Italy and then gradually across all other European countries, leading this public health crisis to be termed a pandemic. The heavy economic repercussions of the restrictions on movement (the lockdown) introduced to protect public health were reflected in the markets. And that is even before we take into account the widespread uncertainty over the future of the economy.

As occurred in many European countries, the Italian Companies and Exchange Commission (CONSOB) imposed a ban on short-selling from 17 March and 18 May in an effort to stem the intense volatility and negative trends in the financial markets.

The European Commission's response to the pandemic-induced crisis was unprecedented: the Commission's newly elected President Ursula von der Leyen announced that the new long-term EU budget (2021-2027) would be worth a total of EUR 1750 billion. The budget included a historic financing package (grants and loans) that allocated different amounts to each Member States (Italy is the largest beneficiary) and provided for joint market-based funding at the EU level. The financing package, known as NextGeneration EU, is worth EUR 750 billion and was approved on 21 July following intensive negotiations between the Member States. The numerous measures adopted by the Commission include the allocation of a fund to support employment in Member States (the SURE fund, at around EUR 90 million), the suspension of the Stability Pact (which was also extended into 2021) to allow for fresh borrowing and to enable the financing of all necessary measures to support national economies, and the issuance of a new "bailout fund" credit facility under the ESM with softer conditions on accessing the credit facility than are in place for other Fund loans (conditions linked only to the purpose of the financing and to all direct and indirect costs incurred in fighting and preventing the virus). The ECB has also launched important measures to support EU economies, aimed at helping households and businesses to access borrowing as much as possible. These include a bond repurchase scheme launched specifically to deal with the crisis, keeping interest rates at a record low and introducing greater borrowing criteria flexibility for banks, businesses and individuals.

Following a spell of cautious optimism in the summer, a second wave of the virus struck in the autumn, leading to the reintroduction of restrictions across Europe. Therefore, the market trend in Italy since late September reflects the deterioration of the pandemic in the country, as well as uncertainty over the future.

In the final two months of the year, pharmaceutical companies Pfizer-BioNTech and Moderna announced that they had developed vaccines which had proven highly effective in clinical trials. There was renewed optimism as pharmaceuticals agency moved to approve these vaccines, which lead to a rapid recovery of the financial markets.

Other events – of no less relevance – that were developing in the background in 2020 also led to increased market volatility: ongoing increases in tensions between the United States and China, and between the European Union (France in particular) and Turkey; the conflict in Libya; the American elections, characterised by a fiery electoral campaign, with controversies and disputes being exacerbated following the outcome of the vote; the increasing political tensions in the Italian government; and the intensive –

and often uncertain – negotiations to finalise a Brexit deals, which officially entered into force on 1 January 2021.

Following all of the above events, the FTSE MIB index closed the year down by (-)6.73%, recording a minimum low of 14,894.44 on 12 March and peaking at 25,477.55 on 19 February, with an average of 20,076.64 for the year.

As with all shares in the industry across Europe, Mediaset's share price was hit hard by the pandemic, which heavily affected the advertising revenue forecasts. Indeed, in the first half of the year, all major national and international brokers significantly lowered their advertising revenue forecasts for the year 2020, given the devastating economic impacts of the lockdown and uncertainty over its intensity, duration and speed of recovery. However, these forecasts gradually improved as the year went on, supported by positive viewership figures which led the Company's share price to recover significantly in November and December compared to the lows recorded in March and October. The positive news surrounding vaccine programmes was also a contributing factor. Mediaset's share price was also made more volatile by developments in its international consolidation project, which was halted during the summer months.

The broadcasting sector, both in Italy and other major European countries, recorded a downward, instable trend during the first half of 2020, before recovering strongly during the final two months of 2020 as advertising revenue forecasts were revised upwards.

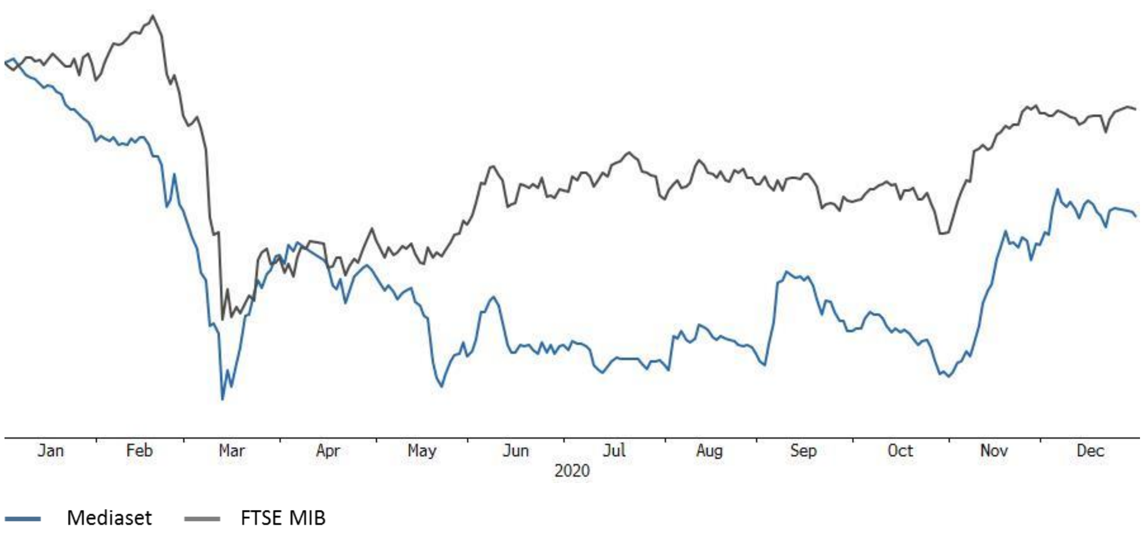
More specifically, the share price that performed most negatively during 2020 was ITV (-32.31%), which was also affected by uncertainty over the outcome of the Brexit negotiations. Spanish shares also closed the year in deeply negative territory, due to the high number of COVID-19 cases in the country, which impacted advertising expectations: Atresmedia's share price reacted more moderately (-16.07%), whereas the share price of Mediaset España (-23.33%) also suffered from a failure to close the MEDIAFOREUROPE deal. Also performing negatively were TF1 (-12%), and Prosieben (-2.03%), whose share price benefited from the onboarding of new investors. Mediaset closed 2020 down by (-)22.60%.

In 2020, Mediaset's average share price was EUR 1.9, with a low of EUR 1.4 recorded on 12 March and a high of EUR 2.7 recorded on 6 January.

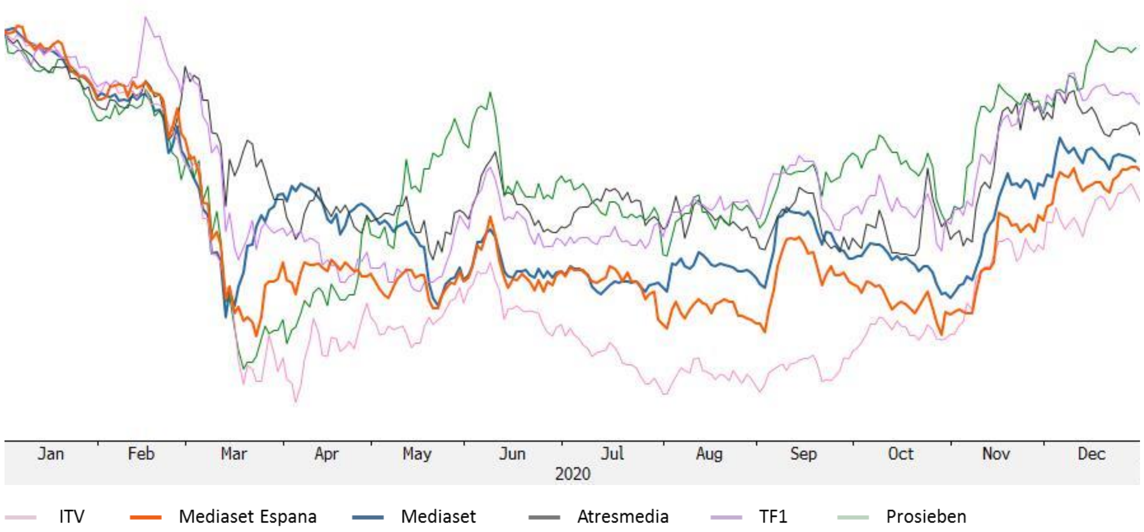
Mediaset shares	**2020**	**2019**	**2018**
High (EUR)	2.7	3.0	3.4
	6 January	20 June	7 May
Low (EUR)	1.4	2.6	2.5
	12 March	8 February	6 September
Opened at 1/Jan (EUR)	2.7	2.8	3.2
Closed at 31/Dec (EUR)	2.1	2.7	2.7
Average volumes (M)	2.2	2.2	4.3
Max volumes (M)	13.2	12.6	30.8
	4 September	20 August	3 April
Min volumes (M)	0.2	0.5	0.9
	5 May	27 December	3 September
Number of ordinary shares (M) *	1,139.2	1,137.9	1,137.1
Capitalisation at 31 Dec (M/EUR) *	**2,376.4**	**3,026.9**	**3,120.3**

**excluding own shares*

Mediaset vs FTSE Mib (2020)



Mediaset vs other major European broadcasters (2020)



SIGNIFICANT EVENTS AND KEY CORPORATE TRANSACTION FOR THE YEAR

COVID-19: Main Impacts and Mitigation Actions

Since the end of January, the public health emergency connected with the COVID-19 epidemic progressively worsened, reaching an international scale and quickly causing harm to the global economy and financial markets. Italy was among the first countries to be hit by the public health emergency. Moreover, the impact arrived in a quarter when the economy was still showing only weak signs of recovery, with more stringent measures implemented during the first wave of infections, and for a longer period, than in other countries. In the reporting period, unprecedented quarter-to-quarter reductions were recorded in all main macroeconomic indicators (in Italy and Spain, GDP fell by -5.3% and -5.2% in the first quarter and by -12.8% and -18.5% in the second quarter, respectively). Then, as the restrictions imposed by authorities during the first phase of the pandemic were eased, and as a result of the extraordinary monetary and fiscal stimulus measures put in place by central banks, the economy recovered gradually during the second half of the year.

At the end of the summer, the infection rate began to rise again, in particular in Europe, with new peaks recorded in October and November. Only at the end of the year were trials completed of the first vaccines, which were then authorised by the EMA. In Europe, these began to be readied, distributed and administered during the first months of 2021, albeit at different speeds, as infection rates grew further, leading severe restrictions to be maintained in many countries, including Italy and Spain, with states of emergency also extended into the first months of 2021.

All major economic regions – with the exception of China (from where the pandemic originated and spread) – suffered unprecedented year-on-year. In particular, GDP fell by -6.8% in the Eurozone, by -8.9% in Italy and by -11.0% in Spain. Recent forecasts estimate that the United States economy will be able to recover to pre-crisis levels as early as 2021, whereas the Eurozone will not reach those levels until 2022. In this respect, a high degree of heterogeneity is expected between the Eurozone different countries. In particular, the GDP of Italy and Spain is not expected to return to their pre-crisis levels before 2023.

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

Following the outbreak of the public health emergency and the consequent restrictions imposed on accessing its business premises, the Group operated in line with its own protocols and policies on managing emergences and business crises by setting up a Crisis Management Committee, both in Italy and Spain, tasked with preparing contingency plans and assessing all potential incremental-risk scenarios, by identifying the countermeasures necessary to protect the health and safety of staff and preserve production capacity and business continuity, thus limiting the risk of the virus spreading as much as possible. Moreover, these business responses further strengthened the Group's financial soundness and flexibility, and contained the negative impacts on the advertising market so as to protect its profitability and cash flow generation.

With the onset of the crisis, sanitary, hygiene and organisational measures were adopted in line with the protocols issued on 14 March and updated on 24 April by Government, companies and civil society organisations, which ensured that television, radio and online broadcasting could continue, as attendance at the Group's headquarters was restricted solely to staff engaged in critical tasks who were unable to work from home, with all other employees invited to use a smart-working scheme by swiftly adapting the Group's technological infrastructure and providing mobile devices that would enable employees to send and receive information through the new intranet service. Procedures on securing and monitoring access to the Group's offices were put in place, including temperature checks, more stringent procedures on third-party personnel access, special hygiene and sanitising measures in working and production environments (including the supply of PPE to all on-site personnel) and social distancing in common spaces (canteens, footpaths, common areas, lifts). In addition, channels with infectious disease experts were set up to better manage emergencies, audiences were removed from television productions, changes were made to programming, many productions were suspended and the number of guests was restricted. In view of the restrictions imposed on the fulfilment of production and operational activities, Mediaset signed up to the Government's wage guarantee fund (Fondo Integrativo Salariale - F.I.S.) that was set up under Italian Legislative Decree of 17 March 2020 (*"Heal Italy"* decree) and enrolled 2,370 employees working at the Milan and Rome headquarters, who were able to continue receiving their full salary even if working reduced hours. The talian companies within the Mediaset Group joined up to this government aid measure for 14 weeks, with savings on personnel expenses of EUR 2.8 million.

Beginning in March and during the subsequent months, the network television schedules were reviewed, with news and analysis programmes being bolstered and extended; original entertainment and reality TV productions, network-produced dramas and cancelled live events (mainly sporting events) were progressively mothballed or finished early, and replaced by repeats and a greater cinema offering. As described in greater detail below, audience shares confirmed 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.

During the second half of the year, during which government restrictions were gradually eased in major countries and new restrictions were subsequently brought in to address the second wave of infections, the Group kept and constantly adapted all of the rigorous measures it had established in the first phase of the emergency. It also set out a gradual recovery plan and monitored compliance of the measures put in place by rolling out Group-wide, online surveys. In particular, a monitoring and prevention system was implemented to gradually ensure that operations were being carried out safely on all premises and production sites. Workers were tested for infection, mandatory swabs were introduced for on-site employees and contractors, contact-tracing was introduced, flu and pneumonia vaccines were offered, hundreds of thousands of masks were handed out and all working environments and common spaces were sanitised. Drive-through testing stations were also set up, allowing employees who developed flu symptoms while working from home to have a quick swab taken without leaving their cars. Returns from sick leave were also managed by referring cases to the relevant doctors.

This situation enabled the scheduled autumn programming to be properly delivered; the market, although still fragile, was also showing signs of improvement, in line with the gradual normalisation of the economy as a whole.

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

Even in a market environment characterised by the increasingly aggressive sales policies of competitors, the Group's concessionaires have continued to operate throughout the pandemic by aiming to protect profitability with a view to maximising the normalisation phase when it comes to demand for advertising space. In fact, during the second half of the year, advertising sales improved significantly, increasing by +3.9% in Italy compared to the same period of the previous year, while in Spain the decrease was reduced significantly compared to the previous period (-2.2%). In both geographic areas, advertising revenues performed particularly well during the fourth quarter, in which advertising investment is historically concentrated most, with an increase of 3.5% in Italy and a substantial retention (-0.6%) in Spain compared to the same period of the previous year.

The Group also had to cope with the closure of cinemas ordered by the authorities, in response to which it capitalised on the films already completed by distributing them over the main non-linear platforms of OTT operators.

From a financial point of view, during the first half of 2020, Mediaset S.p.A. increased its committed credit facilities and negotiated the renewal of its credit facilities maturing in 2020 and part of those maturing in 2021, as it sought to optimise and consolidate its financial structure. In this respect, the Group subscribed to EUR 650 million in committed credit facilities, of which: EUR 350 million from the early renewal of the committed credit facilities maturing in 2020, EUR 50 million from the renewal of the committed credit facilities maturing in 2021 and more than EUR 250 from newly agreed credit facilities, while Mediaset España renewed its maturing credit facilities also agreeing EUR 45 million in new credit facilities, bringing total unutilised credit facilities to EUR 300 million, of which EUR 210 million in committed credit facilities.

These transactions further enhanced and strengthened the financial soundness of the Group 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 2020, 56.1% of the Group's total credit facilities were available and unutilised.

In addition to the financial liabilities related to the investment in ProsiebenSat1, at 31 December 2020 Mediaset S.p.A. had EUR 1,550 million in total committed credit facilities lines, of which EUR 650 million unutilised and readily available, and Mediaset España had EUR 210 million in unutilised and readily available committed credit facilities. As at the approval date of this consolidated annual report, the committed credit lines available to Mediaset S.p.A. stand at EUR 1,475 million, of which EUR 250 million falling due within the next 12 months, whereas Mediaset España's committed credit facilities are unchanged on 31 December 2020 and fall due within the next 12 months.

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

MFE Cross-Border Merger Project

In relation to the project for the Cross-Border Merger (the Merger) of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación, S.A. (Mediaset España) into Mediaset Investment N.V. (the Merger), a Dutch law-governed wholly owned direct subsidiary of Mediaset, which would have taken the name "MFE – MEDIAFOREUROPE N.V." once the Merger came into effect, the main events occurred in the year were as follows:

The terms and main events that occurred during 2019 regarding this process – including the judicial proceedings commenced in Italy, Spain and the Netherlands by petition of Vivendi S.A. (Vivendi) and Simon Fiduciaria S.p.A. (Simon Fiduciaria) following the resolutions to approve the Merger Project taken at the extraordinary shareholders' meeting of Mediaset and Mediaset España on 4 September 2019 – are described in depth in the Report on Operations contained in the 2019 Annual Report in the section "Significant Events and Key Corporate Transaction for the Year".

In the first months of 2020, Mediaset and Mediaset España held their extraordinary shareholders' meetings on 10 January and 5 February 2020, which approved specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions proposed by the respective boards of directors on 22 November and 5 December 2019.

On **21 January 2020**, Vivendi and Simon Fiduciaria served Mediaset with separate writs of summons under sections 2377 and 2378 of the Italian Civil Code, accompanied by an application for interim relief under section 2378, paragraph 3 of the Italian Civil Code, in which, among other things, they called on the Court of Milan to suspend, in the interim, the execution and validity of the above mentioned resolution passed by the Extraordinary Shareholders' Meeting (and any preliminary, associated and/or consequent resolutions) and, on the substance of the matter, to cancel such resolution passed by the Extraordinary Shareholders' Meeting (and any preliminary, associated or consequent measures, including those which did not allow Simon Fiduciaria to participate and vote at the above-mentioned shareholders' meeting in enjoyment of its 19,19% stake in Mediaset) and, generally, after ascertaining the conduct to be unlawful, to sentence Mediaset and Fininvest to compensate Vivendi for past and present damage incurred. These new substantial and interim proceedings were joined with those pending.

On **23 January 2020**, the minutes of the extraordinary shareholders' meeting of Mediaset were filed in the Milan Companies Register.

On **3 February 2020**, the Court of Milan ruled to throw out all applications for interim relief filed by Vivendi and Simon Fiduciaria, which had called for the suspension of the resolutions passed at Mediaset's shareholders' meetings of 4 September 2019 and 10 January 2020. This ruling was challenged by Vivendi and Simon Fiduciaria. The complaint, which was originally scheduled to be heard on 12 March 2020, was later postponed until 2 April 2020.

On **5 February 2020**, Mediaset España's extraordinary shareholders' meeting approved the specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions. These were the amendments previously passed by Mediaset's extraordinary shareholders' meeting on 10 January 2020.

On **14 February 2020**, the *Audiencia Provincial* of Madrid definitively ruled, without the possible of appeal, to throw out Mediaset España's appeal against the interim relief measures ordered by the Court of Madrid on 11 October 2019.

On **17 February 2020**, a notice was published in Dutch national newspaper "*Trouw*" and in the Dutch Official Journal (*Staatscourant*) that the joint merger project and its annexes had been filed with the Dutch Business Register.

On **26 February 2020**, the Court of Amsterdam threw out the application for interim relief filed by Vivendi, in which it had called for DutchCo to be prohibited from executing the Merger. The Dutch court rejected all of Vivendi's applications for interim relief and held that, among other things, the special voting mechanism provided for in the Articles of Association Proposal and the entire Merger transaction were in accordance with Dutch law.

On **27 February 2020**, deed of contribution was signed to transfer the operational and business activities of Mediaset to its subsidiary Mediaset Italia. The transaction took effect on 1 March 2020. The Merger was conditional on this Mediaset Reorganisation being completed. Following and as a result of the transfer, Mediaset maintains a 100% equity interest in Mediaset Italia S.p.A. and other investees. In carrying out the transfer, Mediaset has subscribed all shares newly issued by Mediaset Italia S.p.A. in execution of the share capital increase approved on 27 February 2020; the value of these newly issued shares (including capital and share premium) does not exceed the value of the business unit transferred, as has been certified by an independent expert based on the statement of financial position of the transferred business unit at 30 September 2019. The transfer derived a benefit from the exemption provided for in section 14 of the Regulations on Related-Party Transactions approved by Consob in Resolution No. 17221 of 12 March 2010, as amended and supplemented by section 7, paragraph d) of the *"Procedure for Related-Party Transactions"* adopted by Mediaset. Mediaset was thus exempted from publishing the reporting document referred to in section 5 of the RPT Regulations.

On **3 March 2020**, Vivendi threatened new legal actions in the Netherlands against DutchCo on the basis that, according to Vivendi's Dutch lawyers, the procedure adopted by DutchCo in the Netherlands is in breach of applicable Dutch law as, among other things, it allegedly breaches shareholders' right to information.

Despite considering this additional initiative by Vivendi to be groundless and contrived, DutchCo voluntarily decided to withdraw its filing of the merger project with the Dutch Companies Register on 5 February 2020 to avoid any pretext for yet further legal action by Vivendi and to avoid further delays as a result of those proceedings. DutchCo did so solely to conduct all necessary checks with the competent authorities before it re-filed the merger project.

As part of the proceedings on the substance that are pending in Spain, on 5 March 2020 Mediaset España filed an application calling on the Court - also given the change in circumstances following the approval by the shareholders' resolution of 5 February 2020 - to overturn the order to suspend the validity of the resolution passed by the extraordinary general meeting of Mediaset España on 4 September 2019.

On **30 July 2020**, the Court of Madrid accepted the request for suspension of the effectiveness of the resolution of the assembly of 4 September 2019 of Mediaset España relating to this project made by Vivendi. This decision made it impossible to complete the Merger in the manner and within the timescales anticipated.

On **5 August 2020**, the Board of Directors of Mediaset S.p.A. examined the measure of 30 July issued by the Court of Madrid and, finding that the term for appealing was incompatible with the deadline for the closing of the merger under Dutch law (2 October 2020), realised that the Merger Project resolved on 7 June 2019 was no longer achievable.

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

Additional proceedings of Mediaset - Vivendi - Simon Fiduciaria

In the civil proceedings before the Court of Milan – Companies Division B – Case Nos. 47205/2016 and 30071/2017, in which Mediaset S.p.A. and RTI S.p.A are seeking damages from Vivendi S.A. for a breach of the contract entered into on 8 April 2016 for the sale of Mediaset Premium and for the hostile takeover of December 2017, the Court of Milan – on 19 April 2021 – ruled as follows:

- In case no. 47205/2016, that the conditional contract entered into between the parties on 8 April 2016 and terminated on 30 September 2016, had effectively been terminated; that Vivendi had failed to fulfil the preliminary and anticipatory obligations required to meet the condition of obtaining the administrative authorizations necessary for the performance of the above-mentioned transaction; that Vivendi must pay a total of EUR 1.7 million, plus ancillary costs, in damages to Mediaset and RTI.
- In cases nos. 47575/2016 and 30071/2017, that the purchase by Vivendi of a just-under 30% shareholding in Mediaset in December 2016 was not in breach of the agreement entered into on 8 April 2016 and terminated on 30 September 2016; that the transaction could not be considered unlawful under article 43, para 11, of Legislative Decree 177/2003 (Tusmar), as this rule, in its original formulation, is no longer applicable in the Italian legal system due to the rulings referred to in the judgment of the European Court of Justice of 3 September 2020 in Case C-719/18; that the transaction does not amount to unfair competition, as disputed.

In relation to the proceedings before the Court of Milan involving Vivendi and Simon Fiduciaria and concerning, among other things, the dispute of certain resolutions of the Shareholders' Meetings of Mediaset of 27 June 2018, 18 April 2019, 4 September 2019 and 10 January 2020, (as already described in detail in the Directors' Report on Operations contained in the 2019 Annual Report), it should be noted that, in relation to one resolution, on 22 April 2021 the Civil Court of Milan, in its first-instance judgement No. 50173/2018, granting the claim filed by Simon Fiduciaria SpA, cancelled resolution C4 ("Proposal to establish a compensation plan pursuant to Art. 114 bis of Legislative Decree No. 58/1998") taken by the ordinary Shareholders' Meeting of Mediaset on 27 June 2018. According to the Court, Art. 43 paragraph 11 of TUSMAR, on the basis of which Simon Fiduciaria was not admitted to participate in the aforementioned Shareholders' Meeting, was to be disapplied with retroactive effect. This disapplication therefore overturns all the acts carried out during the period of its validity, including Simon Fiduciaria's exclusion from the vote on the Shareholders' Meeting resolutions that were promptly challenged by the latter.

Key corporate transactions, equity investments and other significant events for the year

On 27 March, Publitalia'80 acquired an 80% stake in **Beintoo Srl,** a company specialised in mobile data advertising, for a total price of EUR 3.0 million.

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

On **23 April**, Mediaset SpA entered into a reverse collar agreement in order to set a maximum price for the acquisition of a further 4.1% stake in the share capital of ProSiebenSat.1 Media SE. This financial instrument paid out in January 2021, as the conditions stipulated were not met.

As at 31 December 2020, the non-controlling interest in ProsiebenSat.1 Media SE did not meet the conditions to qualify as a significant interest 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. Therefore, as with the previous year, this investment is recognised and treated in these consolidated financial statements as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the accounting values of the equity investment and related hedging derivatives are recognised at fair value.

During the first quarter, the shareholdings held by RTI S.p.A. in **Prosiebensat.1 Digital Content LP and Prosiebensat.1 Digital Content GP Ltd** decreased from 5.52% to 5.27%. This percentage further decreased to 3.9% during the fourth quarter. This residual shareholding was sold during the first months of 2021.

On **8 September**, after having heard from Remuneration Committee, the Board of Directors of Mediaset SpA completed its assessment of the terms and conditions set forth in the 2015-2017 medium-long term incentive plan regulation for the year 2017. Following these assessments, the shares under the Plan were allocated to their respective recipients.

On **1 July**, Mediaset España Comunicación S.A. acquired a 51% stake in **Aninpro Creative SL** ("Be a Lion" project), a company that provides commercial solutions in digital and social media, offering its advertisers greater brand visibility.

On 31 October, RTI SpA completed the sale of Mediashopping Srl to Med-Ita Srl, a subsidiary of Ortigia Investimenti Srl, which intends to develop and consolidate its presence in the telesales market. The sale comes as part of the process to simplify the Group's business portfolio and concentrate on its core business.

MAIN GROUP COMPANIES

Companies consolidated on a line-by-line basis

Companies consolidated by equity method

Other investments

(*) Total shareholding of ProsiebenSat1 up to 24.16% of the share capital

GROUP PROFILE AND PERFORMANCE REVIEW BY BUSINESS SEGMENT

Mediaset 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 53.26% at 31 December 2020 (55.69% of voting rights, not including own shares). 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 jointly 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 Mediaset 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 various media with a view to cross-media coverage;
- **other activities:** film production and distribution, publishing activities, licensing and merchandising, foreign advertising concessions under the umbrella of the subsidiary 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.

CONTENT PRODUCTION AND ACQUISITION

Productions

In 2020, R.T.I. S.p.A. produced 233 television programmes.

The following table shows the number of productions made in 2020 by type, split by general interest channels, thematic channels, semi-generalist channels and pay TV channels.

Type	Number of productions made					
	2020			2019		
	Prime Time	Day Time	Total	Prime Time	Day Time	Total
Film						
Drama						
Cartoon						
News	13	23	36	11	26	37
Sport	4	11	15	4	13	17
Entertainment	37	60	97	51	74	125
Culture	3	2	5	5	4	9
Telesales	2	16	18	4	22	26
Promo and Advertising		8	8		8	8
Total Generalist Networks	**59**	**120**	**179**	**75**	**147**	**222**
Film						
Drama						
Cartoon						
News		7	7	3	7	10
Sport	2	7	9	2	13	15
Entertainment	2	23	25	2	26	28
Culture	2		2	2	4	6
Telesales						0
Promo and Advertising		8	8		7	7
Total Thematic and Semi-Generalist Networks	**6**	**45**	**51**	**9**	**57**	**66**
Film						
Drama						
Cartoon						
News						
Sport						
Entertainment		1	1			
Culture						
Telesales						
Promo and Advertising		2	2		2	2
Total Pay Networks		**3**	**3**		**2**	**2**
TOTAL	**65**	**168**	**233**	**84**	**206**	**290**

A total of **12,232 hours of final programme time were produced in 2020**, compared to 12,065 hours in 2019, as detailed in the following table:

Type	Final programme time (hours)			
	2020	% of total	2019	% of total
Film				
Drama				
Cartoon				
News	4,032	33.0%	3,732	30.9%
Sport	464	3.8%	507	4.2%
Entertainment	2,717	22.2%	2,714	22.5%
Culture	70	0.6%	81	0.7%
Telesales	22	0.2%	29	0.2%
Promo and Advertising	24	0.2%	28	0.2%
Total Generalist Networks	**7,330**	***59.9%***	**7,092**	***58.8%***
Film				
Drama				
Cartoon				
News	3,869	31.6%	3,770	31.2%
Sport	538	4.4%	702	5.8%
Entertainment	443	3.6%	385	3.2%
Culture	38	0.3%	103	0.9%
Telesales				
Promo and Advertising	10	0.1%	10	0.1%
Total Thematic and Semi-Generalist Networks	**4,898**	***40.0%***	**4,969**	***41.2%***
Film				
Drama				
Cartoon				
News				
Sport				
Entertainment	1			
Culture				
Telesales				
Promo and Advertising	3	0.0%	4	
Total Pay Networks	**4**	***0.0%***	**4**	
TOTAL	**12,232**	***100.0%***	**12,065**	***100.0%***

Entertainment Productions

Entertainment is the main editorial product in the Group's generalist television services. It is the backbone of the success of **Canale5**, which has established itself as the leader in the television segment across all seasons. Programming schedules were redrawn several times throughout the year, as the Covid-19 pandemic made new demands of the Company. More reruns were also scheduled of programmes that achieved excellent ratings.

Moreover, the productions by Fascino were once again the winners across both seasons, holding five places in the top ten most-watched productions. In the spring, C'è posta per te achieved unrivalled ratings and even improved on its 2019 figures, reaching more than 6 million individual viewers (29.6% audience share), ahead of Rai 1 productions Meraviglie - La penisola dei tesori (15.4%) and Una storia da cantare (13.2%).

In the autumn, the seventh season of Tu si que vales continued its success on Saturday evening with an audience share of 26.3% of individual viewers and 28.6% of the commercial target audience, ahead of Rai 1 production Ballando con le stelle.

The six spring episodes of Amici achieved excellent ratings among the commercial target (21.8% share) and the Young Adults 15-34 target with a 27.6% share. Fascino also produced two seasons of Temptation Island; the summer edition, presented by Filippo Bisciglia, achieved a 23.5% share of individual viewers, increasing to 35.8% among the Women 25-54 target. The autumn episodes, presented by Alessia Marcuzzi, also enjoyed excellent ratings, achieving a 30.9% share of individual viewers and 30.9% among the Women 25-54 target.

During the spring lockdown, the rerun of Ciao Darwin 8 Terre Desolate, with Paolo Bonolis, was watched by more than 4.6 million individual viewers, achieving a 23.0% share of the commercial target audience and a 31.7% share of Young Adults 15-34.

In prime time on Canale 5, Striscia la notizia maintained its leadership among the commercial target with an audience share of 19.5%, beating its direct competitor on Rai 1, Soliti Ignoti il Ritorno, by 5.0 rating points.

The programmes broadcast in the early evening band on Canale 5 also achieved excellent ratings: Avanti un altro! (3.7 million individuals viewers, 24.1% share of 15-64 target) and Caduta libera! (18.9% share of 15-64 target).

On Canale 5, which gave more space to entertainment programs, the biggest success of 2020 was the four-episode mini series Fratelli Caputo, broadcast in December 2020. Starring Nino Frassica and Cesare Bocci, this mini-series was watched by almost 3.3 million individual viewers, with a 14.8% share among the Adults 15-64 target; The programme achieved a 15.6% share among its core target of Women 25-54. Elsewhere, Ambra Angiolini and Giorgio Pasotti starred in the second season of the mini-series thriller Il Silenzio dell'Acqua, which was watched by 1.9 million individual viewers.

Italia1 is Mediaset's number two network and continues to target young adults through its generalist content. In 2020, it cemented its position as Italy's fifth most popular national network with a 4.8% share of individual viewers and a 6.6% audience share among the Adults 15-64 target. It remains the third most popular channel among the commercial target, more than two rating points ahead of Rai 2. Among its core target of Young Adults 15-34, Italia1 is also in third place behind Canale 5 and Rai 1, with a 9.4% audience share.

In 2020, the network's programming was largely dedicated to films. As for in-house productions, Le Iene Show, which was broadcast both during the spring (with Covid-19 enforced break between March and

April) and autumn seasons in 2020, again cemented its place as the cornerstone of Italia 1, attracting an average share of 9.7% of individual viewers and 16.8% among the 15-34 target.

During the six episodes of La Pupa e il secchione e viceversa aired in January/February and presented by Andrea Pucci, two worlds collide as scholars and intellectuals are brought together with fresh-faced youngsters whose forte lies in their own good looks; the program achieved a 12.8% share among the commercial target (15-64), rising to 20.7% among Women 15-34.

The daytime slot also achieved excellent ratings, with Italy 1 closing the year with an 8.9% share among Adults 15-34.

Rete 4 closed the year with a 24-hour share of 3.8%. Its ratings were highest in the late evening slot, when it reached a 4.9% audience share. in this time slot, the network forged an effective position among the adult male audience (Men 45+), with audience figures significantly concentrated in this demographic with a 5.4% share.

There continued to be significant investment in in-house productions in 2020; five of the network's prime-time, evening slots were occupied by in-house productions, with a different genre aired each evening: political and economic affairs with Quarta Repubblica (6.0% share of individual viewers); light entertainment with Piero Chiambretti in La Repubblica Delle Donne (4.4% share of individual viewers); news with Paolo Del Debbio in Dritto e Rovescio (8.0% share of the Adults +45 target) and with Mario Giordano in Fuori dal Coro (7.1% share of the Women +45 target); and crime noir with Quarto Grado (6.5% of individual viewers, 7.4% share of the Adults +45 target), which remained an undisputed mainstay on TV schedules.

Barbara Palombelli remains the start of access prime time, as she opens the network's early evening programming with current affairs and politics in Stasera Italia (5.1% share of individual viewers).

News and Sport productions

INTEGRATED NEWS SYSTEM

In 2020, Mediaset continued its integrated news model for News and Sports across its networks and multimedia platforms, established upon several pillars:

Television news broadcasts

- Tg5, which has always led the 15-64 commercial target with Prima Pagina morning news (18.3% share), in the morning (21.4% share), afternoon (20.7% share) and evening (22.2% share) editions.
- Studio Aperto, which successfully caters to Italia 1's Young Adults (15-34) target both in its morning (with an average share of 17.0%) and evening editions (8.7% share), maintained its strong position among younger viewers with Studio Aperto Mag, on air from 7pm, as well as the segments Cotto e mangiato and I menù di Cotto e mangiato;
- Tg4 achieved almost a 5% share of the channel's typical target audience (over 55s) both in its morning and evening editions;
- Sport Mediaset, in its traditional 1pm slot, remained popular among younger segments (14.1% of the 15-34 target), despite the marked instability and variability of Italian and international sporting schedules due to the pandemic. The same was true for the Sunday edition Sport Mediaset XXL, which averaged almost a 10% share of the 15-34 target.

Infotainment and journalistic analysis by the Videonews desk

- Canale 5 daytime with Mattino 5, Pomeriggio 5, Verissimo and Domenica Live, all of which are commercial target leaders in their own slots, with 16.8%, 16.2%, 18.8% and 14.0% shares respectively.
- Videonews occupied the prime time slot on the flagship channel for the second year running with Live non è la D'Urso, which pulled in an average of 14.3% of the commercial target audience.
- Rete 4's daytime programme Stasera Italia achieved more than a 5% share (7.1% of over 55s) in its Monday to Friday edition presented by Barbara Palombelli and a 4.8% (6.7% of over 55s) in its weekend edition presented by Veronica Gentili. Also on weekends, Sunday morning programme Dalla Parte degli animali drew in 3.8% of the channel's target audience. To ensure a constant news stream and in-depth analysis in the year that saw the outbreak of the pandemic, the Stasera Italia brand has stepped up its programming with dedicated special episodes broadcast in prime time and achieved excellent ratings in the process (the "Stasera Italia Speciale" episode garnered 4.6% of all viewers including 5.9% of the over 55 target, "Stasera Italia Weekend Speciale" garnered 3.6% of all viewers including 4.7% of the network target);
- Rete4's prime time programming served as a point of reference for nationwide news during six evenings a week, in a time of necessity for the country;
- #CR4 La Repubblica delle donne aired on Wednesdays during the first three months of the year (5.9% of the network target). With the outbreak of the pandemic, this gave way to prime time analysis programme Stasera Italia Speciale;
- Enjoying continued success were Quarta Repubblica on Mondays (6.0% of all viewers, 8.0% of the channel's target), Fuori dal coro on Tuesdays (5.6% of all viewers, 7.5% of the channel's target), Dritto e Rovescio on Thursdays (6.5% of all viewers, 8.8% of the channel's target), and Quarto Grado on Fridays (6.5% of all viewers, 7.7% of the channel's target). The latter responded flexibly to demands for news on the public health crisis by combining the show's quintessential crime noir content with in-depth reporting on Covid-19;
- during the late evening slot, Canale 5 aired Xstyle whereas Rete 4 aired Confessione Reporter and Pensa in grande, a new programme profiling great Italian entrepreneurs and their tales of talent and courage.

Sports news

The pandemic significantly changed the scheduling of major sporting events, leading to the suspension of all major events last spring: Serie A, UEFA Champions League, UEFA Nations League, European Qualifiers and Formula E.

Despite this, Mediaset's sports offering was able to track major events even in the climate of uncertainty, starting with the most prestigious event of all: the UEFA Champions League. Thanks to the deal with Sky (closed in the summer of 2018), Mediaset broadcast the best matches of the competition's new condensed format during the month of August, on free-to-air television.

When the UEFA Champions League schedule returned to normal in the autumn, broadcasting of the Tuesday live matches resumed on Canale 5 (by agreement with Sky and UEFA, the first two games were broadcast on Wednesday) and the Wednesday deep-dive on Italia 1 with Pressing Champions League. The Champions League matches broadcast on the flagship network had a cumulative reach of 34 million viewers, and Pressing Champions League obtained a 12.8% share of the commercial target audience.

All the main events related to the world of football were tracked, processed and analysed by Mediaset's news, commentary and in-depth programmes. In particular, Pressing Serie A, presented by Giorgia Rossi on Italia1, and Tiki Taka, in its classic structure until March and then given a refreshed editorial format in the autumn, when it was presented by Piero Chiambretti, presented an up-to-date and fresh take on the league, even in such a peculiar year as 2020, in which they achieved excellent ratings among the network's target audience (9.1% and 8.4% respectively among the 15-64 target).

Aside from football, there was a range of content in the world of motorsport: Formula E, which is growing stronger from year to year, was keenly tracked as the races suspended following the outbreak of the pandemic resumed in August.

As well as broadcasting the event itself, the Italia 1 schedule has been enriched with two additional programmes:

- **E Planet**, a weekly magazine focused on issues related to environmental and development matters, such as electric vehicles, clean energy, protecting the planet and creating sustainable economic models;
- **Drive Up,** a magazine viewing the motorsport universe from above, made in collaboration with Quattroruote.

The various strands to the All News TGCOM24 system:

- 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 36 million unique browsers per month[1]. 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], which reached 806 million videos viewed in 2020 (+153% compared to 2019).

In relation to mobile use, the TGCOM24[3] app recorded more than 3.4 million total downloads (+21% on the previous year, according to data current as at December 2020)[4]. In 2020 alone, there were 585,000 downloads, an increase of 168% compared to 2019.

The SportMediaset app, on the other hand, recorded a total of 2.3 million downloads (+8% on 2019) with 173,000 downloads during the year 2020 alone (an increase of 31% compared to 2019).

[1] Source: Webtrekk; the aggregate figure for TgCom24 includes Tgcom24, Sportmediaset and Meteo.it
[2] Source: Webtrekk; figure includes TGCOM24, SportMediaset and Meteo.it (including Syndication)
[3]The App Park includes only downloads made after 2013 and takes into account only active Apps
[4]data current as at December 2020

DEVELOPMENT OF IN-HOUSE PRODUCTIONS

In 2020, the Mediaset Group was committed to ensuring broad and diversified news coverage of all aspects concerning the public health crisis.

A total of 10,060 hours of new programming were broadcast during the year, of which 2,886 hours of news broadcast over generalist networks, 4,745 hours of original programming on the all-news channel "TGcom24", and 2,429 hours of in-depth analysis and infotainment programs.

Since 2013, there has been a steady growth in programming hours dedicated to in-house news programmes: this growth reflects how the Group's organisational and technology structure has systematically developed, built around the News Mediaset agency and the Dalet digital production system, respectively.

The News Mediaset 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 2020, 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 (for instance, in 2020 specials were made for the La5 thematic network on the English Royal Family, as well as immediate updates with ad hoc specials on important national and foreign events across brands such as Tg4).

The Dalet Digital Production System.

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 (Mattino 5, Pomeriggio 5, Domenica Live, etc.), 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 (which in 2019 was already fully operational in the News Production Centres in Cologno Monzese and Roma Palatino, and in the 9 regional newsrooms) proved more essential than ever during the public health crisis. 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 to be more quickly exchanged between the various Dalet systems, and the exchange of videos to and from all external post-production rooms was streamlined using Dalet's material export rules. The year 2020 saw the continued roll-out 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).

Logistics

As regards the logistics aspect, production centres had to cater to the new safety requirements enforced by the public health crisis during 2020, which shook up much of the usual broadcasting times and spaces.

Extensive efforts 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, despite the social distancing measures impose, all the while performing even better than the previous year.

Following the start of the pandemic in 2020, the Cologno Monzese production centre also began hosting two editions of Tg4 (as well as special episodes made by the same magazine show) in a single space set up as both a theatre and a production control room for Tgcom24 broadcasting, thus optimising the use of available facilities.

Improved Productivity

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.

VIDEONEWS, Production Factory: creating, developing and producing content

In recent years, the news universe 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 profound 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.

As the Covid-19 pandemic spread, the Mediaset Group continued to entrust its in-depth analysis to the Videonews news desk.

Videonews produces programming for all of Mediaset's generalist networks. In the space of just a few years, it has reached the point where it produces around twenty broadcasts simultaneously, catering for more than 210 prime time 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.

Videonews also produces a prime time show for Canale 5 and has produced five prime time shows for Rete 4 (live from Monday to Friday across the entire TV season), as well as producing shows for access prime time, again for Rete 4, broadcast all year round (with the exception of Christmas and New Year).

Also in 2020, Videonews programming is underpinned by two main 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 and Veronica Gentili, who present features on news, politics and current affairs.

Several of the Brand's news desks actively contribute to the generalist network schedules.

CANALE 5:

Mattino Cinque, Pomeriggio Cinque, Verissimo, Live Non è la D'Urso, Domenica Live, XStyle, Vernicedi

RETE 4:

Quarta Repubblica, Fuori dal Coro, #CR4 La Repubblica delle Donne, Dritto e Rovescio, Quarto Grado, Stasera Italia, Confessione Reporter, Pensa in Grande, Dalla Parte degli Animali, Super Partes

ITALIA1:

Tiki Taka, Pressing

THE ALL NEWS TGCOM24 SYSTEM

The **TGCOM24** brand has continued its trend of growth and consolidation across all the platforms making up the multimedia system.

This progress has been evidenced by an increase in the overall viewer pool during 2020 and an increase in new, original and innovative content.

In 2020, the All News channel reached more than 3 million viewers per day, peaking at around 5 million during the most critical phase of the lockdown. This figure underlines how TGCOM24 has become a reference point for national news. The brand produces 13 hours a day of original live news content (51 DTT, 509 SKY, online/mobile streaming) and during the year it enhanced its multimedia editorial reach by collaborating with new domestic and foreign partners including Ansa, Mediaset España, the European Commission and the European Parliament.

Of the 2020 initiatives, the most notable are the new weekly editorial content on the All News channel: La Città della Scienza, DigitalMente and Mastergame, which help underline the brand's central role in the field of cutting-edge innovation and digital development.

The brand also successfully continued the educational programme on TG dei Ragazzi in collaboration with "la Città dei Bambini e dei Ragazzi", at the Old Port of Genoa.

The leading position of TGCOM24 on mobile and the website's figures (around 9 billion page views in 2020) make the brand a central asset on the digital landscape. TGCOM24 is also very popular on social media, with 2.3 million likes for the official Facebook page (up 8% compared to December 2019[5]) and 1.1 million followers on Twitter (up 12% compared to December 2019[6]). Its Instagram profile (launched in late

[5] source: Insight Facebook

[6] source: Insight Twitter

2017) has 950,000 followers (up 65% compared to December 2019[7]) and in late 2019 the brand launched its Linkedin profile, which is currently followed by around 18,000 users.

The spread of Breaking News on the RadioMediaset network was also consolidated. TGCOM24 news shorts are broadcast simultaneously by 5 radio stations on the RadioMediaset and RadioNorba networks, at 5 peak audience periods, potentially reaching over 12 million listeners a day and almost 28 million listeners a week. It should also be noted that, from 1 January 2021, breaking news is broadcast by Klasse Uno, a group of five local broadcasters in north eastern Italy.

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 8 million a day on weekends.

METEO.IT

The Mediaset brand meteo.it 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 brand 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 Mediaset group radio and other national and regional radio stations;
- monthly digital traffic online and on mobile in 2020, amounting to 181,633 unique visitors a day, with 450,000 page views (daily average on a monthly basis[8]), for a total of 24.5 million unique users on web and app platforms[9];
- users who follow meteo.it across social media, with 1,188,000 on Facebook, 37,000 on Twitter and 119,000 on Instagram.

PRODUCTION PARTNERSHIPS

In 2020, our production partnerships enabled us to produce 11 original formats, broadcast across Canale5, Italia1, TGCOM24 in partnership with Publitalia '80, Mediamond and our institutional partners.

In particular, there was an increase in the volume of programming produced in partnership with the European Commission and the European Parliament. This increase marks a trend in the planning of EU-wide projects, with the making of news programmes supported by EU funding.

The Mediaset information system benefits from valuable original content: In 2020, the Mediaset and Mondadori Libri collaboration continued, based on the synergistic exchange of editorial content its aim is

[7] source: Insight Instagram
[8] Source: Audiweb
[9] Source: Webtrekk

to enhance new publications and give greater visibility to authors, and to promote journalists and Mediaset talent as authors for new publishing projects.

TRAINING INITIATIVES

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 2020. on-the-job training continued in the use of the Dalet system. During the first months of the pandemic, around 200 journalists and 260 producers were trained in using the corporate systems remotely.

TECHNOLOGICAL INNOVATION IN THE NEWS PRODUCTION PROCESS

The year 2020 saw the continued roll-out 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 in 2021 once journalists and production staff have been trained accordingly.

During the first months of 2020, the FLOW application entered in production. With this application, in-house and external post-production services can be viewed, commented on and authorised for broadcasting by mobile phone.

The application was developed in-house by Mediaset 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.

All production staff and around 200 journalists were granted access to the application and, in particular, to its digital archive and image search function. Graphics were uploaded to the Studio 15 control room in Cologno Monzese (where Tgcom24 is produced) for Mediaset's hard news brands (TG5, Studio Aperto and TG4), in case the production control rooms of its generalist news programmes was forced to close suddenly because of the pandemic.

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.

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. Beginning September 2020, all desktop PCs (about 600) of all production and journalistic staff have been 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.

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 2020, the lockdown restrictions put in place to tackle the public health crisis led to the postponement of all open sets and the stoppage of productions. Only in the second half of the year was it possible to gradually restart and plan these activities, 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 2020, R.T.I. continued its production relationship with its subsidiary Taodue S.r.l., the leading Italian producer of drama content. The company makes audiovisual content exclusively for R.T.I. for use in television and cinema.

Main Drama Productions in 2020:

- Efforts to forge a new editorial line and to contain production costs led new projects to be delivered in 2020, including: Luce dei tuoi occhi (A. Valle), a six-part series created by Banijay Italia; Svegliati amore mio, a series starring S. Ferilli and produced by Fabula Pictures;, Buon giorno mamma, a made-for-TV production starring R. Bova and produced by Lux Vide; Famiglia per bene, a series produced by 11 Marzo Film; and Ridatemi mia moglie, a mini-series starring F. De Luigi and produced by Colorado Film.
- During 2020, R.T.I. pinpointed its final projects after signing a deal with Netflix to co-finance seven TV movies/screen films. The projects identified and currently in development/production are: The Last Paradiso (L'ultimo paradiso), Mio fratello mia sorella and Yara.
- The ongoing production partnership with holding company Taodue Film S.r.l. led to the completion of filming on "Yara", directed by M.T. Giordana. The film project was co-financed by RTI and Netflix under the agreement outlined above.
- The subsidiary Taodue has always aimed to make productions strongly rooted in realism. 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. In 2020, the company began developing projects that will give rise to new series in the coming years.

Cinema Taodue Production

On 1 January 2020, "Tolo", the fifth film to be directed by Luca Medici (Zalone), was released in movie theatres. Considerable efforts were required to bring this ambitious film project to fruition, which was produced by Taodue and filmed across several international locations. The eagerly-awaited film enjoyed huge success, grossing 46.0 million at the box office and becoming the 3rd most-viewed Italian film of all time with a total of 6.6 million spectators. It bears underlining that the top positions in the all-time box office and audience rankings in Italy are held by films directed by Zalone ("Quo Vado?", "Sole a catinelle", "Tolo", "Che bella giornata" and "Cado dalle nubi"), all of which were produced by Taodue.

CONTENT ACQUISITION

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 Mediaset 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 Mediaset Group at 31 December.

Composition of the Broadcasting Rights Library at 31 December 2020	Free Tv		Pay TvPPV	
	No. of	Episodes	No. of	Episodes
Film	4,535	4,535	1,492	1,492
Telefilm	756	14,274	440	7,554
Telenovelas	55	4,441		
Mini-series	293	1,261	61	317
Soap operas	7	1,290	2	60
TV movies	724	754	146	171
Documentaries	353	1,638	38	491
Others (Musicals, Variety, Short, Doc)	142	400	1	3
Total	**6,865**	**28,593**	**2,180**	**10,088**

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, Paramount, Walt Disney and Sony). Under the agreements, rights are acquired for an average duration of five years, with permission for five or six 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 volume deal signed during 2015, ensures the Group has exclusive access for Italy for all television platforms and exploitation windows, both in linear (Free/Pay) and non-linear pay (SvoD, On Demand) mode, to movies and TV series distributed by the US major for the periods 2016-2020, and with Universal, which on the basis of the deal signed during 2018, ensures the Group has exclusive access for Italy for free-to-air rights to movie and television productions for the periods 2019-2022. Warner and Universal account for 40% and 50%, respectively, of the world's major film productions.

In particular, the following developments took place in 2020:

- During the year, an important two-year strategic agreement was signed with newly created major film studio ViacomCBS to include both film product (Paramount) and television productions (CBS, which will see the entire library of historic Rai franchise "NCIS" arrive on our networks, among other titles). The deal also provides for free-to-air and SVOD TV rights (the latter for film products only) for the years 2021 and 2022;
- During the year, the current deal with Universal was also renegotiated to adapt to the Group's changing editorial demands and the market changes resulting from the pandemic (for instance, films not being released in movie theatres and a slowdown in television productions); the revised deal was then extended for a further 4 years (now running from 2023 to 2026).

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.

During the year, a three-year deal was signed with Eagle Pictures for the purchase of eight current films per 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..

In 2020, the recent focus being placed on Italian film continued, both in terms of the Group's in-house productions with the acquisition of the broadcasting rights to the films distributed by Medusa Film and third-party productions under the deal with Vision Distribution for the 2018 and 2019 seasons.

As for the classics, the license to screen the cult films directed by Aldo Giovanni and Giacomo con Agididue was extended.

The channel Free TV Focus consolidated its purchase of documentary and factual content with approximately 400 hours acquired and a supplier portfolio of over 40 independent Italian and international operators.

In 2020, 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 and pay TV networks, by virtue of existing agreements, of availability for films including: Joker, It 2, Aquaman, The Mule, The Invisible Witness (Il Testimone Invisibile), Detective Pikachu;
- acquisition for free TV networks of availability for the films: Annabelle 3, Fantastic Beats: Crime of Grindelwald, Pain and Glory, Shazam, Small Foot, Jurassic World: Fallen Kingdom, First Man, Mamma Mia: Here we go again!, Truth or Dare, Mission Impossible Fallout, Paddington 2, Cold Pursuit, The Immortal, The Most Beautiful Day in the World (Giorno più bello del mondo), Cetto c'è senzadubbiamente;
- acquisition for Pay TV networks, by virtue of existing agreements, of availability films including: The Goddess of Fortune, Doctor Sleep, Motherless Brooklyn, Deep Blue Sea 3;
- the acquisition of availability of free TV and pay TV first-run series: Batwoman, Prodigal Son, Katy Keene, Ines del Alma Mia; as well as Turkish series Daydreamer and Mr Wrong;
- 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, Suits, Chicago Fire, Chicago PD, Will & Grace, The Goldbergs, Last Kingdom, Arrow, Flash, DC Legends OF Tomorrow, Manifest;
- the acquisition of availability of free TV first-run series: Lincoln Rhyme: Hunt for the Bone Collection, Council of Dads, Enemy Within, Baker and the Beauty, FBI Most Wanted;

- acquisition of free TV rights for new episodes of the most successful TV series, such as: Miracle Workers, Blackish, Station 19, The Simpsons, Family Guy, American Dad, Magnum PI and the soap operas El secreto de Puente Viejo (Il Segreto), Acacias 38 (Una Vita), Storm of Love (Tempesta d'amore);
- acquisition of pay TV broadcasting rights for the new episodes of the series: Claws, Animal Kingdom;
- acquisition from Medusa Film S.p.A., for the current television season, of films including: Amici come prima, L'Agenzia dei Bugiardi, Let Me Introduce You to Sofia (Ti presento Sofia), None Like Us (Nessuno come noi), My Big Gay Italian Wedding (Puoi baciare lo sposo).

Acquisition of sports broadcasting rights

On 9 November 2020, R.T.I. S.p.A. and Six Nations Rugby Ltd. entered an agreement for the licencing of free-to-air and/or exclusive pay broadcasting rights in Italy, San Marino, Vatican City and the Canton of Ticino for the matches of the Italian rugby team and the final of international rugby tournament the "Autumn Nations Cup 2020".

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

Free-to-air and pay linear offering

Mediaset 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.

Mediaset Extra 2, launched on 11 July 2019, broadcasts a one hour delay of the main channel "Mediaset Extra" during the daytime, with different programming in the evenings. On 18 January 2020, the channel was terminated for the launch of Cine34.

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, launched on 3 April 2018 with exclusive live broadcasting of the UEFA Champions League quarter-final match 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 five digital multiplexes of subsidiary Elettronica Industriale, which manages traffic to and from the various production centres of parent company R.T.I. SpA, making use of the infrastructure and services provided by the associate EI Towers SpA. Elettronica Industriale continued in 2020 to improve multiplex coverage and the quality of the television signal was substantial and resulted in the submission of around 119 requests for authorisation to install new equipment, modify aerials or change broadcasting power to Municipalities and the Ministry. 100% of changes were authorised and implemented during the year.

From 1 June 2019, the Premium Cinema and Series pay channels have been broadcast exclusively on SKY SAT DTH, SKY DTT and MEDIASET INFINITY.

Programme Schedules and Audience Share

The following tables show details of the programme schedules for 2020 and 2019, 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 2020 each of the generalist networks broadcast 8,784 hours of scheduled programmes for a total of 26,352 hours of airtime. A total 48.7% of those programmes were original in-house productions.

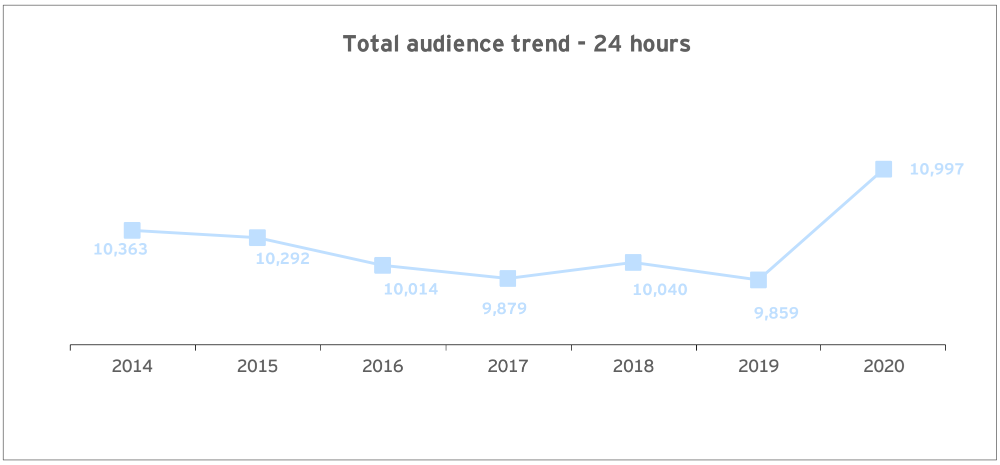
Mediaset Networks Shedule - Broadcasted Hours 2020

Types	Generalist Networks		Multi-Channel		Pay-tv Networks		Total Mediaset Networks	
Film	4,081	15.5%	18,876	13.7%	29,210	44.4%	52,167	22.6%
Fiction	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 tv 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%
Education	546	2.1%	8,680	6.3%	372	0.6%	9,598	4.2%
Teleshopping	746	2.8%	1,330	1.0%	-	-	2,076	0.9%
Total in-house 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%**

Mediaset Networks Shedule - Broadcasted Hours 2019

Types	Generalist Networks		Multi-Channel		Pay-tv Networks		Total Mediaset Networks	
Film	3,876	14.7%	10,383	9.1%	33,118	44.5%	47,377	22.1%
Fiction	8,472	32.2%	29,723	26.2%	33,658	45.2%	71,853	33.5%
Cartoons	1,143	4.3%	21,484	18.9%	-	-	22,627	10.6%
Total tv rights	**13,491**	**51.3%**	**61,590**	**54.3%**	**66,776**	**89.7%**	**141,857**	**66.2%**
News	5,764	21.9%	9,517	8.4%	2,610	3.5%	17,891	8.4%
Sport	666	2.5%	978	0.9%	207	0.3%	1,851	0.9%
Entertainment	4,939	18.8%	31,090	27.4%	4,666	6.3%	40,695	19.0%
Education	536	2.0%	8,250	7.3%	165	0.2%	8,951	4.2%
Teleshopping	894	3.4%	2,063	1.8%	-	-	2,957	1.4%
Total in-house productions	**12,799**	**48.7%**	**51,898**	**45.7%**	**7,648**	**10.3%**	**72,345**	**33.8%**
Total	**26,290**	**100.0%**	**113,488**	**100.0%**	**74,424**	**100.0%**	**214,202**	**100.0%**

Total audience over the 24-hour period in 2020 averaged 10,997,000 viewers. The total audience grew strongly year-on-year, due to the succession of lockdowns caused by the Coronavirus. This growth occurred in all time slots, in particular the Prime Time and Day Time slots.



Mediaset channels closed 2020 with a 33.3% audience share in the prime time slot, a 32.2% share over the 24-hour period and a 31.9% share of daytime viewers.

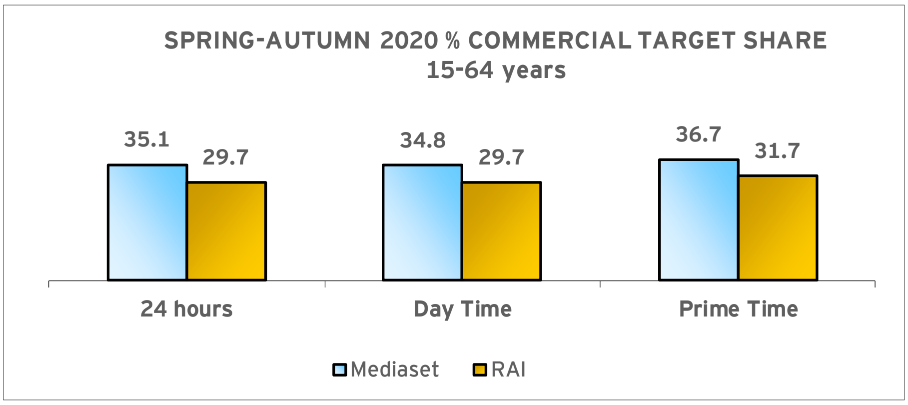
Mediaset confirmed itself as ratings leader for the commercial target in all time slots; for this target segment, Canale 5 attracted the highest number of viewers in all the time slots and Italia 1 continued to be the third network.

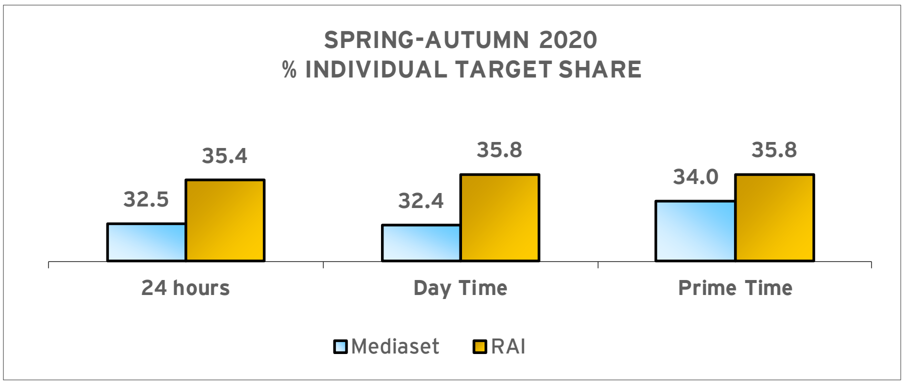
Of particular note was the strong performance of the thematic channels, which together raised Mediaset's total audience share by 8 points and its commercial target audience share by over 9 points.

Audience Share 2020	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
	15.0%	14.8%	15.3%	15.8%	16.7%	15.9%
	4.8%	5.3%	4.7%	6.6%	6.9%	6.6%
	3.8%	4.7%	3.6%	2.9%	3.5%	2.7%
TOTAL GENERALIST NETWORKS	**23.6%**	**24.8%**	**23.6%**	**25.3%**	**27.1%**	**25.2%**
TOTAL MULTI CHANNEL, PREMIUM CINEMA CHANNELS AND TV SERIES	**8.6%**	**8.5%**	**8.3%**	**9.3%**	**8.9%**	**9.1%**
MEDIASET	**32.2%**	**33.3%**	**31.9%**	**34.6%**	**36.0%**	**34.3%**

Peak Season Schedule

Mediaset's spring and autumn schedules won a total audience share of 34.0% in the prime time slot, 32.5% over the 24-hour period and 32.4% in the daytime slot among all viewers; it was also the ratings leader for the commercial target audience in all time slots.





<u>Non-linear free-to-air offering</u>

R.T.I. S.p.A. oversees the digital activities of the Mediaset 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 2020, the collection of Mediaset websites and applications averaged a total digital audience per month of 28.8 million unique users (+47% on 2019), with an average of over 295 million page views per month (+32% on 2019) (Source: Audiweb 2.0 January-December 2020 average).

As regards video consumption, in summer 2020 Auditel's first digital research extension was brought to market with the aim of estimating the online consumption of content from television broadcasters: in the period from 8 September to 8 December (autumn peak period), Mediaset position its self as the number on broadcaster with a 41% share, measured based on TTS (total time spent), with an advantage of approximately 10 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 reached 3.15 billion (video views) during the year, a figure up 125% on the previous year, generating a 314 million video hours in total (Source: Webtrekk). The chosen platform for the viewing of hub content is **Mediaset Play**, which has driven overall consumption, with approximately two-thirds of the total hours viewed on Mediaset websites and applications in 2020. This result was achieved by taking action on all essential levers: user experience, interface, technology, content management, editorial management, product positioning. From an interfacing and functionality perspective, a process of continuous improvement has led the platform to be taken up en masse by end users (the Mediaset

Play app reached 11 million downloads in 2020, up 60% on the previous year). 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. As far as positioning is concerned, 2020 saw the consolidation of the communication strategy aimed at making Mediaset Play a leading light in online entertainment, with viewers encouraged to check in at all times of the day, such as when pausing for a breath amidst their busy schedule, when they put their feet up to relax or to liven up their social lives.

- Also in 2020, a digital marketing campaign was launched with more than 520 million ads sent out by push notification and email, reaching 12 million users and thus helping to increase audiences and video consumption.
- It is worth reminding that on the Main Screen - a platform not yet monitored by Auditel's digital research - Mediaset Play is only available on HBBTV and MHP compatible smart TVs, through an application that allows access to linear channels: once tuned into a Mediaset channel, viewers can use their remote to watch Mediaset programmes (entertainment, drama, news, movies, documentaries) and extra content on demand. Furthermore, the Restart option allows viewers to return to the start of a programme while it is being broadcast, or to watch a programme's highlights near-live. In the last quarter of 2020, this application was used by more than 220,000 television sets per day (an increase of +47% 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).

- Information Hub: the Information hub, under the TGCOM24 brand, is internally divided into News (under the TGCOM24 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 2,863,000 unique users per day during 2020 (Source: Audiweb 2.0, overall activities with TAL), with TGCOM24 consolidating its position in third place in the Italian digital market.
- As regards on-the-move access, by the end of 2020 there were more than 13.1 million downloads from the suite of free information hub apps[10], up 13% compared to the total downloads at the end of 2019. In this respect, the TGCOM24 app recorded more than 3.4 million total downloads, with the number of installations increasing by +21% on the previous year (according to data current as at December 2020); in 2020 alone, there were 585,000 downloads, an increase of 168% compared to 2019. The weather forecast service (Meteo.it) achieved 6.3 million downloads, increasing by 9%. The SportMediaset app reached 2.3 million downloads (+8% on 2019); in 2020 alone, there were 173,000 downloads, an increase of 31% compared to 2019. The TG5 App reached 1.1 million downloads in 2020, increasing by 28%. (Source: App Annie at 31 December 2020). Only installations of active versions of in-store apps are included in these figures.
- As regards radio, besides maintenance and development activities, Radioplayer aggregator was added to during the year and the 105 and RMC TV channels were allocated to their digital destinations (website and app).
- Radio apps were also made available to Huawei users.

[10] Source: App Annie/App store

Content distribution agreements with all our partners continued into 2020: 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 3.3 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: 41 million total likes on Mediaset network Facebook pages, over 8 million followers on Twitter accounts and more than 20 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 Mediaset Play, increasing video viewing numbers.

In 2020, the first results emerged from the joint activities carried out between the AVOD Mediaset Play and SVOD Infinity universes. During the pandemic in particular, marketing and sales activities were aimed towards facilitating access to end users who were forced to stay at home by the pandemic, by offering commercial freebies on the pay service and allowing a greater use of AVOD rights on the free-to-air service, in order to offer a greater volume of "scripted" content (at a time when many productions were forced to remain closed). In particular, the increasing focus on pinpointing a unique customer journey (both on free-to-air and pay services) has led to increased consumption of content on both platforms, which for the time being remain separate interfaces (two distinct apps), but which will be merged into a single interface in the coming months. In this respect, the Infinity App reached 4.1 million downloads, increasing by 60% on the previous year.

Non-linear pay offering - Infinity

In 2013, the Mediaset Group launched **Infinity**, the first on-demand streaming service in Italy, offering a rich catalogue of films, cartoons, TV series, programmes and drama, available to watch without advertising breaks, where and when the viewer wants and from any internet connected enabled device.

Through Infinity, the Mediaset Group aims to create a service that makes great cinema available to all, easily and without the limitations of traditional pay TV. Infinity offers thousands of ever-available content items; a simple, clear and constraint-free commercial offering; availability on a wide range of connected devices; and the ability to satisfy even the most technologically sophisticated customers through value-added features.

Infinity: Cinema first and foremost. In 2020, Infinity consolidated its position in the Italian OTT landscape as the service of preference for film lovers: Infinity Premiere, 4K and great movies for all tastes. Infinity Premiere continued to be a highly successful initiative: movies such as "Joker", "Richard Jewell", "Birds of Prey: Harley Quinn" formed a selection of great previews. Great cinema viewed at the highest quality with 4K and HDR technology, further enhances viewers' cinematic experience: the full "Lord of the Rings" and "The Hobbit" saga, "Tenet" and "Just Mercy" are just some of the films brought together to form a unique cinematic catalogue on the OTT service. The catalogue of TV series is also continuing to increase, with new season previews of "Riverdale", "Young Sheldon" and "Batwomen", as well as full box sets of "The Truth About the Harry Quebert Affair" and "The Vampire Diaries".

Following the outbreak of the public health emergency and the consequent closure of cinemas, Infinity has remained a reference point in the promotion of home cinema: "Witches", "Bad Tales" and "Trolls World Tour" are just some of the films that were released straight to streaming over the platform without debuting in cinemas.

A simple, clear and constraint-free commercial offer: Infinity is offered at a monthly price of EUR 7.99. Customers wishing to subscribe can do so entirely autonomously either online or, if connected to the internet, directly from their television set. During the first wave of the 2020 pandemic, we supported social organisations that were involved in tackling the international public health emergency through a range of commercial activities. In particular, all proceeds from the first monthly subscription fees of new Infinity customers were donated to support Italian emergency service Protezione Civile, reaching a total of around EUR 100,000. Added to this were various activities (#iorestoacasa) pursued with national bodies such as Italian copyright collection SIAE and companies such as Vodafone (Vodafone Happy Black), which aimed to maximise the service's penetration among the public by offering commercial discounts.

Infinity is available on a wide range of connected devices, in over 2,000 different device models, including PC, Mac, Android tablet, iPad, smart TV, Smart phone, iPhone, PlayStation, XBOX and digital terrestrial set-top boxes. In 2020, the number of compatible devices reached a record high, in large part due to the lockdown, thus ensuring that the service reaches almost every corner of the market.

Infinity is able to satisfy even the most technologically sophisticated customers through value-added features that aim to enhance customers' user experience. The content is available in high definition, 4K UHD and HDR, with subtitles and audio both in Italian and original language. Infinity features a recommendation engine for content which, analysing consumer habits, offers each customer content that is always new and in line with their preferences. In 2020, the Infinity Selection channel was released on the Amazon Prime Video platform, which enabled us to reach part of the digital native population and to further expand service audiences.

RADIO OFFER

In the three-year period 2016-2018, the Mediaset 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.

R101. In 2020, its editorial activity 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).

The broadcaster has a team of professional presenters who add to the music with their high-quality presentation skills. Indeed, following the significant schedule rollouts that took place in 2019, much of 2020 was spent consolidating and strengthening all of the main presenting slots.

Marketing activities focused on promoting the schedule, in particular the broadcaster's historic flagship morning programme "La banda di R101", which was supported by a major advertising campaign on TV, print media and digital channels. Due to the suspension of large concerts and live events due to the public health emergency, the digital and social media platforms and the TV channel played an even more central role in engaging with audiences, in particular following the changes in lifestyle and listening habits brought about by the pandemic.

As for technology, a project was launched in 2020 to consolidate and optimise the station's frequencies and to progressively maintain its transmission equipment and devices, with significant telemetrification of the entire broadcasting and connecting network.

In 2020, the Radio Ter radio ratings were also affected by the suspension of radio monitoring during the first half of the year. The data available (for the second half of 2020) reveal that R101 had 2,018,000 average daily listeners, with 11,211,000 listeners across the 7-day period.

Radio 105 airs entertainment and music programming and is the leader among the "young adults" target. It is 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.

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. As activities ceased during the year due to the outbreak of the pandemic, significant work began to enhance the radio station's social media channels to offer listeners and users exclusive user experiences and content.

In 2020, TV, digital and social media advertising continued for the "Radio 105: Proud to be different" campaign, which was designed and developed to celebrate and amplify values of diversity: Radio 105 is a diverse station, characterised by a wide variety of styles, programmes and personalities aimed at an audience that is also diverse. The station's "Proud to be different" payoff, launched in 2018, points to its positioning: unique because it's different, because it's goes against the norm, varied and original. A new advertising spot was shot during the year, updated with fresh contributions from presenters and a new backing track.

Local presence and contact with people has always been one of the station's most strategic features. As a result of the pandemic, Radio 105 allocated funding previously allotted to live events to two important digital activities: the station launched the Twitch Radio_105 channel and was an active participant in the first online edition of Milan Games Week.

Both activities were strongly interconnected: MGWX was an unprecedented event in Italy, for the first time merging the largest Italian event in video games, e-sports, digital entertainment and geek culture, with comics, publishing, entertainment and pop culture fair Cartoomics, in one digital show. Over four days, the event was streamed over 6 active channels, garnering more than 1.2 million views overall, making it the perfect setting for the launch of Radio 105's Twitch channel.

Twitch is the world's most popular social media platform for live streaming of video games. Its popularity has grown consistently over the last couple of years, and it now has more than 4 million users in Italy alone (male target, 16-24 core target). Importantly, it allows for audience interaction, which brings the content creators up close and personal to their viewers. To enhance its presence among one of the radio station's strategic targets and as part of a wider project to develop its digital and social media platforms, Radio 105 decided to open its own channel during the MGW Opening Night. In the following days, it alternated music, entertainment and gameplay content on the event's digital stage, producing and streaming 6 hours of ad hoc live content a day on Twitch. The station continued to produce content in

December with two live episodes dedicated to entertainment and gaming, this lending continuity to the programming created for MGW.

Furthermore, during the summer months Radio 105 remotely covered the Giffoni Film Festival, the famous film festival for children and young people that takes place every year in the city of Giffoni Valle Piana, Salerno. This event was also held digitally, with a limited in-person presence of guests and activities. This enabled the radio to provide quality coverage with exclusive content, interviews and music.

Radio 105 remains the Official Radio Station of football clubs AC Milan and Monza Calcio for 2020, as well as basketball club Olimpia Milano and the NBA. Despite being played behind closed doors, these matches offered the station an opportunity to gain visibility on television.

From a music perspective, Radio 105 continued to have a pop, dance and urban profile with some features related to the world of electronic music and by-now consolidated Tap phenomenon, to which Radio 105 dedicates a radio programme, an app and a social media format to channel its communication towards its target audience.

Also in the music world, the station continued to air 105 Mi Casa Live, the flagship evening show hosted by Max Brigante and which was also guest-presented each Monday for a couple of months by a series of artists who created mini-showcases live on radio, TV and on social media.

All Radio 105's activities are designed for native cross-media exploitation; the station sees its community as a network that can be accessed through various touch points (radio, website, app, social). The service was implemented in January 2020 with the launch of Radio 105TV, the Radio 105 television channel which is available on digital terrestrial channel 157.

The schedule was initially a continuous stream of music videos, representing the heart and soul of the music station (contemporary music with the best Italian and international music), overlain with TgCom24 scrolling news. The channel was then added to in the spring with live showings of the programmes 105 Take Away (presented by Daniele Battaglia and Diletta Leotta) and 105 Mi Casa (presented by Max Brigante).

Throughout 2020, the channel was supported by regular television commercials, radio promos and social media coverage.

As anticipated, the Radio 105's digital output in 2020 was part of a major social media strategy involving all of the station's official profiles (Facebook, Instagram, Twitter, Youtube and Tik Tok), which aimed to continue its growth trend in terms of followers and engagement. Each channel pursued ad-hoc editorial activities by creating a variety of formats (such as MGW pills, 105 Milan Talk, Ask To, #ptbd) and exclusive content.

From a technology perspective, nationwide signal coverage was improved during the year through the acquisition of new frequencies.

Maintenance work was planned on transmission equipment and devices, which is leading to the telemetrification of the entire broadcasting and connecting network.

Also during 2020, the satellite link system was migrated to the more efficient Hotbird 13°E satellite.

In 2020, the Radio Ter radio ratings were also affected by the suspension of radio monitoring during the first half of the year. The data available (for the second half of 2020) reveal that Radio 105 had 4,361,000 average daily listeners, with 14,332,000 listeners across the 7-day period.

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.

The station's schedule features some of the leading talents in the world of rock music in Italy: DJ Ringo, Paola Maugeri, Dr. Feelgood, Massimo Cotto, Andrea Rock and Giulia Salvi are just some of the names that light up Virgin Radio's daily schedule.

Virgin Radio's strategy during 2020 was to strengthen 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 declined shortly after the outbreak of the pandemic. Besides continuing its Rock Ambassador campaign, newly endorsed by Billie Joe Armstrong of Green Day, the station aligned itself with all of the year's major record releases in the area of rock music, which included featuring album tasters for major international bands including AC/DC and Foo Fighters.

The station's digital and social media channels played a vital role here by engaging the community by launching competitions and loyalty-boosting drives.

From a technology perspective, network capillarisation was improved during the year by commissioning specifically targeted equipment, and signal coverage was optimised via specific frequency compatibility processes.

The station adopted a refreshed sound during 2020, which is now much warmer and more appropriate to the station's "rock" style.

Major maintenance work was also carried out on transmission equipment and devices, with significant telemetrification of the entire broadcasting and connecting network.

In 2020, the Radio Ter radio ratings were also affected by the suspension of radio monitoring during the first half of the year. The data available (for the second half of 2020) reveal that Virgin Radio had 2,698,000 average daily listeners, with 7,947,000 listeners across the 7-day period.

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 Rosaria Renna and Max Venegoni, Kay Rush, Maurizio Di Maggio, Nick The Nightfly, Tamara Donà and Guido Bagatta, as well as a special "Dardust Night" broadcast on Friday evenings between 10pm and 1am.

The process to strengthen the brand identity continued with the restyling and the new "essence of music" communications campaign (September 2019) – in spite of the forced postponement of events due to the Covid-19 pandemic – with a summer PR drive launched in newspapers and periodicals.

With the marked downsizing of its guests and events, the station strengthened and enhanced the various touch points (website & social media in particular) to communicate and entertain its target audience, including by continuously monitoring its performance and satisfaction ratings (engagement and fanbase increase).

At the beginning of May 2020, Radio Monte Carlo TV was also launched on Sky channel 716 and TivùSat channel 67, with 24-hour programming of Pop, Soul, R'n'B and the exclusive Monte Carlo Nights collection, together with the best in great international artists.

Radio Monte Carlo was the media partner for major live events including concerts (Celine Dion, Cat Steven, James Blunt, etc), music festivals (Umbria Jazz, Piano City, Tener-a-mente, Time in Jazz, Jazz Mi, etc) and major sporting and non-sporting events (Fuori Vinitaly, Taormina Film Festival, Vogue for Milan, Merano Wine Festival, the F1 Grand Prix and the Rolex Tennis Masters, etc), which were largely postponed or cancelled due to the pandemic. Only some of these were held in a digital capacity, enabling the station to experiment with a new way of working and to at least partly pursue its brand awareness objectives.

Radio Monte Carlo is also the Radio Station of Art and Great Exhibitions, which it promoted on its airwaves for much of the year, thus 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, and Chiostro de Bramante in Rome. Unfortunately, many of these events were suspended during the year due to the Covid-19 measures put in place, thus limiting the possibility for listeners to take part.

Partnerships resumed with Italian motorway operator ASTM, the Manzoni Theatre in Milan, Teatro Regio in Parma, the City of Genoa and Blue Note in Milan. Developments included the three-year deal struck with Umbria Jazz for Radio Monte Carlo to once again become its official radio station (the 2020 edition was downsized and held with a limited audience).

As for technology, a project was launched in 2020 to consolidate and optimise the station's frequencies and to progressively maintain its transmission equipment and devices, with significant telemetrification of the entire broadcasting and connecting network. The station adopted a refreshed sound during the year, which is now much more distinctive and tailored to the station.

In 2020, the Radio Ter radio ratings were also affected by the suspension of radio monitoring during the first half of the year. I dati a disposizione, relativi al secondo semestre 2020, accreditano a Radio Monte Carlo 1.438.000 ascoltatori nel giorno medio e 6.223.000 ascoltatori nei 7 giorni.

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 2020, 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.

As for communications, targeted advertising campaigns were planned during the year in the regions with the station's largest potential listenerships (Lazio, Tuscany, Campania).

As for technology, a project was launched in 2020 to consolidate and optimise the station's frequencies and to progressively maintain its transmission equipment and devices, with upgrades to its infrastructure.

In 2020, the Radio Ter radio ratings were also affected by the suspension of radio monitoring during the first half of the year. The data available (for the second half of 2020) reveal that Radio Subasio had 1,687,000 average daily listeners, with 5,229,000 listeners across the 7-day period.

ADVERTISING

The Mediaset 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 exclusive advertising sales for pay Premium channels exclusively viewable since mid-2019 on the Sky platform.

The Group also owns a 50% interest together with Mondadori in Mediamond, which sells advertising space on Mediaset Group websites and radio and on the websites of the publications of the Mondadori Group and other publishers.

In 2020, Publitalia acquired 410 new clients, generating new revenues amounting to 4.7% of the total. Publitalia's top 10 clients generated approximately 18.8% of its total commissions.

Italian advertising market

According to Nielsen data, the advertising market closed 2020 with total sales of EUR 5 billion, down 15.3% for a loss of EUR 903 million. If we exclude *direct mail*, which was worth EUR 187 million during the year, the downturn was -14.6%. It was a year of two halves, given the heavy impacts of the economic crisis caused by the Covid-19 pandemic, which also affected advertising investments: the first half of the year saw a decline of -26.8%, and in the three-month period between March and May – right in the middle of the public health crisis – investments almost halved (-43.6%); However, the market (excluding direct mail) recovered strongly during the second half of the year, with the decline slowed to -3.1%.

TV advertising investment contracted by -9.5% year on year; however, its share went up by 3.8 percentage points on 2019, thus highlighting TV's central role played in the market, which contracted heavily overall. In the first half of the year, the -22.3% contraction in the television segment was less drastic than the market as a whole (-26.8%), while investments recovered in the second half of the year (+4.8%). Mediaset closed 2020 at -10.1%, with this figure affected, among other things, by lower revenues from Pay channels. Over the year, Mediaset's revenues on Free TV media trended in line with the TV market as a whole, trending at +5.1% in the second half of the year.

By contrast, Rai recorded a contraction of 7.4% and La7, -1.8%; Sky and Discovery closed the 12-months at -11.8% and -11.4% respectively.

The ongoing difficulties with the Printed Press segment were further aggravated in 2020 with a performance of -24.1%, broken down as a -16.2% decline in the Newspapers segment and -36.6% in Magazines, with a consequent loss of a 1.7-point market share.

Radio was also heavily affected by the crisis: after an excellent first two months, (+13.8%), the segment contracted by more than 60% during the lockdown before recovering in the second half of the year, albeit recording revenue below that of the same period of the previous year. The segment closed the year at -25%. The best-performing segment was Digital, with investment virtually unchanged compared to 2019, at -0.8%.

Mediaset's total share (TV, Radio, Online) exceeded 40.3%, a 2-point increase on 2019.

Outdoor and Transit also had a decidedly negative year, largely influenced by the restriction of free movement: these segments closed the year at -45.7% and -57.1% respectively. In the Cinema (-84.0%) and Go TV (-89.0%) segments, investment was nil from March onwards, so the 2020 figures refer only to the first two months of the year.

Media	**2020 EUR M**	**Stake %**	**2019 EUR M**	**Stake %**	**Change %**
Printed press	664	*13.8%*	874	*15.5%*	*-24.1%*
Television	3,252	*67.6%*	3,595	*63.8%*	*-9.5%*
Radio	329	*6.8%*	438	*7.8%*	*-25.0%*
Outdoors	47	*1.0%*	86	*1.5%*	*-45.7%*
Cinema	4	*0.1%*	25	*0.5%*	*-84.0%*
Digital	451	*9.4%*	454	*8.1%*	*-0.8%*
Transit	60	*1.2%*	139	*2.5%*	*-57.1%*
Out of home TV	2	-	21	*0.4%*	*-89.0%*
Total market (classic area*)	**4,808**	***100.0%***	**5,633**	***100.0%***	***-14.6%***

(*) Not including direct mail. Source: Nielsen 15/2/2021

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.

Inevitably, in a year like 2020 in which COVID-19 had a devastating impact on the market, any performance analysis for the Group and the market as a whole can be misleading, especially where comparing figures with the previous year. Indeed, from February 24 in some major regions and from March 8 throughout the country, film theatres were closed until June 14. They closed again on 25 October.

On this premise, Cinetel estimates that total box-office takings in 2020 came to EUR 183 million, equivalent to 28 million cinema tickets, compared with EUR 635 million and 98 million cinema tickets in the previous year, for a decrease of 71%. Meanwhile, according to the same source, the number of new films distributed in the year was down on 2019: 246 compared with 523 in the previous year (53%).

It is worth noting that by the end of February (before film theatres were forced to close), box-office takings had increased by more than 20% on 2019, a year which would eventually record the 5th highest figures since 1995.

Returning to an analysis of the year in full, it is worth underlining the performance of Italian cinema productions, which in 2020 took in EUR 103.2 million at the box office (EUR 135 million in 2019, 23.6%) with a share of 56.6% of all films. Conversely, the performance of US cinema productions collapsed, with a share of 28.4% (compared to 65.2% in 2019), for box-office takings of EUR 51.8 million (EUR 414.3 million in 2019, 87.5%), which can easily be explained by the postponement of the cinema releases of major blockbusters.

The strong performance of Italian cinema can be explained by the presence of two Medusa-produced films: "Tolo tolo", directed by and starring Checco Zalone, which took in EUR 46.2 million at the box office (highest grossing of the year); and "I Hate Summer" (Odio l'estate), directed by Massimo Venier and starring Aldo, Giovanni and Giacomo, which took in EUR 7.5 million (third highest grossing).

For what it was worth, in terms of box-office takings from the sale of cinema tickets, Medusa was the market leader in 2020 with a market share of 31%, for a total value of EUR 56.5 million.

The performance of Italian cinema in a "normal" market during the first two months of the year, and the successes achieved in a difficult 2020, are a further confirmation that Medusa plays a fundamental role, again underscoring the correct strategic positioning of the company, which has always been a landmark in this nation's cinema.

Brand Extension

The Brand Extension division is responsible for enhancing the Mediaset 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.

Despite the well-known difficulties, 1.74 million Publishing Products were sold in 2020, recording a Net Turnover of EUR 3.7 million and substantial business retention, thanks also to the success of two Turkish TV series: Bitter Sweet, and Day Dreamer.

Good sales of the monthly magazines, 'Cotto e Mangiato' and 'Mela Verde', with 450,000 copies sold in total.

Weekly magazine Uomini e Donne only partially suffered from the stoppage of the TV program of the same name during the first lockdown, with close to 600,000 copies sold.

In terms of Licensing, there were numerous notable initiatives under the Day Dreamer brand (stickers, books, gadgets, calendars and magazines), in addition to the usual positive performance of the historic Lupin III asset.

International advertising

Publieurope Ltd. is the Mediaset 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.

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

Publieurope's product portfolio has expanded over the years, ensuring a cross-media commercial offering consisting of:

- all Italian TV stations – generalist, thematic, free-to-air and pay-TV channels – of the Mediaset Group;
- Mediaset España's TV networks, websites and outdoor TV;
- Mediamond's magazines, websites and radio stations
- traditional and thematic TV channels, as well as websites of the German group ProSiebenSat.1
- the main multichannel network in Europe, Studio 71, controlled by the German group ProSiebenSat.1 Media, which operates on the main free video distribution platforms
- the TV channels, websites and radio stations of the French group TF1
- the SBS group of commercial television channels that broadcast in Flanders (Belgium)
- the TV channels, websites and radio stations of Talpa TV in the Netherlands
- all the TV networks and websites of the British Channel 4 group
- advertising spaces situated on luxury buildings in London and in the most important Italian cities.

During 2020, the company's offering was further enhanced by:

- the magazines, websites and apps of French group ReworldMedia, which also acquired the publications of Mondadori France;
- the cross-border 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 192 million, of which around EUR 158 million related to the Group's Italian and Spanish media.

The company's 2020 results were affected by the annihilation of advertising investment from customers in the tourism sector (online agencies, airlines and national tourism agencies) following the pandemic and the consequent lockdowns.

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. The company's share price, like that of comparable undertakings throughout Europe, began to be affected in March with a sudden fall in its stock amidst a widespread impact on the financial markets during the initial and most acute phase of the pandemic. This phase lasted until the end of October before rallying by 59.1% in the final part of the year. On 22 June 2020, the stock exited the Ibex 35, as it no longer met the requirements for admission, mainly due to the impact of the harshest phase of the pandemic on its market cap. It was then admitted to the IBEX Medium Cap index.

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

- **Advertising revenues of Group-owned television media** via the concessionaire 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 Ficcion, Boing, Energy, and Be Mad – which is HD)
- **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 (Teledeporte) 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, set up by national channels and local broadcasters, in 2020 stood at 33,6%.

Macroeconomic data on the Spanish economy shows that, in 2020, GDP decreased by 11% on the previous year, which is the worst economic performance of all main Eurozone countries. Advertising investment in Spain and throughout Europe suffered a sharp slowdown, with the adoption of tough social distancing measures and restrictions on economic activity ordered by government authorities to face up to the COVID-19 public health emergency. Based on Infoadex data, the television and digital media advertising market amounted to EUR 2,417.5 million, down by 15% compared to the previous year, while the television advertising market contracted by 18.4% on 2019. Mediaset España Group's share of the television market was 43.2%., while its share of the television and digital media market stood at 31.0%.

Media	**2020 EUR M**	**Stake %**	**2019 EUR M**	**Stake %**	**Change %**
Printed press	348	*7.1%*	512	*8.6%*	*-31.9%*
Television	1,461	*30.0%*	1,803	*30.3%*	*-19.1%*
Local television	80	*1.6%*	92	*1.5%*	*-13.0%*
Magazine	111	*2.3%*	195	*3.3%*	*-43.1%*
Radio	375	*7.7%*	486	*8.2%*	*-22.7%*
Outdoors	221	*4.5%*	423	*7.1%*	*-47.7%*
Cinema	10	*0.2%*	37	*0.6%*	*-73.0%*
Thematic Channels	99	*2.0%*	108	*1.8%*	*-8.2%*
Internet	2,174	*44.6%*	2,296	*38.6%*	*-5.3%*
Total market	**4,879**	***100.0%***	**5,952**	***100.0%***	***-18.0%***

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 28.4%, with a gap of 2.10 percentage points from its main competitor.

With respect to the commercial target audience, the Mediaset España Group achieved a share of 29.6%, with 2 percentage points more than its main competitor.

As for the main channel, in 2020 **Telecinco** achieved a 14.6% audience share of all viewers over the 24-hour period, ranking as the most viewed Spanish channel for the eighth consecutive year; It also captured an average of 14.3% of the commercial target.

With regard to Prime Time, Telecinco was the leader in the all viewers total with an average of 13.8%.

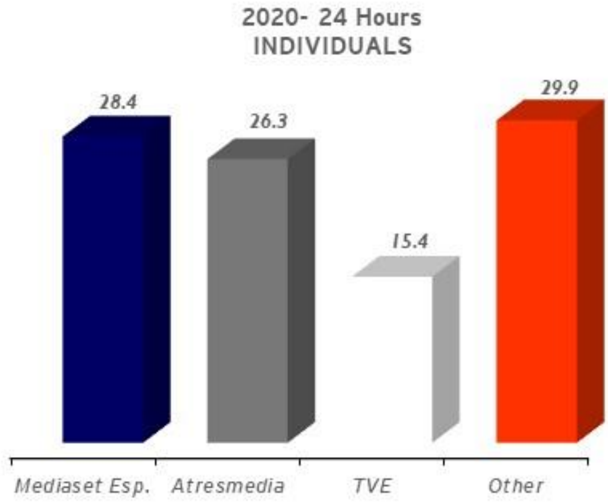
Cuatro was the third most viewed channel by millennials (16-34 years) and reached an audience share of 5.4% of the average share for all viewers in the 24-hour period and 6.1% for the commercial target audience.

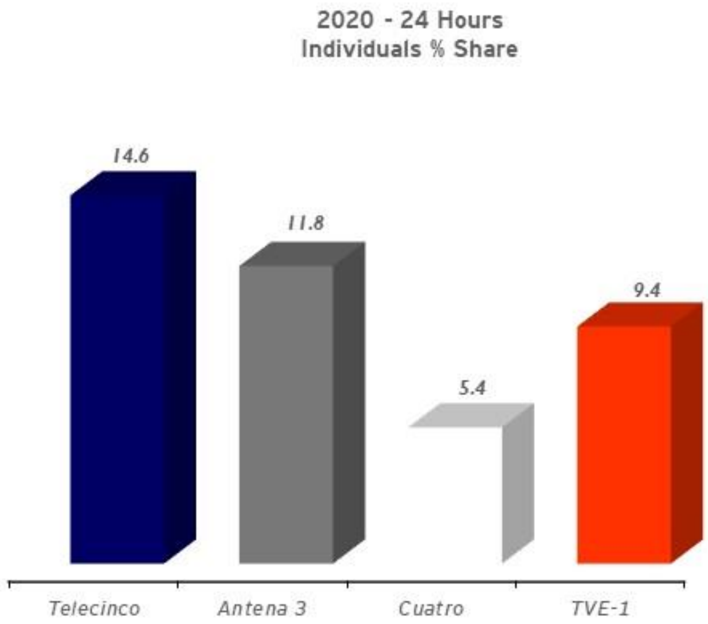
The FDF, Divinity and Energy channels continued to post excellent results in terms of viewing figures in 2020.

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 11.1%.
- FDF reached a share of 6.9% on the commercial target audience (13-24 age range).
- Divinity, a channel dedicated to the female audience, achieved a share of 2.5% of its commercial target audience (16-44 age range).
- Energy, a channel dedicated to a male audience, achieved a share of 2.5% of the commercial target audience (men between 25 and -44 years).
- Be Mad achieved a share of 0.9% of its commercial target audience (men between 16 and 44 years).

	Individuals			Commercial Target		
Audience share 2020	**24 hours**	**Prime Time**	**Day Time 7:00-2:00**	**24 ore**	**Prime Time**	**Day Time**
	14.6%	13.8%	14.9%	14.3%	13.6%	14.5%
	5.4%	5.8%	5.3%	6.1%	6.7%	5.8%
TOTAL GENERALIST NETWORKS	**20.0%**	**19.6%**	**20.2%**	**20.4%**	**20.3%**	**20.4%**
TOTAL MULTI CHANNEL	**8.4%**	**7.5%**	**8.8%**	**9.3%**	**8.0%**	**9.8%**
MEDIASET españa.	**28.4%**	**27.2%**	**29.0%**	**29.6%**	**28.3%**	**30.2%**





As the following table shows, in 2020, Mediaset España devoted significant air time on the general interest networks Telecinco and Cuatro to its in-house productions, which accounted for 85.7% of scheduling (80% in 2019).

Mediaset España schedules - Broadcasted Hours 2020

Types	Generalist Networks		Multi-Channel		Total Mediaset Networks	
Film	1,272	7.2%	1,760	4.0%	3,032	4.9%
Fiction	1,242	7.1%	23,343	53.1%	24,585	40.0%
Cartoons	-	-	7,114	16.2%	7,114	11.6%
Total tv rights	**2,514**	**14.3%**	**32,216**	**73.3%**	**34,730**	**56.5%**
News	1,654	9.4%	2,787	6.3%	4,441	7.2%
Sport	242	1.4%	31	0.1%	273	0.4%
Entertainment	3,146	17.9%	1,379	3.1%	4,525	7.4%
Education	10,011	57.0%	7,506	17.1%	17,517	28.5%
Total in-house productions	**15,053**	**85.7%**	**11,704**	**26.6%**	**26,757**	**43.5%**
Total	**17,568**	**100.0%**	**43,920**	**100.0%**	**61,488**	**100.0%**

Mediaset España schedules - Broadcasted Hours 2019

Types	Generalist Networks		Multi-Channel		Total Mediaset Networks	
Film	1,215	6.9%	2,044	4.7%	3,259	5.3%
Fiction	1,596	9.1%	20,687	47.2%	22,283	36.3%
Cartoons	-	-	7,460	17.0%	7,460	12.2%
Total tv rights	**2,811**	**16.0%**	**30,191**	**68.9%**	**33,002**	**53.8%**
News	1,950	11.1%	1,545	3.5%	3,495	5.7%
Sport	242	1.4%	87	0.2%	329	0.5%
Entertainment	3,337	19.0%	3,173	7.2%	6,510	10.6%
Education	9,180	52.4%	8,804	20.1%	17,984	29.3%
Total in-house productions	**14,709**	**83.9%**	**13,609**	**31.0%**	**28,318**	**46.1%**
Total	**17,520**	**100.0%**	**43,800**	**100.0%**	**61,320**	**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 2020, 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 enhanced its content distribution business with 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. Mediterráneo will also play a key role in distribution by engaging in the sale of content (drama productions).

TV rights investments

In 2020, 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.

The Spanish film industry had a disastrous 2020. After the state of emergency was declared on 14 March 2020, all film theatres were closed, before being reopened on June 3 with a reduced capacity. With very few exceptions, weekly audiences in theatres and cinemas during the summer months did not reach even 25% of previous years' figures.

The film "*Adú*"" was released in January, making more than EUR 1 million at the box office in the first week of its release, with total box-office takings of EUR 6 million and audience figures of more than one million. Directed by Salvador Calvo and starring Anna Castillo, Luis Tosar and youngster Mustapha Oumarau, the film was shot in various locations in Africa and Spain.

Inevitably, due to the pandemic-induced anomalies of 2020, several films had their cinema release postponed until 2021, including:

- "*Operación Camarón*" is a comedy remake of Italian film "*Song'e Napule*". Produced by The Walt Disney Company, this movie, directed by Carlos Therón and starring Julián López and Natalia de Molina;
- "*Malnazidos*", a film directed by Javier Ruíz Caldera and starring Miki Esparbé and Aura Garrido;
- And, finally, "*Waydown*". This is Mediaset España's most ambitious project for 2021. Directed by Jaime Balagueró, this film was shot in English and has an international cast starring Freddy Highmore ("*The Good Doctor*"), Liam Cunningham ("*Game of Thrones*") and Spanish actors José Coronado and Luis Tosar.

A number of projects were launched in 2020, including the third instalment of the Tadeo Jones franchise which, as an animated film, was not affected by the restrictions that affected the rest of the film sector. Filming is currently ongoing on "El cuarto pasajero", a comedy directed by Alex de la Iglesia. This collaboration with Mediaset España follows up on the success of "Perfecto desconocido", starring cast Blanca Suárez, Rubén Cortada, Ernesto Alterio and Alberto San Juan. The film is scheduled for release in film theatres in 2022.

Other projects for 2021 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.

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 2020, the Mediaset España Group consolidated its digital position, achieving record figures by videos streamed and unique users. According to figures from Comscore, the Group continues to be leader in digital video consumption, reaching its best ever result in 2020 with 5,221 million videos viewed between January and December. This figure places the Group third in the spanish video consumption ranking behind only Google and VEVO.

The *Telecinco.es* website saw a 20% increase in unique users on 2019.

On television content platforms, Mitele.es strengthened its leading position in video consumption, with more than 3.0 million videos viewed, while digital content platform Mtmad registered growth of 49% in its video views compared to 2019.

Deserving of particular mention is **Mitele Plus**, the new pay platform launched in July 2019, which is a new ad-free OTT content platform from Mediaset España, which airs sporting events, live and on-demand programmes, as well as Spanish football's La Liga Santander and the UEFA Champions League. The platform includes exclusive content, TV series, dramas, 24/7 programming, previews and several of Mediaset España's most popular market formats.

MAIN INVESTMENTS

SIGNIFICANT AND JOINT-VENTURE INVESTMENTS

ElTowers is a subsidiary of the F2iSGR private equity fund, which is 40%-owned by Mediaset. 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 Mediaset Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters. During 2020, the gradually integration was undertaken of the activities of the NewCo to which the Persidera Group business unit acquired in late 2019 was transferred, receiving the capital infrastructure needed to transmit the terrestrial frequencies of primary-standing television broadcasters, thus consolidating its own role as a leading independent tower operator and as an aggregating industrial actor in the sector nationally. On 23 December 2020, El Towers entered into a Share Purchase Agreement with Phoenix Towers International Development LLC for the latter to purchase telecom company Towertel S.p.A. This transaction is expected to go through, subject to regulatory oversight, in the second quarter of 2021.

Mediamond S.p.A. is an equal joint venture between Publitalia'80 and Mondadori Pubblicità. Mediamond is the Mediaset 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.

Nessma S.A. is a company 34.12%-owned by the Group, which manages the freesat TV channel broadcast in Tunisia and the countries of North Africa.

OTHER EQUITY INVESTMENTS

The Group – through Mediaset and Mediaset España – is the primary shareholder of **ProSiebenSat.1 Media SE**, with a total ownership interest of 23.5% (24.2% of voting rights) following the latest tranche acquired in January 2021. 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. The company has a broad shareholder base and is listed on the Frankfurt Stock Exchange. In 2020 it posted consolidated net revenues of EUR 4,047 million (EUR 4,135 million in 2019), an operating profit of EUR 553 million (EUR 578 million in 2019) and a consolidated net profit of EUR 252 million (EUR 413 million in 2019). A dividend distribution of EUR 0.49 per share was proposed upon the approval of the 2020 Consolidated Annual Report.

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 ad campaigns in Italy and Spain by reinvesting the capital injections received from Mediaset. Since its launch, AD4Ventures has invested in 13 European start-ups, 7 of which having their registered office or operational headquarters in Italy.

CONSOLIDATED PERFORMANCE BY GEOGRAPHICAL AREA AND BUSINESS SEGMENT

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

The income, balance sheet and cash flow figures shown below have been restated relative to those contained in the following 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. The criteria adopted in preparing the aggregates and notes referring the reader to the relevant statutory financial statement items have been disclosed in accordance with the guidance provided in Consob Communication No. 6064293 of 28 July 2006 and the CESR Recommendation on alternative performance measures (or non-GAAP measures) dated *3 November 2005* (CESR/o5-178b).

Group Performance

The consolidated income statement reported below shows the intermediate aggregates making up *EBITDA* and *Operating Profit* (EBIT).

Operating Profit (EBIT) is calculated by taking *Earnings before Tax (EBT)* and subtracting *Financial Income* and *Income/(Expenses) from Equity Investments and* adding *Financial Expenses*.

EBITDA is calculated by adding together *Operating Profit EBIT* and *Amortisation and Depreciation*.

(values in EUR million)

MEDIASET GROUP

Income Statement	**2020**	**2019**
Consolidated net revenues	**2,636.8**	2,925.7
Personnel expenses	(470.1)	(498.2)
Purchases, services, other costs	(1,330.2)	(1,490.2)
Operating costs	**(1,800.3)**	**(1,988.4)**
EBITDA	**836.4**	**937.3**
Rights amortisation	(455.9)	(479.0)
Other amortisation and depreciation	(110.8)	(103.7)
Amortisation and depreciation	**(566.7)**	**(582.7)**
EBIT	**269.7**	**354.6**
Financial income/(losses)	(3.8)	10.0
Income/(expenses) from equity investments	20.0	17.1
EBT	**285.9**	**381.7**
Income taxes	(66.6)	(93.9)
Minority interests in net profit	(80.0)	(97.5)
Net profit from continuing operations	**139.3**	**190.3**
Net profit from discontinued operations		
Group net result	**139.3**	**190.3**

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

MEDIASET GROUP	2020	2019
Consolidated net revenues	**100.0%**	**100.0%**
Operating costs	-68.3%	-68.0%
EBITDA	**31.7%**	**32.0%**
Amortisation and depreciation	-21.5%	-19.9%
EBIT	**10.2%**	**12.1%**
EBT	**10.8%**	**13.0%**
Group net result	**5.3%**	**6.5%**

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 Mediaset SpA.

Breakdown by geographical area: Italy

The following is a condensed income statement of Mediaset Group's domestic business:

(values in EUR million)

ITALY

Income Statement	**2020**	**2019**
Consolidated net revenues	**1,800.5**	**1,982.1**
Personnel expenses	(349.5)	(376.6)
Purchases, services, other costs	(993.9)	(1,085.8)
Operating costs	**(1343.4)**	**(1,462.4)**
EBITDA	**457.1**	**519.7**
Rights amortisation	(329.9)	(343.8)
Other amortisation and depreciation	(88.7)	(84.6)
Amortisation and depreciation	**(418.6)**	**(428.4)**
EBIT	**38.5**	**91.3**
Financial income/(losses)	(2.1)	10.2
Income/(expenses) from equity investments	17.3	11.0
EBT	**53.8**	**112.4**
Income taxes	(16.0)	(37.5)
Minority interests in net profit	1.5	1.3
Net profit from continuing operations	**39.2**	**76.3**
Net profit from discontinued operations		
Group net result	**39.2**	**76.3**

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

ITALY	2020	2019
Consolidated net revenues	**100.0%**	**100.0%**
Operating costs	-74.6%	-73.8%
EBITDA	**25.4%**	**26.2%**
Amortisation and depreciation	-23.2%	-21.6%
EBIT	**2.1%**	**4.6%**
EBT	**3.0%**	**5.7%**
Group net result	**2.2%**	**3.8%**

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**	2020	2019	change (EUR M)	change %
Gross advertising revenues	1,735.3	1,939.0	(203.7)	-10.5%
Agency discounts	(245.9)	(273.9)	28.0	10.2%
Total net advertising revenues	**1,489.4**	**1,665.1**	**(175.6)**	**-10.5%**
Other revenues	311.0	317.0	(6.0)	-1.9%
Total Consolidated Revenues	**1,800.5**	**1,982.1**	**(181.6)**	**-9.2%**

Advertising revenues include free and pay-TV channels managed by the Group's concessionaires and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under a sublicense from the investee Mediamond. From March, advertising revenues for the reporting period were affected by the strong contraction of economic activity during the lockdown period that was imposed by the government authorities to address and contain the spread of the COVID-19 pandemic, which was followed by a marked improvement in the second half of the year, as reported in more detail the section entitled "COVID-19: Main Impacts and Mitigation Actions" of this Directors' Report.

The decrease in **Other Revenues** was mainly due to the revenues from the Mediaset Premium offering, which was discontinued in June 2019. If we compare on a like-for-like basis, *Other Revenues* increased by EUR 21 million, mainly due to the movie distribution activities of Medusa, which in January 2020 released the blockbuster Tolo Tolo, directed by Checco Zalone and produced by Taodue, and due to increased revenues from sublicensing TV and film content to third-party operators and platforms.

All main cost items decreased significantly during 2020. In aggregate terms, and if we exclude the major costs of distributing films to movie theatres at the beginning of the year and the fact that the redefinition of Premium assets had been debited to expenditure in the previous year, total costs were (-)8.6% lower than the same period in 2019, due – among other things – to the TV schedules review carried out from March onwards to deal with the impact of the COVID-19 emergency.

BREAKDOWN BY GEOGRAPHICAL AREA: SPAIN

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

(values in EUR million)

SPAIN **Income Statement**	**2020**	**2019**
Consolidated net revenues	**836.6**	**946.2**
Personnel expenses	(120.6)	(121.5)
Purchases, services, other costs	(336.7)	(404.9)
Operating costs	**(457.3)**	**(526.4)**
EBITDA	**379.4**	**419.8**
Rights amortisation	(126.7)	(135.9)
Other amortisation and depreciation	(22.1)	(19.1)
Amortisation and depreciation	**(148.8)**	**(154.9)**
EBIT	**230.5**	**264.9**
Financial income/(losses)	(1.8)	(0.2)
Income/(expenses) from equity investments	2.6	5.9
EBT	**231.4**	**270.6**
Income taxes	(50.4)	(56.8)
Minority interests in net profit	2.3	2.0
Net profit from continuing operations	**178.7**	**211.7**
Net profit from discontinued operations		
Net profit	**178.7**	**211.7**

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

SPAIN	2020	2019
Consolidated net revenues	**100.0%**	**100.0%**
Operating costs	-54.7%	-55.6%
EBITDA	**45.3%**	**44.4%**
Amortisation and depreciation	-17.8%	-16.4%
EBIT	**27.6%**	**28.0%**
EBT	**27.7%**	**28.6%**
Group net result	**21.4%**	**22.4%**

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

(values in EUR million)

SPAIN Breakdown Consolidated Revenues	2020	2019	change (EUR M)	change %
Gross advertising revenues	**759.1**	**916.5**	**(157.4)**	**-17.2%**
Agency discounts	(29.8)	(40.0)	10.2	-25.5%
Net advertising revenues	**729.3**	**876.5**	**(147.2)**	**-16.8%**
Other revenues	107.3	69.8	37.6	53.8%
Total net consolidated revenues	**836.6**	**946.3**	**(109.6)**	**-11.6%**

Other Revenues mainly comprises 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 **Total Costs** of the Mediaset España Group decreased by EUR 75.2 million (-11%) compared to the same period the previous year.

On 31 December 2020, **Operating Result (EBIT)** for the Group's Spanish business totalled **EUR 178.7 million**, compared with EUR 211.7 million in 2019.

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

	2020	2019	change (EUR M)
Financial income/(losses)	**(3.8)**	**10.0**	**(13.8)**

Financial Expenses/Income for 2019 included income of EUR 26.0 million in dividends to Mediaset from subsidiary ProSiebenSat.1 Media SE, expenses of EUR 18.6 million for the costs associated with the collar agreement entered into to hedge the equity investments made in ProSiebenSat.1 Media SE, and net foreign exchange gains of EUR 14.2 million. Net of this income, net financial expenses decreased by EUR 2.6 million, mainly reflecting the reduction in the average cost of net financial debt, while also taking into account the EUR 1.3 million paid in January 2019 as repayment for the EUR 375 million Mediaset corporate bond.

	2020	2019	change (EUR M)
Income/(expenses) from equity investments	**20.0**	**17.1**	**3.0**

Income/(expenses) from equity investments includes income from measurement at equity of investments where the Group has significant influence over the investee and gains/losses generated from the disposal of those assets.

In 2020, this item included income of EUR 17.0 million as Mediaset's portion (40%) of the income for the year from the significant investment held in EI Towers (EUR 14.6 million in 2019). These figures include the impact of the depreciation of the assets identified in accordance with IFRS 3, due to the (-)EUR 12.6 million allocation of the capital gain generated, and attributable to the Mediaset Group, following the closing of 2i Towers Holding's takeover bid of EI Towers, launched in 2018.

Income/(expenses) from equity investments in 2019 also included income of EUR 2.9 million from the price adjustment paid to Mediaset España by Telefonica (under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, due to the achievement of pre-established DTS subscriber thresholds in the years after the transaction) and a EUR 3.6 million gain made by Mediaset España from the sale of its 43.71% stake in Pegaso Televisión INC.

		2020	2019
EBT		**285.9**	**381.7**
Income taxes		(66.6)	(93.9)
	Tax Rate (%)	23.3%	24.6%
Minority interests in net result		80.0	97.5
Net profit from continuing operations		**139.3**	**190.3**
Net profit from discontinued operations			
Group net result		**139.3**	**190.3**

The Group's tax rate reflects the combined effect of the different tax bases in the Group's two main geographical areas of operation.

Minority interests refer to interests held in the consolidated earnings of Mediaset España (44.31%) and Monradio (20%) and starting from the second quarter of 2020 of the 20% stake in Beintoo.

Balance Sheet and Financial Position

The Group's Summary balance sheet and its breakdown by geographical area are reported below in abridged form, restated to show the two main aggregates: **Net invested capital** and **Net financial position**, the latter 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 following tables therefore differ in their layout from the statutory balance sheet, which primarily distinguishes current from non-current assets and liabilities.

Equity investments and other financial assets include assets recognised in the *Consolidated Statement of Financial Position* as *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*).

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*.

The Group's summary balance sheet as at 31 December 2020 and 2019 is shown below.

MEDIASET GROUP Balance Sheet Summary	31-Dec-20	31-Dec-19
TV and movie rights	932.7	974.7
Goodwill	803.2	796.7
Other tangible and intangible non current assets	869.9	968.8
Equity investments and other financial assets	1,159.8	1,026.6
Net working capital and other assets/liabilities	531.1	541.0
Post-employment benefit plans	(66.7)	(69.2)
Net invested capital	**4,230.1**	**4,238.7**
Group shareholders' equity	2,668.3	2,477.9
Minority interests	497.3	412.5
Shareholders' equity	**3,165.6**	**2,890.4**
Net Financial Position Debt/(Liquidity)	**1,064.4**	**1,348.3**

Please note that **Net financial debt**, calculated based in the covenants of certain lending agreements, does not include financial liabilities recognised in accordance with IFRS 16 and the payables contracted into as part of the equity investment in ProsiebenSat.1 Media SE, equalling EUR 473.6 million at 31December 2020 June (EUR 768.8 million at 31 December 2019).

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

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	**Italy**		**Spain**	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
TV and movie rights	811.9	828.6	122.9	148.9
Goodwill	145.6	142.8	294.5	290.8
Other tangible and intangible non current assets	638.2	709.1	231.7	259.7
Equity investments and other financial assets	1,705.2	1,705.6	331.8	198.2
Net working capital and other assets/liabilities	522.6	491.8	7.7	48.4
Post-employment benefit plans	(66.7)	(69.2)	-	-
Net invested capital	**3,756.8**	**3,808.6**	**988.7**	**946.0**
Group shareholders' equity	2,565.7	2,485.8	1,109.6	912.3
Minority interests	3.4	4.8	2.3	3.5
Shareholders' equity	**2,569.1**	**2,490.6**	**1,111.9**	**915.8**
Net Financial Position Debt/(Liquidity)	**1,187.7**	**1,318.0**	**(123.2)**	**30.2**

In the table below, the Group's balance sheet as at 31 December 2020 is broken to show the effects of the line-by-line consolidation of Mediaset España.

Balance Sheet Summary (geographical breakdown) at 31 December 2020	Italy	Spain	Eliminations/ Adjustments	Mediaset Mediaset
TV and movie rights	811.9	122.9	(2.1)	932.7
Goodwill	145.6	294.5	363.2	803.2
Other tangible and intangible non current assets	638.2	231.7	-	869.9
Equity investments and other financial assets	1,705.2	331.8	(877.2)	1,159.8
Net working capital and other assets/liabilities	522.6	7.7	0.7	531.1
Post-employment benefit plans	(66.7)	-	-	(66.7)
Net invested capital	**3,756.8**	**988.7**	**(515.4)**	**4,230.1**
Group shareholders' equity	2,565.7	1,109.6	(1,007.1)	2,668.3
Minority interests	3.4	2.3	491.7	497.3
Shareholders' equity	**2,569.1**	**1,111.9**	**(515.4)**	**3,165.6**
Net Financial Position Debt/(Liquidity)	**1,187.7**	**(123.2)**	**-**	**1,064.4**

The table below is a summary **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 statutory cash flow statement, 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 minority interests in subsidiaries, and other strategic/financial assets), the distribution and/or receipt of dividends, and share buybacks by the parent company or its subsidiaries, and from the net cash flows generated from operations classed as available for sale or discontinued under IFRS 5.

It should be noted that the *Consolidated net financial position* at the beginning of 2020 differs from that reported in the Summary Balance Sheet at 31 December 2019 in that Financial Liabilities relating to options held by Mediaset España over minority shares in subsidiaries are recognised differently in accounts. In addition, in the cash flow statement for the Spanish geographical area in 2020, some changes are shown with the aim of providing a classification coherent with the Group's criteria.

Summary Cash Flow Statement at 31 December	2020	2019
Net Financial Position at the beginning of the year	**(1,341.2)**	**(877.0)**
Free Cash Flow	**311.8**	**265.9**
Cash Flow from operating activities (*)	816.9	899.4
Investments in fixed assets	(450.9)	(600.1)
Disposals of fixed assets	3.9	9.5
Changes in net working capital and other current assets/liabilities	(58.0)	(42.9)
Change in the consolidation area	(8.0)	(19.8)
Own share (sell)/buyback of the parent company and subsidiaries	(0.6)	(94.6)
Equity investments/Investments in other financial assets and change of stake in subsidiaries	(67.0)	(617.0)
Cashed-in dividends	40.6	40.8
Dividends paid	-	(46.6)
Financial Surplus/(Deficit) from continuing operations	**276.8**	**(471.3)**
Net Financial Position at the end of the year	**(1,064.4)**	**(1,348.3)**

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

The Group's **free cash flow** amounted to **EUR 311.8 million**, compared with EUR 265.9 million the previous year.

(values in EUR million)

	Italy		Spain	
Summary Cash Flow Statement by geographical area at 31 December	**2020**	**2019**	**2020**	**2019**
Net Financial Position at the beginning of the year	**(1,318.0)**	**(1,042.5)**	**(23.2)**	**165.5**
				-
Free Cash Flow	**104.1**	**78.3**	**207.7**	**187.5**
Cash Flow from operating activities (*)	475.6	507.0	341.4	394.0
Investments in fixed assets	(352.3)	(421.0)	(98.7)	(181.3)
Disposals of fixed assets	0.3	4.5	3.6	5.0
Changes in net working capital and other current assets/liabilities	(19.6)	(12.1)	(38.6)	(30.2)
Change in the consolidation area	(3.2)	(13.4)	(4.9)	(6.3)
Own share (sell)/buyback of the parent company and subsidiaries	-	-	(0.6)	(94.6)
Equity investments/Investments in other financial assets and change of stake in subsidiaries	(7.1)	(432.9)	(59.9)	(184.1)
Cashed-in dividends	36.5	92.4	4.1	1.7
Dividends paid	-	-	-	(100.0)
Financial Surplus/(Deficit) from continuing operations	**130.4**	**(275.6)**	**146.4**	**(195.7)**
Net Financial Position at the end of the period	**(1,187.7)**	**(1,318.0)**	**123.2**	**(30.2)**

(*): 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 **increase of fixed assets** reported in the cash flow statement.

(values in EUR million)

	Italy		Spain	
Increased in fixed assets	**2020**	**2019**	**2020**	**2019**
Investments in TV and movie rights	(328.0)	(341.9)	(103.0)	(162.2)
Changes in advances on TV rights	25.4	(21.2)	15.2	(10.9)
TV and movie rights: investments and advances	**(302.6)**	**(363.1)**	**(87.8)**	**(173.1)**
Investments in other fixed assets	(49.7)	(58.0)	(10.9)	(8.2)
Total investments in fixed assets	**(352.3)**	**(421.0)**	**(98.7)**	**(181.3)**

The cash flow under **Changes in the consolidation area** was driven by the acquisition in Italy of an 80% shareholding in Beintoo in 2020 and by the acquisition in Spain of a 51% stake in Aninpro Creative S.L. ("Be a Lion" project), whereas for 2019 it included outflows for the acquisition of R2 Srl and expenses incurred in the M&A operations of Mediaset España (60% stake in El Desmarque Portal Deportivo SL and the acquisition of a majority interests in associates).

Own share sales/buybacks of the parent company and subsidiaries relates to the disbursements incurred in 2019 by the subsidiary Mediaset España for own share buybacks.

Equity investments/Investments in other financial assets and change of stake in subsidiaries in 2020 mainly included EUR 72.9 million in investments associated with the increase in the equity investment (4.99% stake) in ProsiebenSat.1 Media SE; The 2019 figure mainly comprised a EUR 531.1 million expense associated with the acquisitions of the equity investment in ProsiebenSat.1 Media SE and financial hedging instruments, and the EUR 31.6 million outlay for the acquisition of a 1.63% equity interest in Mediaset España under the plan authorised by Mediaset's Board of Directors on 4 September 2019.

In 2020, **Dividends from equity investments** stood at EUR 34.8 million and mainly referred to El Towers; for the same period in 2019, EUR 16.7 million in dividends were cashed in from subsidiary El Towers and EUR 20.0 million (net of withholding taxes) from ProsiebenSat.1 SE Media.

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

PARENT COMPANY PERFORMANCE

We now turn to the earnings performance and financial results of the Company during the year.

Profit/Loss

An abridged income statement is reported below, with commentary and comparative data for the previous year provided.

(values in EUR million)

	2020	2019
Total revenues	**1.7**	**5.2**
Personnel expenses	2.6	15.0
Purchases, services, other costs	14.1	21.8
Sundry operating costs	4.8	6.2
Amortisation, depreciation and write downs	1.1	3.7
Total costs	**22.6**	**46.7**
Gain/losses from disposal of non-current assets	-	-
Operating result	**(20.9)**	**(41.5)**
Dividends and other income/(losses) from equity investments	34.8	172.6
Financial income/(losses)	(2.6)	(6.7)
Total income/(losses) from financial activities and equity investments	**32.2**	**165.9**
EBT	**11.3**	**124.4**
Income taxes for the year	(5.7)	(1.6)
Profit/(loss) for the year	**17.0**	**126.0**

On 1 March 2020, Mediaset S.p.A. transferred the "Italia" unit of the company to Mediaset Italia S.p.A, This comprised all shares in R.T.I. S.p.A. and Publitalia '80 S.p.A., as well as the organisational structures that provide senior management services concerning strategic direction, legal affairs, corporate affairs, institutional affairs, security, personnel management and financial services. As a consequence of the transfer, Mediaset owns a 100% equity interest in Mediaset Italia. The transfer gave rise to considerable differences in the income statement.

Total Revenues

Revenues were down by EUR 3.5 million, from EUR 5.2 million in 2019 to EUR 1.7 million in 2020.

This change, which was the result of the transfer of the business described above, mainly reflects the following:

- -EUR 3.2 million from reduced revenues for intercompany staff services;
- -EUR 0.2 million from the capital gain on the 2019 sale of the real property at Largo del Nazareno, Rome, to subsidiary R.T.I. S.p.A.;

Total Costs

Costs were down by EUR 24.1 million, from EUR 46.7 million in 2019 to EUR 22.6 million in 2020, mainly as a consequence of the business unit transfer.

The change was attributable to:

- -EUR 12.4 million from reduced staffing costs due to the transfer of employees to Mediaset Italia;
- -EUR 7.7 million from reduced purchases, services and other operating costs, of which the main changes included -EUR 6.1 million from reduced consultancy and collaboration costs, -EUR 0.7 million from reduced costs of intercompany staff services, and -EUR 0.8 million from lower rental and leasing costs;
- -EUR 1.4 million from lower miscellaneous charges, of which -EUR 2.2 million from reduced non-deductible pro-rata VAT charges and +EUR +1.0 million from the donation made to Mediafriends Onlus as part of the "Aiutiamo chi ci aiuta" fundraising campaign;
- -EUR 2.6 million from reduced depreciation, amortisation and impairment costs, of which -EUR 2.3 million from reduced bad debt and risk provisions and -EUR 0.3 million from reduced depreciation and amortisation.

Operating result

EBIT was negative at -EUR 20.9 million, improving by EUR 20.6 million compared to the 2019 figure of -EUR 41.5 million.

Financial Activity and Equity Investments

A profit of EUR 32.2 million was made for the management of financial assets and equity investments in 2020, a decrease of (-)EUR 133.7 million compared to the EUR 165.9 profit made in 2019. This profit was generated by:

earnings from investments of EUR 34.8 million, down by (-)EUR 137.8 million on the previous year, as a result of:

- reduced dividends received from subsidiaries, of EUR 138.3 million;
- reduced charges for write-downs of equity investments, of EUR 0.5 million.

net financial loss of (-)EUR 2.6 million, improving by EUR 4.1 million on the previous year, as a result of:

-EUR 17.0 million from a reduced net financial income towards subsidiaries, affiliates and jointly controlled entities. This item includes interest income and expenses accrued on the intercompany current account, in particular:

- income decreased by (-)EUR 13.8 million, from EUR 22.3 million in 2019 to EUR 8.5 million in 2020;
- expenses increased by EUR 3.2 million compared to the previous year, standing at EUR 3.3 million;

+EUR +1.0 million from reduced net financial expenses with third parties, which went from -EUR 10.2 million in 2019 to -EUR 9.2 million in 2020. This item comprised:

- EUR 6.8 million in IRR interest expense.

- EUR 2.5 million in transaction costs on loans.
- EUR 0.1 million in other financial income net of financial expenses;

+EUR 18.6 million from reduced financial expenses on collar shares;

+EUR 1.5 million from other financial income/expenses;

the net profit/loss for sales and purchases of securities was unchanged compared to the previous year, with a foreign currency conversion balance of practically zero.

EBT and Income Taxes

The pre-tax profit was EUR 11.3 million, down (-)EUR 113.1 million year on year.

The income statement was positively impacted by a tax income of EUR 5.7 million mainly due to IRES income from tax consolidation.

Profit for the Year

The year ended with a profit of EUR 17.0 million compared to the profit of EUR 126.0 million for 2019.

Balance Sheet and Financial Position

A summary balance sheet is reported below. Items have been restated with respect to the statutory balance sheet, which states assets and liabilities as current and non-current, in order to show the two main aggregates Net invested capital and Net financial position; the latter consisting of Cash and cash equivalents and Receivables and current financial assets, minus Total financial debt and Other current liabilities.

Equity investments and Other non-current financial assets include assets recognised in the statement of financial position as Investments in subsidiaries, associates and joint ventures, and in other companies. Net working capital and other current financial assets/(liabilities) include current assets (excluding cash and cash equivalents and current financial assets and liabilities included in the Net Financial Position), provisions for current risks and charges, trade payables and taxes payable.

A detailed breakdown of the main components of the Net Financial Position is provided in the Notes.

(values in EUR million)

	31/12/20	31/12/19
Equity investments	3,612.9	3,592.9
Other financial non-current financial assets	10.3	29.2
Tangible and intangible assets	-	2.1
Advanced/(deferred) tax assets	216.8	221.5
Provisions for risk and charges		(0.1)
Post-employment benefit plans	(0.1)	(1.1)
Total non-current assets/(liabilities)	**3,839.9**	**3,844.5**
Net working capital and other current financial assets/(liabilities)	**(145.2)**	**(223.0)**
Net invested capital	**3,694.7**	**3,621.5**
Shareholders' equity	**2,054.0**	**1,979.0**
Net Financial Position	**(1,640.7)**	**(1,642.5)**

The main changes in the balance sheet at 31 December 2020 compared to positions at 31 December 2019 are summarised below.

The value of Equity investments, at EUR 3,612.9 million, increased by EUR 20.0 million compared to 2019, mainly as a result of the following:

- EUR 1,329.9 million increase in the value of the investment in Mediaset Italia S.p.A., as a consequence of the business unit transfer;
- EUR 1,333.6 million decrease in the value of the investment in R.T.I. S.p.A. and Publitalia, as a consequence of their transfer to Mediaset Italia;
- EUR 20.4 million increase in the value of the investment in ProSiebenSat.1 Media, of which EUR 11.6 million for the acquisition of a further 0.744% stake and EUR 8.7 million as a result of the fair value valuation of the shares at the close of the year.

The Net Working Capital of -EUR 145.2 million was an improvement of EUR 77.8 million on the previous year.

The Net Financial Position was in line with the 2019 result, going from -EUR 1,642.5 million to -EUR 1,640.7 million in 2020.

Net equity, standing at EUR 2,054 million, increased by EUR 75.0 million on the previous year.

The following is a summary cash flow statement showing cash flows over the two periods. Items have been restated with respect to the standard IAS 7 layout used to prepare the statutory cash flow statement in order to show changes in Net Financial Position, considered the most significant indicator of the company's ability to meet its financial obligations.

(values in EUR million)

	2020	2019
Net Financial Position at the beginning of the year	**(1,642.5)**	**(792.6)**
Free cash flow	**(33.0)**	**(1,023.0)**
- Cash Flow from operating activities*	(21.2)	(16.3)
- Equity investments	(11.7)	(638.2)
- Change in other financial assets/liabilities	(21.6)	(358.2)
- Change in working capital	21.5	(10.3)
Cashed-in dividends	**34.8**	**173.1**
Surplus/Deficit	**1.8**	**849.9**
Net Financial Position at the end of the year	**(1,640.7)**	**(1,642.5)**

(*): Operating profit +/- minority interests + amortisation +/- net provisions +/- other non-monetary valuations

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

(CONSOB Communication No. 6064293 of 27 July 2006)

	Shareholders' equity at 31/12/2020	Net result 2020	Shareholders' equity at 31/12/2019	Net result 2019
As per balance sheet and income statement of Mediaset S.p.A.	2,054.8	17.0	1,980.0	126.0
Excess of shareholders' equity, including gross income for the period over book value of investments in subsidiary ad affiliated companies	1,188.9	326.7	964.9	749.8
Consolidation adjustments arising from:				
Eliminations of unrealised intra-group gains/losses	(64.9)	2.3	(77.7)	11.8
Dividend eliminations	-	(126.5)	-	(605.6)
Other consolidation adjustment	(13.1)	(0.3)	23.2	5.8
Total	**3,165.6**	**219.3**	**2,890.3**	**287.8**
Minority interest	(497.3)	(80.0)	(412.5)	(97.5)
As per the consolidated financial statements	**2,668.3**	**139.3**	**2,477.9**	**190.3**

CONSOLIDATED NON-FINANCIAL REPORT (LEGISLATIVE DECREE NO. 254/2016

The consolidated non-financial report ("Consolidated NFR") of Mediaset S.p.A., prepared in accordance with Legislative Decree No. 254/2016 consists of a Sustainability Report, separate from this report, as required by Article 5, paragraph 3, letter b) of Legislative Decree No. 254/16, and is available at www.mediaset.it, in the section "Corporate/Sustainability".

For more information on the subsequent sections of this Report on Operations regarding "Disclosure of the main risks and uncertainties to which the Group is exposed", "Human resources", "Environment", "Social initiatives" and "Protection of children", please see the sustainability report (Consolidated NFR).

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

The Enterprise Risk Management system in the Mediaset Group

As an integral part of its Internal Controls and Risks Management System, the Mediaset 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, as defined by the Corporate Governance Code, 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, already identified as the reference methodology in the Guidelines on the Internal Control and Risk Management System issued by the Board and updated periodically from 2008 onwards.

The Guidelines have been 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. 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

The pursuit of the objectives outlined in the *Strategic Guidelines*, as well as the operating, equity and financial performance of the Mediaset Group, are influenced by various contingent risk factors and uncertainties that are mainly of the following types:

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.

ESG risks, associated with adequately managing major sustainability factors, including with regard to associated reputational risk profiles, the identification, active management and control of which are instrumental to achieving medium and long-term strategic objectives, thus contributing to meet the expectations of key internal and external stakeholders, mainly concerning the following:

- environmental policies related to energy management and control; waste, discharge and emission management; and compliance with regulations on the installation of radio and television broadcasting equipment in terms of complying with the limits set for electromagnetic emissions;
- social responsibility associated with managing, developing and enhancing Human Resources policies (safeguarding employment, health and safety, non-discrimination and the protection of human rights, diversity and equal opportunities, training, and trade union and industrial relations), editorial responsibility and responsible management in relations with customers, suppliers and local land and communities;
- corporate governance, value models and systems, compliance with laws and regulations.

Operational risks and process risks, mainly attributable to:

- risks concerning business interruption 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

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.***

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.

As indicated above, for information on the main risks relating to the ESG areas, please refer to the Sustainability Report (consolidated NFR).

External and sector risks

Risks linked to the performance of the economy

The core business of the Mediaset 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.

As a result of the pandemic, all major economic regions – with the exception of China (from where the pandemic originated and spread) – suffered unprecedented recession in 2020. In particular, GDP fell by -6.8% in the Eurozone, by -8.9% in Italy and by -11.0% in Spain. Recent forecasts estimate that the United States economy will be able to recover to pre-crisis levels as early as 2021, whereas the Eurozone will not reach those levels until 2022. In this respect, a high degree of heterogeneity is expected between the Eurozone different countries. In particular, the GDP of Italy and Spain is not expected to return to their pre-crisis levels before 2023.

As reported previously, after performing well during the first two months of the year, gross advertising revenues were heavily affected by the impact of the COVID-19 emergency on the advertising market, particularly in the first half of 2020, as the majority of investors were forced to defer or reposition their scheduled advertising campaigns, bringing about a widespread drop in spending by the end of the first quarter.

In Italy, the conventional advertising market contracted by (-)14.6% in 2020 compared to 2019, while advertising in the Group's core market (TV, radio, digital publishing) was down (-)10.1%. Investments ringfenced for television contracted by -9.5%; this figure highlights the central role of TV in the market and a trend more aligned to the decrease in GDP. Based on historical trends, the advertising market can be expected to rebound more strongly than the economy as a whole in 2021.

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

More details on the analysis of the general economic trend and the main economic and financial indicators during 2020 can be found in "The General Economic Trend" section earlier in this document.

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 the second half of 2022, 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 is 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 duplicate offering models that compete with those of broadcasters.
- In Spain, on the other hand, the competitive scenario appears to be less fragmented, with a television market 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. Mediaset'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, pay non-linear and web) 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, Mediaset 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 TGCom 24, 2013 saw the addition of the innovative offering of *Infinity* on-demand content, while in 2018 the new Mediaset Play online platform was launched.

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.

Mediaset, 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 Mediaset 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 to applicable rules and regulations and which, in recent years, has forged a position of market leadership by selecting, financing and distributing highly successful titles. Also of note, Mediaset España holds the free-to-air broadcasting rights to the UEFA European Football Championships in 2021, which were originally scheduled for the summer of 2020 and postponed due to the pandemic, while Mediaset in Italy will also hold 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 pay-TV operations, 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 have shown an essentially stable trend in television consumption in recent years. 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 has since been enhanced with the rights to air UEFA Champions League matches in the second half of this year and for the following season, as well as leveraging the integrated multiplatform cross-media offer which is unique in Italy.

Mediaset pursues this strategy both in Italy and in Spain, where the Group operates with its own exclusive internal advertising sales houses Publitalia '80 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 – Digitalia '08 in Italy, specialised in advertising sales for digital Pay TV channels, and Publimedia Gestión in Spain, and the fifty-fifty equity investment with Mondadori in the Mediamond joint venture – also controls advertising sales in other media developed by the Group. In particular, from 2014 Mediamond has been strengthened by the transfer from the Mondadori Group of the activities and the licence contracts over the media previously managed by Mondadori Pubblicità. 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 Mediaset 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, overcrowding, slots, advertising 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 their use of users' browsing data on non-owned sites.

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

The Group has the organisational functions and dedicated protocols in place to prevent, evaluate, develop and implement strategies, policies and business plans capable of dealing with and overcoming, in line with the Company's applicable security regulations, the most diverse external risk situations and events – and/or risks of intentional harm committed by third parties – that could damage the Company and its people, its tangible and intangible resources, and the integrity, availability and confidentiality of sensitive and personal data so as to compromise its operational and business continuity.

For an integrated television Group, the risk of business interruption is mainly linked to the risk of not continuously and adequately providing territorial coverage of content. This risk can mainly be attributed 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 limitations in international coordination;
- Risk of a partial local area coverage failure due to the assignment of part of the frequencies, currently by broadcast, to other services.

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. Mediaset is backed by more than 30 years' experience conducting ever-more-advanced research into antennae which help reduce the risk of coverage loss. Through its subsidiary Elettronica Industriale, Mediaset also 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.

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 subsidiary EI Towers S.p.A. 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.

The Group also depends on the electronic communications services provided by EI Towers in Italy and by Retevision S.A.U. in Spain. The contracts with these providers contain service level agreements aimed at preventing and/or reducing the risk of service interruptions.

EI Towers is one of the largest operators of electronic communications networks in Italy, serving radio and television broadcasters and mobile telecommunications providers under long-term agreements. In particular, the EI Towers group provides hosting facilities on its infrastructure (transmission "towers" or "stations"), as well as a range of related services such as technical assistance, ordinary and extraordinary maintenance, logistics and planning. The EI Towers group also manages satellite contribution links for the news and sports productions of the Group and other national operators via its operating centres and network infrastructure.

Mediaset relies operationally and technically on the services of EI Towers for broadcasting Mediaset's television signal through the DTT platform. These services could not be easily replaced given that, at present, the main alternative service provider in the Italian market is Rai Way, which is the provider of Radiotelevisione Italiana (RAI), the Italian public broadcaster. Furthermore, all Mediaset transmission equipment is physically housed on the premises of EI Towers. Mediaset holds a non-controlling interest in EI Towers.

In Spain, likewise, Mediaset España relies operationally and technically on the services of Retevisión for broadcasting the television signal of Mediaset España through the DTT platform. Retevision 1, S.A.U., a company wholly owned by Cellnex, S.A., is the leading electronic communications network operator serving radio and television broadcasters and mobile telecommunications providers under long-term agreements. Retevision operates a nationwide network for the transmission of DTT, analogue TV and radio signals, including complementary services, technical assistance and maintenance.

The Company – through its subsidiary Elettronica Industriale – holds a network operating license to five digital multiplexes on terrestrial frequencies. As part of the ongoing process to refarm the 700 MHz band, which – in mid-2022 – will see part of the frequency allocation of nationwide television operators released to serve 5G mobile services, the Company has already been allocated two and a half multiplexes ahead of that date. Moreover, a further half of a multiplex is set to be auctioned to nationwide network operators during the first half of this year. As we transition in the next few years to DVB-T2 digital terrestrial transmission technology, this will ensure that the available transmission capacity is no less than, and will indeed before better than, current capacity.

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Financial risks

During 2020, the pandemic affected the entire global economy, but Italy was most certainly among the countries most affected at the European level.

In this economic context, the Mediaset Group has intensified its policy of containing and carefully monitoring its costs and investments.

In particular, as already reported in the chapter entitled COVID-19: Main Impacts and Mitigation Actions, this included a particularly prudent approach during the first half of 2020 to putting in place an optimal debt structure by increasing available committed credit facilities and bringing forward the renewals of the facilities maturing in 2020 and some of those maturing in 2021.

In this respect:

- EUR 400 million in committed credit facilities have been **renegotiated and renewed**;
- EUR 250 million in **new committed credit facilities** have been opened;

In the **third and fourth quarters** of the year, medium/long-term credit facilities continued to be reviewed and fine-tuned with the aims of adapting the debt structure to the current situation (which is yet to normalise), reducing average costs by exploiting market opportunities and marginally extending the average maturity of debt.

Also restructured during the year (and postponed until October 2024) was the instalment due in 2020 for the Funded Collar linked to the Prosieben transaction, entered into with Credit Suisse.

In accordance with the Group's policy on liquidity, the average financial exposure did not exceed 80% of the total amount currently 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 "Additional 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, Mediaset 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. As reported above in the section entitled *"Significant Events and Key Corporate Transaction for the Year"*, in 2019 the Group achieved significant court rulings in which some portals were sentenced to compensate Mediaset for these violations, with significant penalties now in place for any future uploads of Mediaset 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 regarding the main legal disputes that are currently pending can be found in the comments contained in the relevant section of the "Notes to the consolidated financial statements".

HUMAN RESOURCES

Mediaset historically implements actions and policies aimed at protecting the safety, well-being, training and skills development of its employees, who are a central and indispensable resource for the Group's future development.

Employee commitment and motivation are essential ingredients for the Group's success, and the Group continues to provide its staff career development opportunities that value their diverse backgrounds and their different skills and experience pathways.

With that in mind, tools and processes are designed and supervised with a view to ensuring that staff are properly assessed and their careers in the Group constantly monitored right from the initial selection stage, by designing pathways of professional and managerial training that will develop its hallmark characteristics of behaviour.

In carrying out these activities and initiatives the Mediaset Group respects its employees' rights, safeguards their health and safety at work, guarantees equal opportunities, and fosters the career development of all staff whatever their gender, category or grade within the organization.

Staff composition

On 31 December 2020, the Mediaset Group had **4,906** employees (of whom 4,809 in permanent posts), a decrease compared to 2019 (4,984, of whom 4,797 in permanent posts).

	ITALY		SPAIN	
Number of employees	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Managers	224	235	120	112
Journalists	326	335	301	320
Middle managers	700	723	99	96
Office workers	2,092	2,128	1,019	1,007
Industry workers	9	12	16	16
Total	**3,351**	**3,433**	**1,555**	**1,551**

	ITALY		SPAIN	
Average workforce	**2020**	**2019**	**2020**	**2019**
Managers	230	235	119	114
Journalists	325	342	311	313
Middle managers	700	723	99	97
Office workers	2,063	2,127	1,019	1,015
Industry workers	16	38	16	19
Total	**3,334**	**3,465**	**1,564**	**1,558**

In 2020, the Italian Group companies had 3,351 employees operating in Italy (of whom 3,272 in permanent posts), compared to a 2019 figure of 3,433 (of whom 3,342 in permanent posts).

The Italian segment also includes a further 25 employees of Publieurope International Ltd., mainly operating in its London office, and one employee of the company Medset SAS.

The Group's employees are mainly concentrated in Italy and Spain: around 68% in Italy and 31% in Spain. A lower share, at around 1%, are employed at offices located in France, the United Kingdom, Germany and South America, which are grouped together below under "Other Countries".

Selection and recruitment

The Mediaset Group pays constant attention to initial selection in order to ensure that it hires skilled and qualified staff, with the attitudes and motivation needed to work effectively within the organization's production and cultural environment, also with a view to aiding the process of internal career development.

Training initiatives

In 2020, managerial, professional and compulsory training initiatives continued on a regular basis.

During 2020, the Covid-19 pandemic has significantly affected the training courses regularly held by the Group, which have had to be adapted to the changing circumstances and requirements and which have remained effective through the use of e-lessons.

Public initiatives

Education programmes for non-employees have continued, which are designed to develop skills linked with the world of commercial TV, continued in 2020 as in earlier years.

Services for employees

The Mediacentre has long been a well-established company facility, offering a number of services to improve employee quality of life and enable a better work/life balance.

This physical space is also supported by an intranet site, which gathers together up-to-date agreements signed with banks, insurance companies and over a hundred commercial operators that are active online or around the Group's main premises.

Occupational health, safety, prevention and assistance

The occupational risk prevention plan ensures that the company complies with legislation on occupational risk prevention and the requirements established by standard OHSAS 18001:2007 for the prevention of occupational hazards.

HUMAN RESOURCES OF THE PARENT COMPANY

STAFF COMPOSITION

The complex macroeconomic scenario of recent years has not prevented Mediaset from continuing its policy of investing in its employees, which it considers to be a valuable and essential asset for the future development of the enterprise.

In fact, ensuring staff welfare and appreciating their talents are core components of Mediaset's strategy, in the full knowledge that this is the factor on which the pursuit of corporate objectives depends.

Employee commitment and motivation are important ingredients for the Company's success, and Mediaset continues to provide its staff career development opportunities that take account of the benefits offered by their diverse backgrounds, skills and experience.

With that in mind, tools and processes are designed and supervised with a view to ensuring that staff are properly assessed and their careers in the Group constantly monitored right from the initial selection stage, by designing pathways of professional and managerial training that will develop its hallmark characteristics of behaviour.

In carrying out these activities and initiatives, Mediaset respects its employees' rights, safeguards their health and safety at work, provides equal opportunities, and fosters the career development of all staff whatever their gender, category or grade within the organization.

Staff numbers and geographical distribution

At the end of 2020, Mediaset's headcount was 1 permanent employee, which was down on the 57 employees in 2019 due to the transfer of the remaining staff to Mediaset Italia under the project that should have led to the incorporation of MFE.

100% of the workforce operates in the Milan area.

Geographical distribution of permanent employees in Italy (FTE)

Headquarters	2020	%	2019	%
Milan	1	*100.0%*	51	*89.5%*
Rome	-	-	6	*10.5%*
Total	**1**	***100.0%***	**57**	***100.0%***

Selection

Mediaset pays constant attention to initial selection in order to ensure that it hires skilled and qualified staff, with the attitudes and motivation needed to work effectively within the organization's production and cultural environment, also with a view to aiding the process of internal career development.

Mediaset has always enjoyed great visibility and attractiveness, as witnessed by the number of unprompted applications received through the Working with us section of the Corporate website and linked to the websites of Group companies.

Training

Training activities continued in 2020, albeit limited by social distancing measures.

The main training initiatives carried out during 2020, including those carried out in the first months of the year to employees who were subsequently transferred to Mediaset Italia, are listed below:

Employee-hours for each type of training

Training	2020	2019
Managerial skills development	55	23
Professional skills update	13	91
Foreign language training	23	404
Compliance	1	203
Total	**92**	**721**

Occupational health and safety and prevention

The occupational health and safety (OHS) initiatives carried out in 2020 were heavily influenced by the Coronavirus (COVID-19) public health emergency.

The Mediaset Group has implemented all regulatory provisions (Prime Ministerial Decrees, Ministry of Health Decrees, Regional Ordinances, etc.) and the common protocol regulating measures to combat and contain the spread of the Covid-19 virus in the workplace, through the following actions:

- we have prepared specific protocols, instructions, procedures and guidelines to better manage the Coronavirus emergency;
- we have activated Covid Committees at all levels of the company to define the measures that should be adopted and to verify their application in the field;
- we have setup body temperature checks at the entrance to the Company's offices;
- we have made articles of PPE (e.g. masks) and hand disinfectant available to all employees, externals and other persons entering the Company's offices;
- we have ensured that our premises are healthy places to work by increasing cleaning and by disinfecting spaces regularly;
- we have made it possible for employees and externals to be vaccinated against flu and pneumonia free of charge on the Company's premises and to undergo regular testing for SARS-CoV-2 virus (antibody, antigen and molecular tests);
- we have extended our smart working regime to a large number of employees/externals so as to limit attendance at the Company's offices;
- we have re-planned the walkways and work spaces inside our offices to ensure social distancing;
- we have also adapted our Supplier relationships to the Covid-19 environment by introducing specific protocols and by permitting access only when strictly necessary, subject to testing;

- we have reworked our television productions and schedules in line with the measures established in the Prime Ministerial Decrees and protocols, including restricting studio audiences/guests and testing everyone accessing our production sites;
- we have carefully managed the reintegration of employees/externals after sick leave, including doctor referrals where appropriate;
- we have set up a "Health and Safety" section on our intranet site, with a substantial chapter on the Coronavirus Emergency, compiling all relevant legislation, as well as all announcements, instructions, procedures and provisions prepared by the Company.

Ongoing and newly scheduled occupational health and safety (OHS) activities were also carried out, including the following:

- consolidation of the HSE (Health, Safety and Environment) role, which integrates the existing Occupational Health and Safety Protection areas with the new Environmental Protection area, with a service deliverable to all Mediaset Group companies;
- adoption of the Occupational Health and Safety Management System, updated according to new European standard UNI ISO 45001 and obtaining the related certification at Corporate level, issued by certification body DNV-GL (Det Norske Veritas);
- use of an IT system to support the "Management of Occupational Health and Safety Obligations" for the "Accident Management" and "Health Surveillance" systems and to manage other activities such as those for "Non-compliance", "Audits", "Legal obligations", etc., and the updating of the Health & Safety section on the Company's intranet site;
- use of a digital platform to specifically manage OHS compliance for "tender contracts" and the preparation of interference risk assessment reports;
- continued European certification by the European Network for "Workplace Health Promotion (ENWHP) as a "Workplace that Promotes Health", thanks to the following new initiatives:
- introduction of the "Stairs for Health" project;
- implementation of a Workplace Health Promotion section of the Company's intranet site, aimed at promoting "healthy lifestyles", in collaboration with Milan Health Protection Agency;
- regular safety meetings (Article 35), consulting and engaging workers' representatives regarding the assessment of risks and the update of the related document, identifying, planning, implementing and verifying prevention within the company;
- on-site and employee equipment inspections carried out by the Group's OHS Officers and occupational medicine specialists;
- A continuing focus on worker health and safety, applicable legislation, emergency management and similar aspects across all workplaces.
- Fire drills/evacuation exercises at the Group's offices.
- analyses of the quality of work premises, measuring levels of chemical and biological pollutants and physical agents such as: electromagnetic fields, radon gas, noise, microclimate, etc.
- due to the ongoing pandemic, regular medical check-ups were suspended in March 2020 until the end of the public health emergency.

ENVIRONMENT

Mediaset Group may not be a manufacturing company but, in the interests of disclosing information that is most tailored to our stakeholders' needs, we nevertheless reporting certain environmental performance indicators, particularly concerning energy consumption and CO2 emissions. This information can be found in the relevant section of the Consolidated NFR. The Group will also evaluate supplementing this disclosure over time with regard to the climate change impacts generated and incurred by the Group. This activity will also take into account 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*".

Mediaset works with the European trade association of which it is a founding member (the ACT) to deliver the action plan promoted by the European Commission, which – among its various objectives – aims to create a climate-neutral European audiovisual media sector as part of the global objective to achieve net-zero CO2 emissions by 2050.

DISCLOSURE REQUIRED BY ARTICLE 2428 OF THE ITALIAN CIVIL CODE

Technological innovation and development

During 2020, RTI's Innovation and Technological Research Department was included in a reorganisation that saw it moved under the umbrella of the Technology Department so as to develop closer cooperation between the Company's departments in an effort to place a greater focus on core business development processes. The new area, known as the Innovation and Technological Standards area, reports to RTI's Director of Technologies.

The Innovation and Technological Standards area pursues the following objectives:

- to define technical specifications and commercial requirements together with international standardisation bodies.
- to cooperate with association head offices in drafting and publishing technical specifications for TV receivers.
- to prototype and disseminate emerging technologies useful for developing business cases to enhance the Company's core business.
- to participate in institutional and EU round tables for the development of digital television in Italy and Europe.
- tr provide technological support for training, information-gathering and dissemination concerning the company's primary trends in technological innovation.
- to research the technological context of the media world.
- to propose and develop Proof of Concepts for emerging technology projects.

In 2020, the Innovation and Technological Standards area conducted research and laboratory activities to define the technical specifications and basic requirements for TV receivers on the Italian market so as to activate the main business cases required by RTI. The specifications referred to above have been collected in scientific publications.

Publication of UltraHD Book 2.0: new Technical Specifications for TV receivers for the Italian market in the multiplatform version: DTT[11], SAT[12] and OTT[13] oriented towards the production receivers conforming to the so-called TV 4.0.

UHD Book 2.0, published by HD Forum Italia, was approved and published in October 2020.

Version 2.0 includes the DVB-I specification, which is the latest standard for linear TV service broadcasting over the internet[14]. in the coming years, will support linear channel broadcasting over the internet on connected Smart TVs equipped with a DVB-I frontend.

Collateral technologies have also been introduced for developing linear DVB-I TV services such as: support for the "IP1 Hybrid Receiver" profile for advanced functions in multi-platform TV receivers; "Service List Discovery" for identifying lists of nationwide channels offering DVB-I services; and support for low-latency distribution techniques such as "Low Latency DASH", which enables TV channels to be streamed through IP networks in perfect synchrony with over-the-air transmission (DVB-T; DVB-S).

The new Italian technical specification specifically references emerging standards such as the "Target Advertisement" standard, which lends profiled users support for "Spot Substitution" functions thanks to the broadband connection. This solution is useful when it comes to adopting new television advertising offerings.

The **UltraHD Book collection** is published by HD Forum Italia, of which Mediaset has been a founding partner since 2006 and in which it holds a Vice Presidency position with responsibility for developing Italian technical specification for TV receivers.

The UltraHD Book collection sets out the most advanced technological standards available in Europe for the creation of multiplatform, ultra-high definition (UHD or 4K) ready television receivers, including new specifications for high dynamic range (HDR) imaging, next-generation audio (NGA) and hybrid broadcast broadband TV (HbbTV 2.0.x). Ultra HD Book 2.0 content was also developed with a view to the refarming of the UHF 700 MHz band spectrum in Italy, as well as for the rollout of HEVC encoders, which are necessary to integrate the new features offered by TV 4.0 - set to be rolled out in Italy in July 2022 - into television broadcasts.

Proof of Concept DVB-I[15]:

Also in 2020, the Innovation and Technological Standards area of the Technologies Department contributed to evolving the DVB-I standard by internally developing a Proof of Concept through the creation of a laboratory "testbed" for acquiring internal skills concerning the platform's operation and for outlining the functional requirements for the rollout of hybrid multiplatform TV services in future.

Phase 1 of the project was demoed from end to end in July 2020: from the actual production of a DVB-I service, to its distribution over a Content Delivery Network equipped with LL-DASH technologies, until arriving at the DVB-I equipped TV receiver. The total success of the demo has triggered Phase 2 of the experiment process, in which a series of new technical requirements will be brought to the entire testbed, each of which comprising a number of specific, verifiable use cases.

The Phase 2 results are due to be presented in March 2021.

The experimentation process aimed to include other supply chain stakeholders in the DVB-I services PoC so as to develop technological partnerships with other broadcasters, network operators and TV manufacturers. The intention, in turn, was to assume the identity of a national systems testbed, including

[11] DTT: Digital Terrestrial Television platform (DVB-T/T2)
[12] SAT: Satellite platform (DVB-S/S2)
[13] OTT: Over The Top (Broadband IP) platform (DVB-I)
[14] Internet: Broadcast IP platform (DVB-I)
[15] DVB-I: Digital Video Broadcasting over IP network. This is the new IPTV standard.

of models for defining operating requirements and evaluating the behaviour of receivers prior to integrating broadcast and broadband services, as well as verifying the impact on the end user's experience of the following functions: LCN; Zapping time and latency of services offered, channel banner information, parental control, content protection, etc.

HbbTV Project[16]: in the field of HbbTv, Mediaset - an active member of the association's government - continued to play a role in collecting Commercial Requirements for new Technical Specifications in 2020, in anticipation of the publication of the updated version of the HbbTV 2.0.3 standard, which is expected to be published in 2021.

Furthermore, following the publication of the DVB-I standard in December 2019, HbbTV recently began collecting additional commercial requirements for the integrated operation of HbbTV with the DVB-I client. This required a further addendum to the HbbTV 2.0.3 specification, currently in publication, as well as new and specific assertion tests to certify that the technology is compatible with new TV receivers using HbbTV 2.0.3 middleware, which will be launched in the Italian market in 2022 as the 700 MHz band is being refarmed.

Copyright Management Project: During 2020, Mediaset continued to develop the Copyright Management Project launched in autumn 2019.

Article 17 of the Copyright Directive recently adopted by the European Union calls for deep-seated cooperation between content rights holders and online content sharing providers so as to protect the copyright and ensure the proper commercialisation of protected works.

Mediaset is always sensitive to the issue of protecting and safeguarding the proper use of content and their related rights, as enshrined in the Directive, and continued its activities after having drawn up a proposal, which was presented before DG Connect in Brussels in October 2019 and later at the headquarters of the EBU[17]. This proposal foresees the development of an open technological solution to brand free-to-air television broadcasts with a watermark, incorporating a code that is capable of unambiguously classifying audiovisual content broadcaster by the issuer so that it can be quickly and correctly identified by those same broadcasters if it is used on online content sharing services platforms.

Once inserted in the broadcast images, this watermark is resistant to content tampering, thus enabling online content sharing platforms to read the "necessary & relevant information" on downloaded content (content metadata), as required by Article 17 of the EU Copyright Directive, by using a standardised tool (open software) provided by broadcasters and identifying the owners of the broadcast production and the connected copyright holder

In order to sculpt an open solution that is suitable and applicable to all television and radio broadcasters, common rules and semantics must be established for these watermarks, as must an unambiguous, password-readable format containing these data, enabling online platform owners to quickly retrieve information regarding the production, its ownership and its copyrights to ensure that it is commercialised properly wherever it is permitted. This aims to prevent piracy and counterfeiting.

This proposal led to two development lines during 2020: the first, purely in-house development line is geared towards implementing Mediaset's project to acquire systems and technologies for the Copyright Protection of all TV products broadcast and distributed on all distribution platforms and in all possible environments: linear, VoD, Free-to-air, Fremium and Pay.

The project will come to fruition during 2021.

[16] HbbTV: (hybrid broadcast broadband TV) advanced interactive TV software installed in TV receivers that have been developed for the European market over the last five years.
[17] EBU: European Broadcasting Union

A second development line, on the other hand, concerns simultaneously creating a common extended model for the Copyright Protection proposal by generating a Europe-wide standardisation framework that would be implemented together with other partners (broadcasters, editors, content producers, technology vendors and system integrators) with the aim of promoting a copyright infrastructure that can be widely adopted at the European and international level.

Dealings with companies: subsidiaries, associates, holding companies, affiliates and related parties

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

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

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

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

Right to opt-out of the obligation to publish reports in the event of significant transactions

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

Treasury shares held by subsidiaries

No subsidiary holds any treasury shares of the issuer.

OTHER INFORMATION

Privacy: protection and supervision measures

In compliance with current legislation in particular EU Regulation 2016/679 and Italian Legislative Decree No. 196/2004 (the Personal Data Protection Code) – the Mediaset Group has adopted a Privacy Programme and defined a series of Operating Instructions and Guidelines aimed at optimising business processes concerning data protection issues.

The Mediaset Group companies that have joined and are subject to the Privacy Programme are Mediaset S.p.A and almost all of the Group's Italian-based, unlimited companies that are fully consolidated in the Group's financial statements.

The following companies have joined the scheme:

- Digitalia
- Elettronica Industriale
- Mediafriends
- Mediaset
- Medusa
- Monradio (R101)
- Publitalia
- RTI
- R2
- Radiomediaset
- Radio Studio 105
- RMC Italia
- Radio Subasio
- Taodue
- Virgin Radio
- Radio Aut
- Mediaset Italia

Supervision and control

The Company has followed up on the enacting of Legislative Decree 231/2001 concerning the criminal liability of companies. In 2003 it set up an internal "Supervisory and Control Body", which, with full autonomy and the support of company department and external consultants, where necessary, is tasked with supervising the full application of the "compliance programme" adopted, by updating its contents and reporting any violations or breaches to the Company's Board of Directors.

Management and coordination activities

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A. as at 31 December 2020, as the latter owns 44.175% of the share capital. On 4 May 2004, Fininvest notified Mediaset that pursuant to Article 2497 et seq of the Italian Civil Code, it would not conduct the management and coordination of Mediaset. The Company acknowledged Fininvest's notification at the Board of Directors' meeting of 11 May 2004. The above notification from Fininvest continues to be applicable, as Mediaset 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 Mediaset nor does it provide assistance or technical, administrative or financial coordination on behalf of Mediaset and its subsidiaries. Pursuant to Article 2497 et seq of the Italian Civil Code, Mediaset S.p.A. currently manages and coordinates the following Mediaset Group companies:

- Beintoo S.p.A.
- Digitalia '08 S.r.l.
- Elettronica Industriale S.p.A.
- Mediaset Italia S.p.A.
- Medusa Film S.p.A.
- Monradio S.r.l.
- Publitalia '80 S.p.A.
- R2 S.r.l.
- Radio Aut S.r.l.
- RadioMediaset S.p.A.
- Radio Studio 105 S.p.A.
- Radio Subasio S.r.l.
- RMC Italia S.p.A.
- R.T.I. S.p.A.
- Taodue S.r.l.
- Virgin Radio Italy S.p.A.

Consob Communication DAC/RM97001574 of 20 February 1997

In relation to the Consob recommendation (Communication dated 20/02/1997, ref. DAC/RM97001574) below is a list of directors and their mandates:

The Chairman

Fedele Confalonieri with all powers of ordinary and extraordinary management up to the limit of EUR 15,000,000.00 per individual transaction, with the exception of those powers that fall under the exclusive authority of the Board of Directors or the Executive Committee. Pursuant to the Company Bylaws, the Chairman represents the Company.

Deputy Chairman and Chief Executive Officer

Pier Silvio Berlusconi with all powers of ordinary and extraordinary management up to the limit of EUR 15,000,000.00 per individual transaction, with the exception of those powers that fall under the exclusive authority of the Board of Directors or the Executive Committee. Pursuant to the Company Bylaws, the Deputy Chairman and Chief Executive Officer represents the Company. The Deputy Chairman and Chief Executive Officer replaces the Chairman, representing the Company, in his absence or impediment. The actual exercising of the power of representation by the Deputy Chairman and Chief Executive Officer indicates per se the absence or impediment of the Chairman and exonerates third parties from any verification or responsibility thereof.

Directors

Marina Berlusconi

Marina Brogi

Andrea Canepa

Raffaele Cappiello

Costanza Esclapon de Villeneuve

Giulio Gallazzi

Marco Giordani

Francesca Mariotti

Gina Nieri

Danilo Pellegrino

Niccolo' Querci

Stefano Sala

Carlo Secchi

Executive Committee

Fedele Confalonieri

Pier Silvio Berlusconi

Marco Giordani

Gina Nieri

Niccolo' Querci

Stefano Sala

Risk, Control and Sustainability Committee

Carlo Secchi (Chairman)

Marina Brogi

Costanza Esclapon de Villeneuve

Compensation Committee

Andrea Canepa (Chairman)

Marina Brogi

Francesca Mariotti

Governance and Appointments Committee

Raffaele Cappiello (Chairman)

Francesca Mariotti

Carlo Secchi

Related Parties Committee

Marina Brogi (Chairman)

Giulio Gallazzi

Carlo Secchi

SUBSEQUENT EVENTS AFTER 31 DECEMBER 2020

On 21 January 2021, Mediaset España increased its stake in Prosieben Sat1 Media SE, acquiring a 3.4% equity interest for the sum of EUR 104 million. As a result of this transaction, the Group now holds an equity interest of 23.5% in the company (24.2% of voting rights).

In February, Mediaset 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 until 2024; matches will also be viewable online. 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. The matches will be viewable across all devices, from smart TVs and tablets, to PCs and mobile phones. Mediaset, which is already offering matches on its free-to-air services this season, has thus been awarded the broadcasting rights to a total of 121 UEFA Champions League matches per season across its platforms for another three years.

BUSINESS OUTLOOK FOR 2021

In the first three months of the year, the Mediaset Group recorded an acceleration in advertising revenues in Italy, with gross revenues increasing by 6.1% compared with the same period of 2021.

This result is much higher than expected and very positive in comparison with the first quarter of 2020 which was only marginally affected by the impact of the health emergency. For the same reason, the second quarter of 2021 is expected to benefit from a very favourable comparison, with an increase in cumulative sales in the first six months of the year significantly higher than in the first quarter.

The second quarter of 2021 would therefore be the fourth consecutive quarter to record an increase in advertising sales for the Group in Italy. These figures indicate the likelihood of holding steady also in the second half of the year, despite a comparison with the same period last year which must take account of the unavailability for Mediaset of important 2021 summer international sporting events (e.g. the Olympics and European Football Championships).

In Spain, meanwhile, the advertising market in the first months of the year continued its unremarkable trend, even if there have been concrete signs of recovery in recent weeks. Mediaset España is also expected to benefit in the second quarter from a favourable comparison with the previous year, in addition to a gradual improvement in the economic and advertising situation thanks to the relaxation of COVID-19-related restrictions. In addition, Mediaset España will also have the rights to the European football championships, which should give an extra push to advertising sales.

On the basis of the evidence, and despite a still highly uncertain scenario, in 2021 the Group aims to further strengthen both its results and cash generation thanks also to ongoing cost controls.

Finally, the Group has confirmed its aim of guaranteeing conditions of maximum safety for all staff, in addition to continuing to pursue the evolutionary development of both linear and non-linear models, as well as continually reinforcing its exclusive content, both in current markets of reference and in view of future international expansion.

NET RESULT OF THE PARENT COMPANY

The profit of Mediaset S.p.A for 2020 was EUR 17,006,880.42=.

We propose that the entire profit for the year (EUR 17,006,880.42) be allocated to the extraordinary reserve.

Following the approval of this proposal, the extraordinary reserve will amount to Euro 1,497,911,389.78.

For the Board of Directors
the Chairman

Consolidated Annual Report 2020

Consolidated Financial Statements
and Explanatory Notes

MEDIASET GROUP

MEDIASET GROUP

CONSOLIDATED STATEMENT OF INCOME

(values in EUR million)

STATEMENT OF INCOME	Notes	2020	2019
Revenues from sales of goods and services	7.1	2,612.3	2,893.6
Other revenues and income	7.2	24.4	32.2
TOTAL NET CONSOLIDATED REVENUES		**2,636.8**	**2,925.7**
Personnel expenses	7.3	470.1	498.2
Purchases, services, other costs	7.4	1,330.2	1,490.2
Amortisation and depreciation	7.5	566.7	582.7
TOTAL COSTS		**2,367.0**	**2,571.1**
OPERATING RESULT		**269.7**	**354.6**
Financial expenses	7.6	(60.5)	(55.6)
Financial income	7.7	56.7	65.6
Income/(expenses) from equity investments	7.8	20.0	17.1
EBT		**285.9**	**381.7**
Income taxes	7.9	**(66.6)**	(93.9)
NET PROFIT FROM CONTINUING OPERATIONS		**219.3**	**287.8**
Net profit from discontinued operations			
NET PROFIT FOR THE YEAR	7.10	**219.3**	**287.8**
Attributable to: - Equity shareholders of the parent company		139.3	190.3
- Non-controlling interests		80.0	97.5
Earnings per share	7.11		
- Basic		0.12	0.17
- Diluted		0.12	0.17

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated Income Statement items are shown in the Income Statement presented on the following pages and are further described in Explanatory Note 17.

MEDIASET GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(values in EUR million)

	Notes	2020		2019	
NET PROFIT FOR THE PERIOD (A):	**7.10**		**219.3**		**287.8**
OTHER COMPREHENSIVE INCOME RECYCLED TO PROFIT AND LOSS			**(9.8)**		**5.9**
Effective portion of gains and losses on hedging instruments (cash flow hedge)	10.5	(12.1)		8.8	
Other Gains or Losses of associates valued by equity method	10.4	(0.6)		(0.7)	
Tax effects	10.4	2.9		(2.1)	
OTHER COMPREHENSIVE INCOME NOT RECYCLED TO PROFIT AND LOSS			**48.8**		**(44.0)**
Actuarial gains and losses on defined benefit plans	10.4	(1.9)		(3.6)	
Gains and losses on options valuation	10.4	(43.9)		4.7	
Other Gain or Losses of Investments at FVOCI	10.4	79.0		(47.3)	
Tax effects	10.4	15.5		2.2	
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX EFFECTS (B)			**39.0**		**(38.0)**
TOTAL COMPREHENSIVE INCOME (A)+(B)			**258.3**		**249.8**
attributable to: - owners of parent company			166.1		153.8
- non controlling interests			92.2		96.0

MEDIASET GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

ASSETS	Notes	31/12/2020	31/12/2019
Non-current assets			
Property, plant and equipment	8.1	335.1	356.5
TV and movie rights	8.2	932.7	974.7
Goodwill	8.3	803.2	796.7
Other intangible assets	8.5	534.8	612.4
Investments in associates and joint venture	8.6	473.2	494.5
Other financial assets	8.7	749.7	610.6
Deferred tax assets	8.8	475.1	476.2
TOTAL NON-CURRENT ASSETS		**4,304.0**	**4,321.6**
Current assets			
Inventories	9.1	47.9	44.7
Trade receivables	9.2	826.4	863.2
Tax receivables	9.3.1	44.9	54.3
Other receivables and current assets	9.3.2	216.6	182.7
Current financial assets	9.4	68.8	35.8
Cash and cash equivalents	9.5	447.9	245.1
TOTAL CURRENT ASSETS		**1,652.4**	**1,425.7**
Non-current assets held for sale			
TOTAL		**5,956.4**	**5,747.3**

Pursuant to Consob Resolution No. 15519 dated 27th July 2006, the effects of related-party transactions on the Consolidated Balance Sheet items are shown in the Balance Sheet table presented on the following pages and are further described in Explanatory Note 17.

MEDIASET GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
Share capital and reserves			
Share capital	10.1	614.2	614.2
Share premium reserve	10.2	275.2	275.2
Own shares	10.3	(389.7)	(401.3)
Other reserves	10.4	545.7	525.5
Valuation reserve	10.5	(35.2)	(66.1)
Retained earnings	10.6	1,518.7	1,340.1
Net profit for the period		139.3	190.3
Group shareholders' equity		**2,668.3**	**2,477.9**
Minority interests in net profit		80.0	97.5
Minority interests in share capital, reserves and retained earnings		417.3	314.9
Minorities Shareholders' Equity		**497.3**	**412.5**
TOTAL SHAREHOLDERS' EQUITY		**3,165.6**	**2,890.4**
Non-current liabilities			
Post-employment benefit plans	11.1	66.7	69.2
Deferred tax liabilities	8.8	95.7	89.8
Financial liabilities and payables	11.2	1,156.9	1,031.0
Provisions for risk and charges	11.3	41.3	48.1
TOTAL NON CURRENT LIABILITIES		**1,360.6**	**1,238.1**
Current liabilities			
Due to banks	12.1	449.5	612.2
Due to suppliers	12.2	638.6	722.7
Provisions for risk and charges	11.3	72.7	80.2
Current tax liabilities	12.3	8.6	3.5
Other financial liabilities	12.4	78.2	28.3
Other current liabilities	12.5	182.6	171.9
TOTAL CURRENT LIABILITIES		**1,430.2**	**1,618.8**
Liabilities related to non current assets held for sale			
TOTAL LIABILITIES		**2,790.7**	**2,857.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,956.4**	**5,747.3**

Pursuant to Consob Resolution No. 15519 dated 27th July 2006, the effects of related-party transactions on the Consolidated Balance Sheet items are shown in the Balance Sheet table presented on the following pages and are further described in Explanatory Note 17.

MEDIASET GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

(values in EUR million)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating result		269.7	354.6
+ Depreciation and amortisation		566.7	582.7
+ Other provisions and non-cash movements		48.4	(12.1)
+ Change in trade receivables		36.9	27.9
+ Change in trade payables		(43.9)	115.0
+ Change in other assets and liabilities		(17.2)	(63.8)
- Interest (paid)/received		0.9	(0.7)
- Income tax paid		(40.4)	(47.5)
Net cash from operating activities [A]		**821.2**	**956.1**
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		3.2	6.0
Investments in TV and movie rights		(431.0)	(501.9)
Changes in advances for television rights		40.6	(32.1)
Purchases of other fixed assets		(60.6)	(64.6)
Equity investments		(0.2)	(1.1)
Changes in payables for investing activities		(40.2)	(121.7)
Proceeds/(Payments) for hedging derivatives		9.2	(35.0)
Changes in other financial assets	13.1	(73.7)	(504.5)
Loans to other companies (granted)/repaid		-	1.9
Cashed-in dividends		40.6	40.8
Business combinations net of cash and cash equivalents purchased	13.2	(7.6)	(18.4)
Changes in controlling interest/consolidation area	13.3	(0.4)	(32.7)
Net cash flow from investing activities [B]		**(520.2)**	**(1,263.3)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Parent company and subsidiaries changes in treasury shares		(0.6)	(94.6)
Changes in financial liabilities	13.4	(62.7)	726.1
Corporate bonds	13.4	-	(375.0)
Dividends paid		-	(46.6)
Changes in other financial assets/liabilities	13.4	(25.0)	(17.4)
Interest (paid)/received		(9.9)	(30.0)
Net cash used in financing activities [C]		**(98.2)**	**162.6**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**202.9**	**(144.6)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]		**245.1**	**389.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [F=D+E]		**447.9**	**245.1**

MEDIASET GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR million)

	Share capital	Share premium reserve	Legal and other reserves	Own shares	Valuation reserve	Retained earnings/(accumulate losses)	Profit/(loss) 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 31/12/2018	**614.2**	**275.2**	**594.6**	**(408.6)**	**(32.6)**	**898.3**	**471.3**	**2,412.4**	**443.7**	**2,856.1**
Restatement 2018							(3.0)	(3.0)		(3.0)
Balance as 1/1/2019	**614.2**	**275.2**	**594.6**	**(408.6)**	**(32.6)**	**898.3**	**468.3**	**2,409.4**	**443.7**	**2,853.1**
Allocation of the parent company's 2018 net profit	-	-	-	-	-	468.3	(468.3)	-	-	-
Dividends paid	-	-		-	-		-	-	(46.6)	(46.6)
Share based payment reserve evaluation	-	-	-	-	1.9	3.0	-	4.9		4.9
(Purchase)/sale of treasury shares	-	-	-	7.3	-	-	-	7.3	-	7.3
Profits/(losses) from negotiation of treasury shares	-	-	(7.3)	-	-	-	-	(7.3)	-	(7.3)
Changes in controlling stake on subsidiaries	-	-	(17.9)	-	-	(29.0)	-	(46.9)	(79.3)	(126.2)
Business Combinations	-	-		-			-	-	1.4	1.4
Other changes	-	-	(43.2)	-	0.3	(0.5)	-	(43.4)	(2.7)	(46.1)
Comprehensive income/(loss) from continuing operations		-	(0.7)	-	(35.8)	-	190.3	153.8	96.0	249.8
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)	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-
Share based payment reserve evaluation	-	-	-	-	3.5	(4.3)	-	(0.8)	-	(0.8)
(Purchase)/sale of treasury shares	-	-		11.6	-	-	-	11.6	-	11.6
Profits/(losses) from negotiation 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)	(3.9)	(4.0)
Comprehensive income/(loss) from continuing operations	-	-	(0.6)	-	27.4	-	139.3	166.1	92.2	258.3
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**

MEDIASET GROUP

CONSOLIDATED STATEMENT OF INCOME PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR million)

STATEMENT OF INCOME	Notes	2020	of which related parties (Note 17)	% of total	2019	of which related parties (Note 17)	% of total
Revenues from sales of goods and services	7.1	2,612.3	108.8	4%	2,893.6	126.3	4%
Other revenues and income	7.2	24.4	3.4	14%	32.2	3.5	11%
TOTAL NET CONSOLIDATED REVENUES		**2,636.8**			**2,925.7**		
Personnel expenses	7.3	470.1			498.2		
Purchases, services, other costs	7.4	1,330.2	367.1	28%	1,490.2	395.6	27%
Amortisation and depreciation	7.5	566.7	-	0%	582.7	-	0%
TOTAL COSTS		**2,367.0**			**2,571.1**		
OPERATING RESULT		**269.7**			**354.6**		
Financial expenses	7.6	(60.5)	(1.1)	2%	(55.6)	(1.5)	3%
Financial income	7.7	56.7	0.2	0%	65.6	0.3	0%
Income/(expenses) from equity investments	7.8	20.0			17.1		
EBT		**285.9**			**381.7**		
Income taxes	7.9	(66.6)			(93.9)		
NET PROFIT FROM CONTINUING OPERATIONS		**219.3**			**287.8**		
Net profit from discontinued operations		**-**			-		
NET PROFIT FOR THE YEAR	**7.10**	**219.3**			**287.8**		
Attributable to:							
- Equity shareholders of the parent company		139.3			190.3		
- Non-controlling interests		80.0			97.5		
Earnings per share	7.11						
- Basic		0.12			0.17		
- Diluted		0.12			0.17		

MEDIASET GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR million)

ASSETS	Notes	31/12/2020	of which related parties (Note 17)	% of total	31/12/2019	of which related parties (Note 17)	% of total
Non-current assets							
Property, plant and equipment	8.1	335.1			356.5		
TV and movie rights	8.2	932.7	1.2	0%	974.7	1.2	0%
Goodwill	8.3	803.2			796.7		
Other intangible assets	8.5	534.8	0.1	0%	612.4	0.1	0%
Investments in associates and joint venture	8.6	473.2			494.5		
Other financial assets	8.7	749.7	3.2	0%	610.6	5.2	1%
Deferred tax assets	8.8	475.1			476.2		
TOTAL NON-CURRENT ASSETS		**4,304.0**			**4,321.6**		
Current assets		-			-		
Inventories	9.1	47.9			44.7		
Trade receivables	9.2	826.4	63.0	8%	863.2	66.9	8%
Tax receivables	9.3.1	44.9	-	0%	54.3	-	0%
Other receivables and current assets	9.3.2	216.6	0.3	0%	182.7	0.4	0%
Current financial assets	9.4	68.8	13.8	20%	35.8	11.8	33%
Cash and cash equivalents	9.5	447.9			245.1		
TOTAL CURRENT ASSETS		**1,652.4**			**1,425.7**		
Non-current assets held for sale		-			-		
TOTAL		**5,956.4**			**5,747.3**		

MEDIASET GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR million)

SHAREHOLDERS' EQUITY AND LIABILITIES	**Notes**	**31/12/2020**	of which related parties (Note 17)	% of total	**31/12/2019**	of which related parties (Note 17)	% of total
Share capital and reserves							
Share capital	10.1	614.2			614.2		
Share premium reserve	10.2	275.2			275.2		
Own shares	10.3	(389.7)			(401.3)		
Other reserves	10.4	545.7			525.5		
Valuation reserve	10.5	(35.2)			(66.1)		
Retained earnings	10.6	1,518.7			1,340.1		
Profit/(loss) for the year		139.3			190.3		
Group shareholders' equity		**2,668.3**			**2,477.9**		
Minority interests in net profit		80.0			97.5		
Minority interests in share capital, reserves and retained earnings		417.3			314.9		
Minority interests		**497.3**			**412.5**		
TOTAL SHAREHOLDERS' EQUITY		**3,165.6**			**2,890.4**		
Non-current liabilities							
Post-employment benefit	11.1	66.7			69.2		
Deferred tax liabilities	8.8	95.7			89.8		
Financial liabilities and payables	11.2	1,156.9	100.0	8%	1,031.0	99.9	10%
Provisions for risk and	11.3	41.3			48.1		
TOTAL NON CURRENT LIABILITIES		**1,360.6**			**1,238.1**		
Current liabilities							
Due to banks	12.1	449.5			612.2		
Due to suppliers	12.2	638.6	52.8	8%	722.7	79.5	11%
Provisions for risk and	11.3	72.7			80.2		
Current tax liabilities	12.3	8.6	2.8	32%	3.5	1.2	34%
Other financial liabilities	12.4	78.2	41.8	54%	28.3	3.9	14%
Other current liabilities	12.5	182.6	9.9	5%	171.9	9.8	6%
TOTAL CURRENT LIABILITIES		**1,430.2**			**1,618.8**		
Liabilities related to non-current assets held for sale		-			-		
TOTAL LIABILITIES		**2,790.7**			**2,857.0**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,956.4**			**5,747.3**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mediaset S.p.A. is a joint stock company incorporated in Italy and registered in the Milan Companies Register. Its registered office is located at Via Paleocapa, 3, Milan. Its majority shareholder is Fininvest S.p.A.. The main business activities of the company and its subsidiaries are described in the opening section of the Report on Operations.

The financial statements contained herein are presented in Euro, as this is the currency used for the majority of the Group's operations.

2. PRESENTATION BASES AND ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared on a going-concern basis, with the Directors having 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 Report on Operations. The manner in which the Group manages its financial risks, including liquidity and capital risk, is described in the section entitled "Additional information on financial instruments and risk management policies" in these Explanatory Notes.

The consolidated financial statements as at 31 December 2020 have been prepared in accordance with the IAS/IFRS and pursuant to the related principles for interpretation issued by the SIC/IFRIC, as endorsed by the European Commission and in force as at the reporting date.

The general basis for the presentation of assets and liabilities is historical cost, with the exception of certain financial instruments which have been reported at fair value in accordance with IFRS 9 and IFRS 13.

The financial statements and the Notes to the financial statements have been prepared together with the additional information required for financial statements formats and disclosures established by Consob Resolution No. 15519 of 27 July 2006 and by Consob Communication No. 6064293 of 28 July 2006.

Given their scale, the line items in the consolidated financial statements are stated in millions of euro.

In preparing the consolidated financial statements and the Notes to the consolidated financial statements, the use of estimates and assumptions has been necessary to appraise certain assets and liabilities and measure contingent assets and liabilities.

Lastly, going forward from this point on – taking cue from the numerous projects being developed by the IASB in the area of "effective communication" – the present consolidated financial statements are the first in which it has been deemed appropriate to review the method and layout of certain content of the *Notes to the consolidated financial statements* to make the information more easily and effectively understood. Therefore, the content previously compiled in the *accounting standards* section are now reported in the notes specific to each applicable area and describe each of the line items commented. The present section, on the other hand, retains general descriptions of the structure and criteria observed in preparing the financial statements and tables, as well as the standards, criteria and general methods of consolidation, the accounting of business combinations and related items, and the measurement of significant and joint-venture investments.

2.1 Use of estimates

The estimates used in preparing this consolidated annual report have mainly been used to appraise 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 net of disposal costs. 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 (2021-2025) drawn up on the basis of the guidelines approved by the Board of Directors on 30 March 2021, and, second, setting 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 forecast period, the development of the industry markets and, therefore, the assumptions made in appraising the expected cash flows for the years explicitly forecast 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 maxi 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.

In particular, in preparing this consolidated annual report, it has been necessary to test – in accordance with IAS 36 – the recoverability of the carrying amount of the goodwill and other depreciable non-financial assets, given the strong discontinuity in the general economic environment following the ongoing COVID-19 public health emergency, which to all effects represents a trigger event. This has enabled the most recent informational evidence (in particular, economic forecasts and advertising revenue forecasts in the Group's main markets, as provided by external operators) to be reflected in these measurements, as compared to those that were available when interim measurements were carried out for the main CGUs when preparing the interim report, which also confirmed the recoverability of the book values at that date. The impairment process has been supported by an independent expert, who issued a fairness opinion on the reasonableness and adequacy of the methodological choices made, the parameters used and the application methods followed. The tests and analyses carried out have confirmed that carrying amounts recognised at the reference date are recoverable.

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 report. Therefore, there were no significant impacts in terms of apply write-downs to 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 posted in the financial statements as at 31 December 2020, with particular reference to the prior years' tax losses generated in the Italian consolidated tax return, took into consideration the taxable income on the basis of the five-year plans (2021-2025) used for impairment testing for the explicit forecast 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 checks carried out on these bases, no elements have been identified that could significantly change the recovery period estimated when closing the 2019 Annual Report.

The estimates and assumptions above are periodically revised and the impacts of each change are recognised in the income statement.

3. SUMMARY OF ACCOUNTING STANDARDS AND MEASUREMENT BASES

Accounting standards, amendments and interpretations applied as from 1 January 2020

Since 1 January 2020, a number of new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

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

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

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

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

On **28 May 2020**, the IASB published an amendment entitled "**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**". The document allows lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions meet the definition of "lease modification" under IFRS 16. Therefore, lessees applying this option may recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect. This amendment applies to financial statements for the period beginning 1 June 2020, although companies may choose to apply the amendment early, from 1 January 2020 onwards. The adoption of this amendment has had no impact on the Group's consolidated financial statements.

Financial statements and formats

The Consolidated Statement of Financial Position has been prepared according to the convention of presenting current and non-current assets and liabilities under separate classifications. 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 type, 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 Earnings Before Interest and Tax (EBIT) and Earnings Before Tax (EBT). *EBIT* is the difference between net revenues and operating costs (the latter of which include non-monetary costs relating to amortisation, depreciation and write-downs of current and non-current assets, net of any write-backs).

To enable the actual performance of ordinary operations to be more accurately measured, the EBIT section may contain cost and revenue items resulting from events or operations that are considered non-recurring due to their nature or size. These transactions may fall under the definition of significant non-recurring transactions and events, as defined in Consob Communication No. 6064293 of 28 July 2006, as opposed to the definition of "atypical and/or unusual transactions" contained in the same Consob Communication of 28 July 2006, according to which atypical and/or unusual transactions are transactions that, due to their significance or importance, the nature of the counterparties, the subject-matter of the transaction, the method of calculating the transfer price, and the timing of the event (e.g. proximity to the financial year end), can give rise to doubts concerning the correctness or completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets, or the protection of minority shareholder interests.

The **Comprehensive Income Statement** shows the cost and revenue items, after tax, which are posted 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 EBIT 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, as well as changes in advances paid for future purchases of rights, are included within investment activities. Changes in payables to suppliers for investments are included within cash flows from 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 item hedged, falling under cash flow from investments 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 **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 minority 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.

To meet the requirements of Consob Resolution No. 15519 of 27 July 2006 entitled "Provisions regarding the structure of financial statements", this Annual Report includes consolidated statements of income and financial position, alongside the obligatory statements, showing significant amounts of related-party positions or transactions separately from the related items.

Principles and Scope of Consolidation

The Consolidated Annual Report includes the financial statements of Mediaset S.p.A. and of the Italian and foreign companies over which Mediaset S.p.A. 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 companies*, are consolidated on a line-by-line basis, 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, giving each individual asset and liability item its current 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 minority interest in equity. 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 by a common holding 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 *pooling of interests* 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 shown in the consolidated financial statements as at the date of the transfer of the common entity controlling the parties that carry out the business combination, with any difference between the consideration paid for the equity investment and the net book value of the assets recorded 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 removed.

The amounts of shareholders' equity and income for the period of the consolidated companies belonging to minority 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 posted 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 minority 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 minority interests is recognised under *Reserves for minority transactions* (including under "Other Reserves") of the shareholders' equity of the holding company. 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 accounting balances of *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 exert 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 enterprise, over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity 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 current 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 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 minority 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 minority 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, they were recognised as an increase in goodwill.

Non-current assets held for sale

Non-current assets available for sale are measured at the lower of their previous net book value and their market value minus cost of sales. Non-current assets are classified as available for sale when their carrying amount is expected to be recovered by means of a sale rather than through their use in company operations. This condition is only satisfied when the sale is considered highly likely and the asset is available for immediate sale in its current condition. For this purpose, Management must be committed to the sale, which must take place within 12 months from the date of classification of the item.

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 accounting standards, interpretations and amendments not yet applicable and not adopted in advance by the Group

Standards issued but not yet effective at the date of preparation of the Group's financial statements are listed below. This list is of standards and interpretations that the Group reasonably expects to be applicable in the future. The Group does not intend to adopt these principles early.

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 2022; however, companies may choose to adopt them early.

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

- **Amendments to IFRS 3 Business Combinations**: 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.

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

All amendments entered force on 1 January 2021.

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 **14 February 2020**, Blu Ocean S.r.l. was liquidated.
- On **27 February 2020**, Mediaset S.p.A. transferred to Mediaset Italia S.p.A. its business unit corresponding to senior management services and its equity investments held in Publitalia '80 S.p.A. and Reti Televisive Italiane (R.T.I.) S.p.A. This transfer took legal effect on 1 March 2020.
- On **27 March 2020**, Publitalia '80 acquired an 80% stake in Beintoo S.r.l., a company specialized in mobile data advertising. Since that date, the company has been consolidated on a line-by-line basis.
- On **1 July 2020**, Mediaset Espana Comunication S.A. acquired a 51% stake in Aninpro Creative S.L. (Be a Lion), a company that provides commercial solutions in digital and social media, offering its advertisers greater brand visibility. This company has been consolidated on a line-by-line basis.
- On **30 July 2020**, RTI S.p.A. established the company Mediashopping S.r.l., to which the teleshopping business unit was transferred. Subsequently, on **29 October**, this investment was sold to third parties, taking effect on **1 November 2020**.
- On **16 December 2020**, the Mediaset Espana Group acquired the remaining 35% stake in the company Megamedia Televisión, S.L.U
- **In November 2020**, Aninpro Creative, S.L established the company Be a Iguana, S.L.U.

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

- On **10 March 2020**, Produccion Y Distribucion de Contenidos Audiovisuales Mediterraneo S.L.U. acquired a 40% stake in Fenix Media Audivisual, S.L. This company has been evaluated using the equity method in the consolidated financial statements.
- On **26 October 2020**, Producciones Mandarina, S.L. established Campanilla Films, S.L.

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

- On **16 December 2019**, R.T.I. S.p.A. transferred its entire shareholding in Class CNBC (10.9%) to Telesia S.p.A., in exchange for a 6.734% stake in the latter. The effects of this transfer began to run in February 2020. This transaction did not affect the Group's financial position.
- In **March**, Mediaset Group increased its stake in ProSiebenSat.1 Media SE from 15.11% at 31 December 2019 to 20.10% (20.71% of voting rights). Moreover, given that Mediaset has no appointed representatives on the management and supervision bodies of ProsiebenSat.1 Media SE and given the absence of all other indicators that IAS 28 (Investments in Associates and Joint Ventures) indicates as usually present when significant influence is exercised, the non-controlling interest does not qualify - despite representing a greater-than-20% share of voting rights - as a significant interest; in other words, the investor cannot exercise significant influence by participating in its financial and operating policy decisions. It therefore continues to be recognised and treated as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the accounting values of the equity investment and related hedging derivatives are recognised at fair value under the item Equity investment evaluation reserve, with no recycling to profit and loss. It should also be noted that the absence of any significant influence on the investee - also taking into account the specific corporate governance profiles that govern its operation - was also confirmed in a specific opinion drawn up by an independent expert.
- During the **first quarter of 2020**, the shareholdings held by R.T.I. S.p.A. in Prosiebensat.1 Digital Content LP and Prosiebensat.1 Digital Content GP LTD decreased from 5.52% to 5.27%. This percentage further decreased to 3.9% during the fourth quarter. This residual shareholding was sold during the first months of 2021.
- On **23 April 2020**, Mediaset S.p.A. entered into a reverse collar agreement in order to set a maximum price for the acquisition of a further 4.1% stake in the share capital of ProSiebenSat.1 Media SE. This financial instrument paid out in January 2021, as the conditions stipulated were not met.

The following equity investment transactions were carried out as part of the *AD4Venture* equity investment business:

- On **15 May 2020**, R.T.I. S.p.A. acquired a 1.04% stake in Satispay S.p.A., a company operating in the payment systems sector. Its shareholding decreased to 1.01% during the fourth quarter.
- **On 19 May 2020**, R.T.I. S.p.A. subscribed to a 17.02% stake in Termostore S.r.l, a company that installs and maintains B2C/B2B heating and cooling systems. Its equity interest decreased to 8.78% during the fourth quarter.
- During the **second quarter** of 2020, R.T.I. S.p.A. sold a 1.72% stake in Westwing Group Gmbh, thus making a capital gain of EUR 1.2 million (this gain has not been recycled from the income statement in line with the method for classifying the investment under IFRS 9).
- On **6 November 2020** R.T.I. S.p.A. acquired a 10.31% stake in GILDA S.r.l, a company operating in the food delivery sector.
- During the **second quarter of 2020**, Advertisement 4 Adventures SLU decreased its stake in the company Innovacion y Desarrollo De Nuevos Canales Comerciales SL from 7.84% to 7.36%.
- During the **third quarter of 2020**, the equity interest of R.T.I. S.p.A. in Check Bonus S.r.l. decreased from 4.20% to 3.62%.
- During the **fourth quarter of 2020**, RTI and Advertisement 4 Adventures SLU reduced their equity interests held in Deportvillage SL by 6.85% and 12.29% of the share capital respectively.

- During the **fourth quarter of 2020**, Advertisement 4 Adventures SLU sold its 9.09% stake in Playspace.

The table below shows the main income statement – balance sheet 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	79.2
Minority interests in share capital, reserves and retained earnings	491.7
Current assets	629.4
Non-current assets	1,095.8
Current liabilities	51.7
Non-current liabilities	373.4
Revenues	836.6
Profit or (loss) for the year	178.7
Other Comprehensive Income Statement items	27.5
Comprehensive Statement of Income	206.2
Cash flow from operating activities	318.4
Cash flow from investing activities	(171.1)
Cash flow from financing activities	44.7
Dividends paid	-

The table below shows the main figures from the income statement – balance sheet for the main associates and joint ventures, selected according to 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.

	EI Towers Group	Boing S.p.A.	Mediamond S.p.A.
Current assets	187.4	19.6	115.5
Cash and cash equivalents	29.1		
Non-current assets	1,976.1	8.9	4.4
Current liabilities	74.2	13.9	112.1
Current financial liabilities:	21.5	9.8	0.6
Non-current liabilities	258.0	0.4	8.2
Non-current financial liabilities	920.5	-	
Revenues	278.3	29.0	181.8
Profit or (loss) for the year	42.5	(7.8)	(2.3)
Other Comprehensive Income Statement items	(0.3)	-	(0.3)
Comprehensive Statement of Income	42.2	(7.8)	(2.6)
Amortisation and depreciation	98.4	3.0	0.1
Income taxes	7.7	(2.4)	0.1
Dividends paid	(87.0)	-	-

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

In relation to the project for the Cross-Border Merger (the Merger) of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación, S.A. (Mediaset España) into Mediaset Investment N.V. (the Merger), a Dutch law-governed wholly owned direct subsidiary of Mediaset, which would have taken the name "MFE – MEDIAFOREUROPE N.V." once the Merger came into effect, the main events occurred in the year were as follows:

The terms and main events that occurred during 2019 regarding this process – including the judicial proceedings commenced in Italy, Spain and the Netherlands by petition of Vivendi S.A. (Vivendi) and Simon Fiduciaria S.p.A. (Simon Fiduciaria) following the resolutions to approve the Merger Project taken at the extraordinary shareholders' meeting of Mediaset and Mediaset España on 4 September 2019 – are described in depth in the Report on Operations contained in the 2019 Annual Report in the section "Significant Events and Key Corporate Transaction for the Year".

In the first months of 2020, Mediaset and Mediaset España held their extraordinary shareholders' meetings on 10 January and 5 February 2020, which approved specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions proposed by the respective boards of directors on 22 November and 5 December 2019.

On **21 January 2020**, Vivendi and Simon Fiduciaria served Mediaset with separate writs of summons under sections 2377 and 2378 of the Italian Civil Code, accompanied by an application for interim relief under section 2378, paragraph 3 of the Italian Civil Code, in which, among other things, they called on the Court of Milan to suspend, in the interim, the execution and validity of the above mentioned resolution passed by the Extraordinary Shareholders' Meeting (and any preliminary, associated and/or consequent resolutions) and, on the substance of the matter, to cancel such resolution passed by the Extraordinary

Shareholders' Meeting (and any preliminary, associated or consequent measures, including those which did not allow Simon Fiduciaria to participate and vote at the above-mentioned shareholders' meeting in enjoyment of its 19,19% stake in Mediaset) and, generally, after ascertaining the conduct to be unlawful, to sentence Mediaset and Fininvest to compensate Vivendi for past and present damage incurred. These new substantial and interim proceedings were joined with those pending.

On **23 January 2020**, the minutes of the extraordinary shareholders' meeting of Mediaset were filed in the Milan Companies Register.

On **3 February 2020**, the Court of Milan ruled to throw out all applications for interim relief filed by Vivendi and Simon Fiduciaria, which had called for the suspension of the resolutions passed at Mediaset's shareholders' meetings of 4 September 2019 and 10 January 2020. This ruling was challenged by Vivendi and Simon Fiduciaria. The complaint, which was originally scheduled to be heard on 12 March 2020, was later postponed until 2 April 2020.

On **5 February 2020**, Mediaset España's extraordinary shareholders' meeting approved the specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions. These were the amendments previously passed by Mediaset's extraordinary shareholders' meeting on 10 January 2020.

On **14 February 2020**, the *Audiencia Provincial* of Madrid definitively ruled, without the possible of appeal, to throw out Mediaset España's appeal against the interim relief measures ordered by the Court of Madrid on 11 October 2019.

On **17 February 2020**, a notice was published in Dutch national newspaper "*Trouw*" and in the Dutch Official Journal (*Staatscourant*) that the joint merger project and its annexes had been filed with the Dutch Business Register.

On **26 February 2020**, the Court of Amsterdam threw out the application for interim relief filed by Vivendi, in which it had called for DutchCo to be prohibited from executing the Merger. The Dutch court rejected all of Vivendi's applications for interim relief and held that, among other things, the special voting mechanism provided for in the Articles of Association Proposal and the entire Merger transaction were in accordance with Dutch law.

On **27 February 2020**, deed of contribution was signed to transfer the operational and business activities of Mediaset to its subsidiary Mediaset Italia. The transaction took effect on 1 March 2020. The Merger was conditional on this Mediaset Reorganisation being completed. Following and as a result of the transfer, Mediaset maintains a 100% equity interest in Mediaset Italia S.p.A. and other investees. In carrying out the transfer, Mediaset has subscribed all shares newly issued by Mediaset Italia S.p.A. in execution of the share capital increase approved on 27 February 2020; the value of these newly issued shares (including capital and share premium) does not exceed the value of the business unit transferred, as has been certified by an independent expert based on the statement of financial position of the transferred business unit at 30 September 2019. The transfer derived a benefit from the exemption provided for in section 14 of the Regulations on Related-Party Transactions approved by Consob in Resolution No. 17221 of 12 March 2010, as amended and supplemented by section 7, paragraph d) of the *"Procedure for Related-Party Transactions"* adopted by Mediaset. Mediaset was thus exempted from publishing the reporting document referred to in section 5 of the RPT Regulations.

On **3 March 2020**, Vivendi threatened new legal actions in the Netherlands against DutchCo on the basis that, according to Vivendi's Dutch lawyers, the procedure adopted by DutchCo in the Netherlands is in breach of applicable Dutch law as, among other things, it allegedly breaches shareholders' right to information.

Despite considering this additional initiative by Vivendi to be groundless and contrived, DutchCo voluntarily decided to withdraw its filing of the merger project with the Dutch Companies Register on 5 February 2020 to avoid any pretext for yet further legal action by Vivendi and to avoid further delays as a result of those proceedings. DutchCo did so solely to conduct all necessary checks with the competent authorities before it re-filed the merger project.

As part of the proceedings on the substance that are pending in Spain, on 5 March 2020 Mediaset España filed an application calling on the Court - also given the change in circumstances following the approval by the shareholders' resolution of 5 February 2020 - to overturn the order to suspend the validity of the resolution passed by the extraordinary general meeting of Mediaset España on 4 September 2019.

On **30 July 2020**, the Court of Madrid accepted the request for suspension of the effectiveness of the resolution of the assembly of 4 September 2019 of Mediaset España relating to this project made by Vivendi. This decision made it impossible to complete the Merger in the manner and within the timescales anticipated.

On **5 August 2020**, the Board of Directors of Mediaset S.p.A. examined the measure of 30 July issued by the Court of Madrid and, finding that the term for appealing was incompatible with the deadline for the closing of the merger under Dutch law (2 October 2020), realised that the Merger Project resolved on 7 June 2019 was no longer achievable.

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

As the planned merger transaction was not completed, the residual payable of EUR 30 million that had been due to Peninsula as a premium for the put options agreed with that party in 2019 for a portion of shares entitling Mediaset S.p.A and Mediaset España's shareholders to exercise their right of withdrawal, will no longer be due. This payable, which was recognised at 31 December 2019 as a direct decrease of shareholders' equity, was released by directly increasing shareholders' equity.

MEDIASET – VIVENDI – SIMON FIDUCIARIA PROCEEDINGS

In the civil proceedings before the Court of Milan – Companies Division B – Case Nos. 47205/2016 and 30071/2017, in which Mediaset S.p.A. and RTI S.p.A are seeking damages from Vivendi S.A. for a breach of the contract entered into on 8 April 2016 for the sale of Mediaset Premium and for the hostile takeover of December 2017, the Court of Milan – on 19 April 2021 – ruled as follows:

- In case no. 47205/2016, that the conditional contract entered into between the parties on 8 April 2016 and terminated on 30 September 2016, had effectively been terminated; that Vivendi had failed to fulfil the preliminary and anticipatory obligations required to meet the condition of obtaining the administrative authorizations necessary for the performance of the above-mentioned transaction; that Vivendi must pay a total of EUR 1.7 million, plus ancillary costs, in damages to Mediaset and RTI.
- In cases nos. 47575/2016 and 30071/2017, that the purchase by Vivendi of a just-under 30% shareholding in Mediaset in December 2016 was not in breach of the agreement entered into on 8 April 2016 and terminated on 30 September 2016; that the transaction could not be considered unlawful under article 43, para 11, of Legislative Decree 177/2003 (Tusmar), as this rule, in its original formulation, is no longer applicable in the Italian legal system due to the rulings referred to in the judgment of the European Court of Justice of 3 September 2020 in Case C-719/18; that the transaction does not amount to unfair competition, as disputed.

In relation to the proceedings before the Court of Milan involving Vivendi and Simon Fiduciaria and concerning, among other things, the dispute of certain resolutions of the Shareholders' Meetings of Mediaset of 27 June 2018, 18 April 2019, 4 September 2019 and 10 January 2020, (as already described in detail in the Directors' Report on Operations contained in the 2019 Annual Report), it should be noted that, in relation to one resolution, on 22 April 2021 the Civil Court of Milan, in its first-instance judgement No. 50173/2018, granting the claim filed by Simon Fiduciaria SpA, cancelled resolution C4 ("Proposal to establish a compensation plan pursuant to Art. 114 bis of Legislative Decree No. 58/1998") taken by the ordinary Shareholders' Meeting of Mediaset on 27 June 2018. According to the Court, Art. 43 paragraph 11 of TUSMAR, on the basis of which Simon Fiduciaria was not admitted to participate in the aforementioned Shareholders' Meeting, was to be disapplied with retroactive effect. This disapplication therefore overturns all the acts carried out during the period of its validity, including Simon Fiduciaria's exclusion from the vote on the Shareholders' Meeting resolutions that were promptly challenged by the latter.

On **3 September 2020**, after the Regional Administrative Court referred the question about interpretation raised by Vivendi during the administrative proceedings in appeal of AGCOM Resolution 178/17/Cons of 18 April 2017, the Court of Justice of the European Union held that, although the restriction on freedom of establishment complained of by Vivendi could, in principle, be justified by an overriding reason in the public interest (namely to safeguard pluralism of information and of the media), the disputed provision of Article 43 of TUSMAR cannot be considered to be appropriate for attaining the objective which it pursues, "in so far as it sets thresholds which bear no relation to the risk to media pluralism, since those thresholds do not make it possible to determine whether and to what extent an undertaking is actually in a position to influence the content of the media".

Following this ruling, on **23 December 2020** the Regional Administrative Court of Lazio annulled the above-mentioned resolution AGCOM 178/17/Cons. Mediaset has appealed to the Council of State.

5. BUSINESS COMBINATIONS

The main business combinations that took place during the year, and which are described in the section entitled *Key information relating to the scope of consolidation*, are reported below.

On **27 March 2020**, Publitalia'80 acquired an 80% stake in **Beintoo S.r.l.**, a company specialising in the mobile data advertising sector. The transaction constitutes a business combination and, in accordance with IFRS 3, the difference between the purchase price and the carrying amount of the net assets was definitively allocated to goodwill at the date of this Consolidated Annual Report. Reciprocal options were also negotiated within this transaction, which will allow Publitalia to acquire a further 20% stake in the company in the future, and non-controlling shareholders to sell such stakes under put options. A payable of EUR 3.9 million has been recognised for these options in *Other current liabilities*.

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

Net acquired asset	**Book values recorded in the acquired company at the acquisition date (provisional allocation)**	**Adjustment for final allocation**	**Book values recorded in the acquired company at the acquisition date (final allocation)**
Tangible and Intangible assets	0.4		0.4
Advanced/(deferred) tax assets	0.9		0.9
Trade receivables/(payables)	(0.2)		(0.2)
Other assets/(liabilities)	(0.2)		(0.2)
Financial assets/(liabilities)	(0.8)		(0.8)
Cash and cash equivalents	0.2		0.2
Total net asset acquired	**0.2**		**0.2**
Minority interest	0.0		**0.0**
Own stake of net asset acquired	**0.1**		**0.1**
Total acquisition cost	2.9		2.9
Goodwill	**2.8**		**2.8**

On **1 July 2020**, Mediaset Espana Comunication S.A. acquired a 51% stake in Aninpro Creative S.L., as indicated in the Key Corporate Transactions section of this report. The transaction constitutes a business combination and, in accordance with IFRS 3, the difference between the consideration paid and the recorded value of the assets and liabilities acquired on the controlling interest acquisition date was definitively recognised as follows: EUR 2.0 million to intangible assets and the difference (EUR 3.7 million, factoring in the taxation on the allocation to intangible assets) to goodwill.

Reciprocal options were also negotiated within this transaction, which will allow Mediaset España to acquire a further 49% stake in the company in the future, and non-controlling shareholders to sell such stakes under put options. A payable of EUR 9.4 million has been recognised for these options in *Financial payables and liabilities*.

Net acquired asset	**Book values recorded in the acquired company at the acquisition date (provisional allocation)**	**Adjustment for final allocation**	**Book values recorded in the acquired company at the acquisition date (final allocation)**
Tangible and Intangible assets	0.2	2.0	2.3
Trade receivables/(payables)	1.7		1.7
Deferred tax assets/(liabilities)		(0.5)	(0.5)
Other assets/(liabilities)	(2.1)		(2.1)
Cash and cash equivalents	0.7		0.7
Total net asset acquired	**0.4**	**1.5**	**2.0**
Minority interest	0.2		0.2
Own stake of net asset acquired	**0.2**	**1.5**	**1.8**
Total acquisition cost	5.4		5.4
Goodwill	**5.2**	**(1.5)**	**3.7**

6. 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 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 2020 and 2019 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. Likewise, in the sector income statement, income and expenses (relating to any dividends received from these investments) have been included under *Income from other equity investments*.

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.

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

2020	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues 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)
Income/(expenses) from equity investments valued with the equity method	17.3	2.8	0.1	20.2
Income/(expenses) from other equity investments	0.0	(0.2)		(0.2)
EBT	**53.8**	**231.4**	**0.8**	**285.9**
Income taxes	(16.0)	(50.4)	(0.2)	(66.6)
Net profit from continuing operations	**37.7**	**181.0**	**0.6**	**219.3**
Net profit from discontinued operations	**-**	**-**	**-**	**-**
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
- Minority 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 and depreciation	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”

2019	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	1,979.9	945.8		2,925.7
Inter-segment revenues	2.2	0.4	(2.6)	-
Consolidated net revenues	**1,982.1**	**946.2**	**(2.6)**	**2,925.7**
%	68%	32%		100%
OPERATING RESULT	**91.3**	**264.9**	**(1.6)**	**354.6**
Financial income/(losses)	10.2	(0.2)	0.0	10.0
Income/(expenses) from equity investments valued with the equity method	11.0	5.9	0.2	17.1
Income/(expenses) from other equity investments	53.4	-	(53.4)	-
EBT	**165.8**	**270.6**	**(54.7)**	**381.7**
Income taxes	(37.5)	(56.8)	0.4	(93.9)
Net profit from continuing operations	**128.3**	**213.8**	**(54.3)**	**287.8**
Net profit from discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT FOR THE PERIOD	**128.3**	**213.8**	**(54.3)**	**287.8**
Attributable to: - Equity shareholders of the parent company	129.6	211.7	(151.1)	190.3
- Minority Interests	(1.3)	2.0	96.8	97.5
OTHER INFORMATION				
Assets	4,843.2	1,423.1	(519.0)	5,747.3
Liabilities	2,352.6	507.4	(3.1)	2,856.9
Investments in tangible and intangible non current assets	421.0	181.3	(2.2)	600.1
Amortisation and depreciation	428.4	154.9	(0.6)	582.7
Other non monetary expenses	**(16.5)**	**2.1**	-	**(14.3)**

(*) 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 DETAIL	ITALY		SPAIN	
	2020	2019	2020	2019
Operating result	**38.5**	**91.3**	**230.5**	**264.9**
+ Depreciation and amortisation	418.6	428.4	148.8	154.9
+ Other provisions and non-cash movements	47.4	(17.4)	1.0	5.3
+ Change in working capital/ other assets and liabilities	1.6	105.6	(25.9)	(26.4)
- Interest (paid)/received	(0.8)	(0.9)	1.8	0.2
- Income tax paid	(2.6)	(6.8)	(37.8)	(40.7)
Net cash flow from operating activities [A]	**502.6**	**600.2**	**318.5**	**358.1**
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from the sale of fixed assets	0.7	6.0	2.5	-
Purchases in television rights	(328.0)	(341.9)	(103.0)	(162.2)
Changes in advances for television rights	25.4	(21.2)	15.2	(10.9)
Purchases of other fixed assets	(49.7)	(56.5)	(10.9)	(8.2)
Changes in debt for investment (including hedging operations)	(18.9)	(159.7)	(12.1)	3.0
Equity investments	(0.2)	(1.1)	-	-
Changes in other financial assets	(12.6)	(331.7)	(61.2)	(172.7)
Loans to other companies (granted)/repaid	-	-	-	1.9
Cashed-in dividends	36.5	92.4	4.1	1.7
Business combinations net of cash and cash equivalents purchased	(2.7)	(12.1)	(4.9)	(6.3)
Changes in the consolidation area	0.4	(31.6)	(0.8)	(1.1)
Net cash used in investing activities [B]	**(349.1)**	**(857.4)**	**(171.1)**	**(354.9)**
CASH FLOW FROM FINANCING ACTIVITIES:				
Parent company and subsidiaries changes in treasury shares			(0.6)	(94.6)
Changes in financial liabilities	(111.6)	572.5	48.9	153.6
Corporate bonds	-	(375.0)	-	-
Dividends paid			-	(100.0)
Net changes in other financial assets/liabilities	(22.3)	(18.8)	(2.8)	1.4
Interest (paid)/received	(9.0)	(29.5)	(0.9)	(0.5)
Net cash used in financing activities [C]	**(142.8)**	**149.2**	**44.7**	**(40.0)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**10.6**	**(108.0)**	**192.2**	**(36.7)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]	**116.1**	**224.0**	**129.0**	**165.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [F=D+E]	**126.7**	**116.1**	**321.2**	**129.0**

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

7. INCOME STATEMENT

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

7.1 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 a point in time when the advertisement or commercial spot appears; Revenues from the sale of advertising under barter transactions 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 renter or sub-licensee, are fully recognised from the start of the period of the transferred use (or when the renter or sub-licensee can start benefitting from the right to use them);

Pay TV revenues: income from pay TV subscriptions is recognised as accrued on a time basis from the contract start date. Fees invoiced to distributors from the sale of prepaid cards and recharges that enable the watching of pay per view events, are split according to the remaining period of validity of the cards and recharges sold. The direct costs are also split over that period.

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.

Revenues from the **sale of TV rights and television productions** mainly include revenues from the multi-platform sale of premium content and the sale of movie rights for home video and television.

Revenues from pay-TV subscriptions mainly refer to the sale of subscriptions and pre-paid cards for the Mediaset Premium offer, which was discontinued in June 2019, and the proceeds from non-linear content and services on Infinity streaming platforms in Italy and on Mitele PLUS in Spain, which launched during 2020.

Revenues from the **sales of goods** relate to teleshopping operations and 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.

Below is a breakdown of the main types of these revenues:

	2020	2019
TV advertising revenues	2,083.0	2,388.2
Other advertising revenues	149.6	164.8
Marketing of TV rights and productions	180.0	109.1
Pay TV revenues	32.3	48.0
Sale of goods	10.6	14.6
Construction, rental and maintenance of TV equipment	81.7	96.4
Film distribution revenues	33.7	35.1
Other revenues	41.4	37.3
TOTAL	**2,612.3**	**2,893.6**

The reduction in the **TV advertising revenues** and **Other advertising revenues** can be attributed to a sharp decline in investment by advertisers, particularly during the lockdown imposed by Italian and Spanish authorities in the second quarter of the year to address and contain the spread of the COVID-19 pandemic, which affected most production activities. The trends in advertising revenues during the year are reported in more detail in the *Directors' Report*, to which reference should be made.

The year-on-year increase in revenues from the **marketing of rights and television productions** can mainly be attributed to the greater proceeds in both Italy and Spain under the agreements to sublicense SVOD rights in cinema and TV productions to third-party operators, and from the greater proceeds under the exclusive agreements to sublicense the Cinema and TV Series Premium channels to Sky.

The reduction in revenues from **pay TV** services is due to the discontinuation of the Mediaset Premium service in June 2019, which is partially counterweighted by the proceeds from non-linear content and services on Infinity streaming platforms in Italy and on Mitele PLUS in Spain, which launched during 2020.

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.

Film distribution revenues remained substantially in line with those of the previous year due to the proceeds generated in the first two months of 2020 by the blockbusters Tolo Tolo and I Hate Summer (Odio l'estate), which were distributed in that period by Medusa, thus compensating for the substantial interruption of activities caused by the pandemic-induced closure of film theatres in both Italy and Spain from March 2020 onwards. .

Revenue breakdown by geographical area

Below is a breakdown of revenues by geographical area, according to the customer's country of residence:

	2020	2019
Italy	1,735.7	1,912.0
Spain	765.6	914.2
EU countries	89.7	45.1
North America	12.1	10.5
Other countries	9.3	11.8
TOTAL	**2,612.3**	**2,893.6**

Concentration of revenues

None of the revenues generated from individual customers amounts to or exceeds 10% of the net consolidated revenues.

7.2 Other Revenues and Income

Other revenues and income are recognised, respectively, 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.

	2020	2019
Profit on disposal	0.4	1.5
Proceeds from rentals and leases	1.8	1.8
Grants related to income	5.1	0.9
Contingent assets	5.8	10.2
Other non-operating income	11.3	17.8
TOTAL	**24.4**	**32.2**

7.3 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.

	2020	2019
Ordinary pay	254.0	268.8
Overtime	12.3	13.5
Special benefits	22.8	23.8
Additional salary period (13th and 14th salary period)	36.5	36.8
Accrued holiday pay	0.0	0.4
Total wages and salary	**325.7**	**343.3**
Social security contributions	95.4	99.3
Post-employment benefit plans	0.4	0.4
MLT incentive plans	3.5	4.9
Other personnel expenses	45.1	50.2
Total personnel expenses	**470.1**	**498.2**

MLT incentive plans includes expenses accruing to the year 2020 for medium/long-term incentive plans allocated by Mediaset S.p.A. in 2018 and 2019.

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, meal services and other free or subsidised goods and services. The item also includes compensation paid to salaried directors of Group companies, totalling EUR 4.4 million (EUR 5.4 million at 31 December 2019), of which EUR 3.6 million relating to the Mediaset España Group (EUR 4.6 million at 31 December 2019).

7.4 Purchases, Services and Other Costs

Costs are recognised in the income statement when they refer to goods and services used during the year

	2020	2019
Purchases	**90.0**	**63.6**
Variations in inventories of raw materials, semi-finished and finished products and increase in internal work	**(20.7)**	**(25.9)**
Consultants, contractors and services	222.3	248.2
Making and purchases of productions	369.4	471.3
Broadcaster fees and guaranteed minimums	28.4	36.3
Advertising space and external relations	21.2	25.6
EDP	20.4	23.8
Research, training and other personnel expenses	4.9	11.3
Other services	358.0	405.5
Services	**1,024.4**	**1,221.9**
Leasing and rentals	**160.0**	**205.0**
Provided/(Utilised) provisions for risk	**22.0**	**(19.3)**
Other operating expenses	**54.5**	**44.9**
Total purchases, services, other costs	**1,330.2**	**1,490.2**

Purchases include EUR 59.7 million relating to the acquisition of broadcasting rights with a term of less than 12 months (EUR 22.1 million at 31 December 2019).

Other services mainly refer to trade association costs for the use of intellectual property rights of EUR 95.9 million (EUR 100.7 million at 31 December 2019); costs for customer care activities of EUR 1.4 million (EUR 2.6 million at 31 December 2019); and EUR 72.5 million of maintenance costs (EUR 73.8 million at 31 December 2019). The item also includes costs for commissions, utilities, and banking and insurance fees.

Rentals includes EUR 117.5 million in costs relating to television signal transmission and the rental of tower for the two geographical areas of business (EUR 149.0 million at 31 December 2019), EUR 11.5 million in royalties (EUR 14.2 million at 31 December 2019) and EUR 17.6 million relating to rents mainly for television studios and equipment and office space (EUR 24.8 million at 31 December 2019).

Provisions for risks includes the use of provisions accrued in previous years for onerous contracts in relation to some television productions s.

Other operating costs include costs 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.

7.5 Amortisation, Depreciation and Write-downs

	2020	2019
Amortisation of TV and movie rights	455.3	477.6
Amortisation of other intangible assets	43.4	42.3
Amortisation of tangible assets	62.9	59.3
Write-downs/(Reversal) of TV and movies rights	0.6	1.4
Impairments/(Reversal) of fixed assets	0.2	0.2
Impairments of receivables	4.2	1.9
Total amortisation, depreciation and write-downs	**566.7**	**582.7**

For commentary on changes in depreciation, see the following Tangible fixed assets and Intangible fixed assets chapters below.

7.6 Financial Expenses

Financial expenses are recognised on an accruals basis in the income statement during the year in which they occur, with the earmarking of interest, discounts and other financial expenses accrued but not settled by the reporting date, and the deferral those already accounted for in the year 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;

	2020	2019
Interests on financial liabilities	(9.4)	(10.5)
From derivative instruments	(0.1)	(0.0)
Other financial charges	(4.9)	(21.8)
Foreign exchange losses	(46.1)	(23.3)
Total	**(60.5)**	**(55.6)**

Other financial charges included financial expenses on leases accounted for under IFRS 16. The movement compared to the previous year mainly referred to charges incurred in 2019 related to the collar contract entered into to hedge the equity investment in ProSiebenSat.1 Media SE.

7.7 Financial Income

Financial income is recognised on an accruals basis in the income statement for the year in which it is made.

Dividends are recognised in the accounting period in which the resolution approving their distribution is passed.

	2020	2019
Interests on financial assets	0.7	0.6
Income from derivative instruments	1.6	
Other financial income	1.4	1.3
Dividends from FVTOCI investments		26.0
Foreign exchange gains	52.9	37.6
Total	**56.7**	**65.6**

In the previous year, **Dividends from FVTOCI investments** referred to the dividends due to Mediaset from the subsidiary ProSiebenSat1 Media SE.

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 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 financial statement items (receivables and payables denominated in foreign currencies).

7.7.1 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 2020	From interests	From changes in fair value	From equity 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
Finacial 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)**

IFRS 9 CATEGORIES AT 31 DECEMBER 2019	From interests	From changes in fair value	From equity reserve	Foreign exchange gains/losses	Net income/(costs)
Financial derivatives	-	-	0.1	17.6	17.6
Liabilities at amortised cost	(11.0)	-	-	(3.3)	(14.2)
Finacial activities at amortized cost	0.7	-	-	-	0.7
Total IFRS 9 Category	**(10.3)**	**-**	**0.1**	**14.3**	**4.0**
Other financial income/(expenses)					5.9
Total financial income (expenses)					**10.0**

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 those used to hedge against fluctuating exchange rates.

Other financial income (expenses) primarily includes the effects of to the time discounting of post-employment benefit plans, interest relating to the time discounting of provisions for risks expiring after 12 months, and financial expenses on leases accounted for under IFRS 16. In particular, in 2019 this line item included the dividend income attributable to Mediaset from subsidiary ProSiebenSat.1 Media SE and the costs associated with the collar agreement entered into to hedge that equity investment.

7.8 Result from investments accounted for using the equity method

This item includes the portion of net result of companies accounted for at equity including any impairment or recoveries, write-downs of financial receivables for the equity investments recognised under Other non-current financial assets, and capital gains/losses on equity investments not classified as FVTOCI instruments.

	2020	2019
Result of equity investments accounted for using the equity method	20.2	19.2
Gain/(losses) from the sale of equity investments	(0.2)	2.0
Other (expenses)/income	-	(4.1)
Total	**20.0**	**17.1**

The profit/(loss) for **equity investments accounted for using the equity method** mainly includes expenses and income related to the pro-rata recording of the net result from equity investments in associates and joint ventures. In particular:

- income of EUR 17.0 million for the equity investment in EI Towers.
- income of EUR 1.2 million for the equity investment in La Fábrica de la Tele.

- income of EUR 3.3 million for the equity investment in Fascino PGT S.r.l.
- income of EUR 0.9 million for the equity investment in Bulldog Tv Spain.
- expense of EUR 4.0 million for the equity investment in Boing S.p.A.
- expense of EUR 1.2 million for the equity investment in Mediamond S.p.A.;

In 2019, **Gains/(losses) from sale of equity investments** included income of EUR 3.6 million in income from the price adjustment paid to Mediaset España by Telefonica under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, due to the achievement of pre-established DTS subscriber thresholds in the years after the transaction and the expense of EUR 1.6 million for the sale of the equity investment in Blasteem.

In the previous year, **Other (expenses)/income** referred to the write-down in the receivables due from the Nessma group.

7.9 Income Taxes

Current income taxes are posted, for each company, on the basis of the taxable income determined in accordance with current tax rates and provisions currently in force, or essentially approved, at the end of the accounting period in the various countries, taking into account any applicable exemptions and tax credits due.

	2020	2019
Irap tax	3.7	3.7
Ires tax	0.0	1.6
Previous year tax	1.5	0.2
Withholding taxes		3.4
Tax expenses (foreign companies)	34.3	37.6
Total current tax	**39.6**	**46.6**
Deferred tax assets	(6.6)	0.2
reversal from tax asset	36.9	54.3
Total deferred tax asset	**30.2**	**54.5**
reversal from deferred tax liabilities	1.0	0.3
expenses from deferred tax liabilities	(4.2)	(7.5)
Total deferred tax liabilities	**(3.2)**	**(7.3)**
Total	**66.6**	**93.9**

Current tax payables include income tax (IRAP and IRES tax) accruing to the year for Italian Group companies not scoped into the tax consolidation arrangement and the IRAP accruing to Italian companies.

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. This item includes the EUR 3.1 million prudential write-down of the deferred tax assets recognised in relation to the tax losses utilised against higher taxable income, as referred to in the *Provisions for risk and potential liabilities* section.

Last year, *Substitute tax* included the EUR 3.4 million write-down in 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 7.0 million following the taxable income generated during the years by companies scoped into the Italian tax consolidation arrangement.

Tax expenses (foreign companies) mainly relate to the taxes for the year posted 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 2020 and 2019, and the effective tax rate of the Group.

	2020	**2019**
Current tax rate	**27.90%**	**27.90%**
IRAP tax non deductible expenses	0.60%	0.69%
Effects of companies with different tax rate	-5.03%	-4.95%
Withholding taxes		0.89%
Non deductible expenses and consolidation adjustment with no tax effect	-0.18%	0.07%
Actual tax rate	**23.29%**	**24.60%**

7.10 Net Profit/(Loss) for the Period

The consolidated net profit attributable to the parent company at 31 December 2020 decreased to EUR 139.3 million, compared with a net profit of EUR 190.3 million the previous year.

7.11 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:

	2020	2019
Net result for the period (millions of euro)	139.3	190.3
Weighted average number of ordinary shares (without own shares)	1,139,192,789	1,137,944,400
Basic EPS	**0.12**	**0.17**
Weighted average number of ordinary shares for the diluted EPS computation	1,140,814,899	1,139,191,907
Diluted EPS	**0.12**	**0.17**

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

8. 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.

8.1 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:

Tipe of fixed asset	Finacial 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	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible fixed assets in progress and advances	Property, plant and equipment	Property, plant and equipment - Right of use	Total from continuing operations
Balance at 1/1/2019	**227.0**	**759.8**	**76.7**	**116.5**	**20.2**	**1,200.1**	**140.6**	**1,340.7**
Business combination	-	30.9	0.0	0.4	1.0	32.2	-	32.2
Additions	1.2	16.4	0.6	3.2	26.4	47.9	8.8	56.7
Other changes	1.2	(64.1)	1.2	(0.2)	(22.2)	(84.2)	-	(84.2)
Disposals	(0.1)	(15.2)	(1.4)	(1.5)	(0.3)	(18.5)	(0.2)	(18.7)
Balance at 31/12/2019	**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)	(0.0)	(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**

DEPRECIATION AND IMPAIRMENTS	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible fixed assets in progress and advances	Property, plant and equipment	Property, plant and equipment - Right of use	Total from continuing operations
Balance at 1/1/2019	**(137.4)**	**(673.5)**	**(66.6)**	**(105.7)**	**-**	**(983.2)**	**-**	**(983.2)**
Business combination	-	(20.1)	0.0	(0.3)		(20.3)	-	(20.3)
Other changes	(0.0)	75.8	0.5	2.5	-	78.7	0.0	78.7
Disposals	0.1	11.4	1.4	1.4	-	14.2	-	14.2
Depreciation	(4.8)	(29.4)	(2.9)	(3.6)	-	(40.7)	(18.6)	(59.3)
(Impairments)/Write-backs	-	(0.5)	-	-		(0.5)		(0.5)
Balance at 31/12/2019	**(142.2)**	**(636.4)**	**(67.6)**	**(105.7)**	**-**	**(951.8)**	**(18.5)**	**(970.3)**
Business combination	-	-	(0.1)	(0.0)		(0.1)	-	(0.1)
Other changes	1.8	12.5	0.9	1.3	-	16.4	9.2	25.6
Disposals	-	8.3	0.0	0.6	-	9.0	1.0	10.0
Depreciation	(5.2)	(28.6)	(2.6)	(3.9)	-	(40.3)	(22.6)	(62.9)
(Impairments)/Write-backs	-	0.0	-	-	(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)**

NET BALANCE	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible fixed assets in progress and advances	Property, plant and equipment	Property, plant and equipment - Right of use	Total from continuing operations
Balance at 1/1/2019	**89.6**	**86.2**	**10.1**	**10.7**	**20.3**	**216.9**	**140.6**	**357.5**
Business combination	-	10.8	0.1	0.1	1.0	**11.9**	-	**11.9**
Additions	1.2	16.4	0.6	3.2	26.4	**47.9**	8.8	**56.7**
Other changes	1.2	11.6	1.7	2.2	(22.2)	**(5.5)**	0.0	**(5.5)**
Disposals	(0.0)	(3.8)	(0.0)	(0.1)	(0.3)	**(4.3)**	-	**(4.3)**
Depreciation	(4.8)	(29.4)	(2.9)	(3.6)	-	**(40.7)**	(18.6)	**(59.3)**
(Impairments)/Write-backs	-	(0.5)	-	-	-	**(0.5)**	-	**(0.5)**
Balance at 31/12/2019	**87.2**	**91.3**	**9.6**	**12.5**	**25.1**	**225.6**	**130.9**	**356.5**
Business combination	-	-	0.1	0.0	-	**0.1**	-	**0.1**
Additions	1.4	15.4	0.9	3.2	25.6	**46.4**	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)	-	(0.0)	-	**(0.3)**	(1.3)	**(1.7)**
Depreciation	(5.2)	(28.6)	(2.6)	(3.9)	-	**(40.3)**	(22.6)	**(62.9)**
(Impairments)/Write-backs	-	0.0	-	-	(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**

For the asset classes that form own property, plant and equipment, additions for the period to amounting to EUR 59.8 million, included EUR 0.1 million for business combinations, EUR 46.4 million relating to purchases for the year and EUR 13.3 million to reclassifications of payments classified as assets in progress and advances during the previous year.

The main categories of additions, inclusive of the capitalisation of advances, can be summarised as follows:

- EUR 2.7 million referred to Land and buildings, mainly relating to the renovation of the offices at the Cologno Monzese offices as part of the project to transfer staff of Publitalia from the Milan Due office to the Cologno Monzese office, and for the construction of a new employee car park area;
- EUR 25.0 million referred to Plant and equipment, mainly relating to EUR 2.5 million for technological upgrades due to studio obsolescence, EUR 3.5 million for the television studio digitalisation process and EUR 5.2 million for the purchase and commissioning of a new operating broadcast van for the Elios production facility in Rome, as well as EUR 8.7 million for the purchase of television broadcasting and recording facilities and radio bridges relating to the new digital terrestrial DVB-T2 technology;
- EUR 2.4 million referred to Technical and commercial equipment and other assets, mainly relating to purchase and replacement of hardware;
- EUR 25.6 million referred to increases in Tangible assets in progress and advances, mainly relating to EUR 2.6 million for the shared HP and IP production unit project, which will help to operate more studios, EUR 6.7 million for the construction of the new video facility and EUR 5.8 million for office restructuring at the Company's headquarters on Viale Europa 44, Cologno Monzese.

8.1.1 Right-of-use property, plant and equipment

Assets acquired under financial leasing contracts are posted under intangible fixed assets in an item entitled "Right-of-use property, plant and equipment" 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 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 posted on a straight-line basis according to the duration of the contract.

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

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 31/12/2019	**120.3**	**10.5**	**130.9**
Business Combinations	0.9		0.9
Additions	2.2	3.1	5.3
Disposals	(1.3)	(0.0)	(1.3)
Amortisation and depreciation	(18.6)	(4.1)	(22.6)
Other changes	(5.4)	(0.5)	(5.9)
Balance at 31/12/2020	**98.1**	**9.0**	**107.0**

Other changes mainly comprises the change in the lease contracts recorded in the financial statements pursuant to IFRS16, in reference to the properties located in Milano Due following the early termination of the lease contract for the Palazzo Cellini offices, effective from 31 December 2020, which occurred as a result of the project to transfer Publitalia personnel from the Segrate offices to the Cologno Monzese offices. This line item also includes the termination of the tacit renewal applicable over the Palazzo Vasari offices and the Segrate Milano Due car park.

8.2 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 usefulness. The recoverable amount of the above is calculated based on the criteria laid down in IAS 36, described in the "Impairment of assets" section 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 reducing balance 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 posted, all showings made available under the related television broadcasting rights contracts have been completed, the residual value is expensed 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.

	HISTORICAL COST	AMORTISATION	IMPAIRMENT	CARRYING AMOUNT
Balance at 1/1/2019	**8,452.3**	**(7,267.5)**	**(212.6)**	**972.2**
Changes in the consolidation area	-	-	-	-
Additions	470.8	-	-	470.8
from Intangible assets in progress and advances	31.1	-	-	31.1
Other changes	(337.6)	332.8	(12.0)	(16.8)
Disposals	(120.0)	115.2	-	(4.7)
Amortisation	-	(477.6)	-	(477.6)
(Write-offs)/Write-ups	-	-	(0.2)	(0.2)
Balance at 31/12/2019	**8,496.7**	**(7,297.1)**	**(224.9)**	**974.7**
Changes in the consolidation area	-	-	-	-
Additions	379.2	-	-	379.2
from Intangible assets in progress and advances	51.7	-	-	51.7
Other changes	(348.5)	319.4	14.2	(14.9)
Disposals	(131.1)	128.9	-	(2.2)
Amortisation	-	(455.3)	-	(455.3)
(Write-offs)/Write-ups	-	-	(0.6)	(0.6)
Balance at 31/12/2020	**8,448.1**	**(7,304.1)**	**(211.2)**	**932.7**

Additions for 2020 totalled EUR 431.0 million (EUR 501.9 million in 2019) and consisted of EUR 379.2 million of purchases for the year (EUR 470.8 million at 31 December 2019) and EUR 51.7 million (EUR

31.1 million as at 31 December 2019) of capitalisations of advances paid to suppliers (recognised as assets in progress and advances at 31 December 2019). Italian sector investments accounted for EUR 296.5 million of all purchases. The remaining EUR 82.8 million referred to purchases made by the Mediaset España Group.

In addition to the -EUR 1.1 million accounting effect of government subsidies, *Other changes* mainly includes the -EUR 13.3 million adjustment to the carrying amount of Pay broadcasting rights posted during the financial year as a result of the drawdown on the risks fund allocated in 2018 for impairment of the future commitments portion of pay Cinema and TV Series rights. The remaining change reflects contractual rights expired contract cancellations, previous years' disposals and contracts voided.

Purchases for the year include EUR 45.8 million for broadcasting rights that will commence after 31 December. At 31 December 2020, broadcasting rights that had yet to commence totalled approximately EUR 62.8 million (EUR 42.5 million at 31 December 2019) and mainly consisted of free-to-air and pay television rights to broadcast drama, cinema and entertainment productions.

8.3 Goodwill

	Total
Balance at 31/12/2019	**794.1**
Additions from business combinations	2.7
Balance at 31/12/2019	**796.7**
Additions from business combinations	6.5
Closing balance at 31/12/2020	**803.2**

Of the EUR 6.5 million in additions, EUR 2.8 million are attributable to Publitalia '80 S.p.A. acquiring an 80% stake in Beintoo while EUR 3.7 million attributable to Mediaset España Group acquiring the company Aninpro Creative S.L., as described in the section on Business combinations.

At 31 December 2020, goodwill was subject to the impairment testing procedure, required annually pursuant to IAS 36, as commented below.

8.4 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 such losses may exist. In the case of goodwill, intangible assets with indefinite useful lives and intangible assets not yet 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 and 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 incoming cash flows from the continuous use of the assets attributable to them.

In line with the Group's organisational and business structure at 31 December 2020, and in continuity with 2019, the **CGUs** are aligned with the operating segments set forth in IFRS 8 (Mediaset España) or with business units 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 charged to the income statement, first by reducing goodwill and then recognising any excess amounts, proportionally to the carrying amounts 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 losses 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.

As already reported in Note 2 "Presentation Bases and Accounting Standards for the Preparation of the Financial Statements", the strong impact and the high macroeconomic uncertainty following the global public health emergency caused by the COVID-19 pandemic, which took hold from the end of the first quarter of 2020 and is currently still continuing, led to marked discontinuities and an overall decline in the Group's main external and internal indicators, in particular during the first half of the year. This made it necessary to perform impairment tests when preparing the interim consolidated financial report. Based on this testing and on the related sensitivity analyses, the recoverable amounts of the Free To Air, Radio and Mediaset España CGUs at 30 June – calculated based on their estimated value-in-use – remained significantly higher than their carrying amounts. Therefore, there was no need to recognize any impairment loss on those assets. Likewise, no impairment indicators were identified with regard to the assets of the pay TV CGU and, as a consequence, it was not necessary to carry out impairment testing at that date.

Despite the Group's key performance indicators recovering strongly in its primary operations during the second half of the year, given both the persistently high level of economic uncertainty and the IAS 36 requirements and enforcement recommendations of international and national regulators, in preparing these financial statements it was necessary to re-test the recoverability of the carrying amount of goodwill and other tangible and intangible assets with definite and indefinite useful lives for each of the Group's CGUs. This re-testing is aimed at reflecting the most recent external and internal information and the structured multi-year planning updated by the Group as at the reporting date of this Consolidated Financial Statements. The tests are carried out using the same testing methods as the previous year.

Another impairment indicator observable at the reporting date is the market capitalization of Mediaset S.p.A. and its subsidiary Mediaset España at the year-end. Due to the sharp fall that progressively reduced the stock markets since 20 February 2020, particularly during the subsequent month of March, the market capitalization of Mediaset S.p.A. and Mediaset España – which rallied significantly during the second half of the year – was still lower at year end than before the pandemic and lower than their carrying amounts at 31 December 2020. On the other hand, there has been a further rise in market values after 31 December 2020, which by the end of March were substantially in line with the levels before the pandemic began and with their carrying amounts.

The testing carried out at 31 December 2020, as described below, in turn showed the recoverability of the carrying amounts for the Mediaset España, Free TV Italia and Radio CGUs and confirmed the recoverability of the residual carrying amount of pay/SVoD series and movie rights which, together with connected future purchase commitments, had been impaired and provisioned by a total of EUR 162.7 million at 31 December 2018. Moreover, as part of the sensitivity analysis, recoverable amounts were calculated based on their value in use. This was carried out by identifying punctual discount rates and average 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 would remain unchanged) – eliminate the difference between the recoverable amount and the carrying amount. Considering the significant gap between the key variables (cash flows and discount rates) used in the impairment and the breakeven ones for the Group's main CGUs, and despite the uncertainty related to the depth and duration of the ongoing crisis, no potential impairments have been identified in the Consolidated Financial Statements at 31 December 2020.

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	**2020**	**2019**
Mediaset España	657.7	654.0
Free TV Italy	145.6	142.8
Total Goodwill	**803.2**	**796.7**

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 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 in the context of the purchase price allocation process following the acquisition of television operations from Prisa Group).

The recoverability of the carrying amounts of the Mediaset España CGU was tested by estimating the equity value of the Group's interest based on the value in use of the 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 24 February 2021 and examined by the Board of Directors of Mediaset S.p.A. on 30 March 2021. 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 explicit 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 that major cost items will be structured in view of the containment and efficiency measures implemented in 2020 to cope with the fall in revenues. A discount rate of 7.9% and a perpetual growth rate of zero were applied, which is in line with the parameters used for impairment testing at 31 December 2019. With reference to the sensitivity analysis carried out on the Mediaset España CGU, a correspondence emerges between the recoverable amount and the carrying amount: i) as, across all years of the plan, gross advertising revenues will be around 4 percentage points lower than those contained in the base management scenario (with all other conditions being left unchanged; i.e. without prudentially consider any cost or investment–cutting actions being taken to tackle such eventual decline); and ii) assuming a WACC of 14.6%, based on a g-rate of 0%, if all operational and business assumptions made in the base scenario are left unchanged (revenues, costs and investment).

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 Mediaset S.p.A. on 30 March 2021, 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 plans are based. These processes have been supported by fairness opinion issued by an independent expert, which assessed the fairness and adequacy of the methodological choices made, the parameters used and the application methods followed.

The recoverability of the goodwill and other assets (mainly consisting of television and movie broadcasting rights, and rights for the utilization of 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 five-years plans (2021-2025) drawn up based on the assumptions approved by the Board of Directors of Mediaset S.p.A. on 30 March 2021. 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 forecasts anticipated that the advertising market, and the television market in particular, is expected to react better if compared with the general economic environment recovery rate, also based on historically tending to pick up in periods just following a heavy dip of recession.

The discount rate for the future cash flows of the TV Free Italia e Radio CGUs was calculated by applying principles and parameters consistent with previous years, by updating the financial and market parameters comprising the weighted average cost of capital after tax at the reporting date, based on the financial structure determined on an aggregate basis for the Group's Italian operations, by taking into account the current market valuation of the cost of money and by assuming a risk-free rate equal to the annual average return on ten-year government bonds in Italy, with a long-term equity risk premium of 4.7%. The cost of equity was calculated in a similar manner as in previous years, including a 1% execution risk component to reflect difficulties in forecasting based on historical comparison between actual and estimated cash flows. This assessment resulted in a discount rate of 4.36%. The growth rate used to extrapolate the cash flows beyond the explicit periods was 1.35%, in line with the most recent medium/long-term inflation forecast for Italy, as produced by the International Monetary Fund, and down on the 1.5% rate used for impairment testing at 31 December 2019.

Given the extraordinary economic effects of the COVID-19 pandemic and the correlated high level of uncertainty, the Directors – in assessing the recoverability of the assets allocated to these CGU, and in line with the prudent approach recommended by the Supervisory Authorities – also performed, in addition to the sensitivity analysis on key parameters, a specific analysis using an increased discount rate of 6% in order to mitigate the extraordinary and contingent effects on this parameter (this increased discount rate was essentially in line with the one used for impairment testing in the 2019 financial statements, in a pre-pandemic scenario). Even using this increased discount rate, the recoverable amounts obtained were higher than the carrying amounts of the assets of the CGUs.

Lastly, sensitivity analyses were carried out for the TV Free and Radio CGUs, by stressing the following key parameters: i) advertising revenues, on the assumption that all other conditions are left unchanged (i.e. without prudentially consider any cost or investment-cutting actions being taken to tackle such eventual 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, a correspondence emerges between the recoverable amount and the carrying amount: i) as across all years of the plan, gross advertising revenues will be around 9 percentage points and 7 percentage points lower, respectively, than those contained in the base management scenario (using a discount rate of 4.36% and 6%, respectively); and ii) a WACC of 11.0%, based on a g-rate of 1.35%.

- for the Radio CGU, a correspondence emerges between the recoverable amount and the carrying amount, i) as across all years of the plan, advertising revenues will be more than 7 percentage points and 0.5 percentage points lower, respectively, than those contained in the base management scenario (using a discount rate of 4.36% and 6%, respectively); and ii) a WACC of 6.14%, based on a g-rate of 1.35%.

The recoverability assessment of the Radio CGU's main assets was also confirmed through an appraisal carried out by an independent expert, who verified the fair value of the rights for the utilization of the radio frequencies held by the various Group broadcasters at the reporting date. These values were higher than their carrying amounts recognised in the Group's Consolidated Financial Statements for the year ending 31 December 2020.

Recoverability testing of the **Pay TV CGU**'s assets involved the assessment of the current value of intangible assets with a definite useful life (Series and Movie Pay/SvoD rights library), which was equal to EUR 105.6 million at 31 December 2020, gross of a provision for risk of EUR 6.5 million accrued in previous years as part of impairment testing on TV rights and existing contractual commitments. This library primarily consists of exclusive rights for the various broadcasting platforms purchased from major American producers under multi-annual framework agreements terminating in 2020. Testing was carried out, in continuity with the valuation carried out for the previous year, by verifying the coherence of the carrying amounts with the cash flows arising from the utilization of those rights over the time horizon of the sublicensing agreement with Sky (terminating in June 2021), also considering the existing contractual commitments tied to the future acquisitions of TV series that will continue to be produced by suppliers, as well as the main evidence concerning the potential market value of those rights at the end of the agreement, estimated based on the expectations of these being realised in line with the valuations observable for the most recent transactions and/or negotiations on those rights.

8.5 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 finite useful lives 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 usefulness. The recoverable value of such assets is assessed according to the criteria established in IAS 36, as described in the Impairment of assets section below.

Costs relating to rights of use to 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 the moment the service is activated and ending 30 June 2032, based on the validity period of the definitive assignment order of right of use in Italy dated 28 June 2012.

The television broadcasting license to the "Cuatro multiplex" held by Mediaset España is considered an intangible asset with an indefinite useful life; accordingly, it is not systematically amortised, but is subject to impairment testing, at least every year.

As of 1 January 2016, rights of use to 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 from continuing operations
Balance at 1/1/2019	**231.7**	**330.6**	**734.5**	**79.0**	**85.8**	**1,461.5**
Business combination	49.5	3.8	-	-	-	53.3
Additions	5.6	-	9.3	65.2	-	80.1
Other changes	6.2	-	2.5	(39.5)	(0.2)	(31.1)
Disposals	(0.5)	-	(0.6)	-	-	(1.1)
Balance at 31/12/2019	**292.4**	**334.5**	**745.7**	**104.7**	**85.6**	**1,562.7**
Business combination	0.0	0.0	-	-	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**

DEPRECIATION AND IMPAIRMENTS	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	Total from continuing operations
Balance at 1/1/2019	**(215.9)**	**(190.6)**	**(329.0)**	**(35.4)**	**(85.1)**	**(855.8)**
Business combination	(48.3)	-	-	-	-	(48.3)
Other changes	(1.0)	-	(2.5)	-	0.0	(3.5)
Disposals	0.5	-	0.3	-	-	0.8
Depreciation	(12.1)	(10.2)	(19.8)	-	(0.2)	(42.3)
(Impairments)/Write-backs	-	-	-	(1.2)	-	(1.2)
Balance at 31/12/2019	**(276.8)**	**(200.8)**	**(351.0)**	**(36.6)**	**(85.3)**	**(950.2)**
Business combination	(0.0)	(0.0)	-	-	(0.9)	(0.9)
Other changes	(0.0)	0.0	35.7	-	0.2	35.9
Disposals	0.9	-	-	-	-	0.9
Depreciation	(12.5)	(10.1)	(20.6)	-	(0.3)	(43.5)
(Impairments)/Write-backs	-	-	-		(0.1)	(0.1)
Balance at 31/12/2020	**(288.4)**	**(211.0)**	**(335.9)**	**(36.6)**	**(86.2)**	**(958.1)**

NET BALANCE	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	Total from continuing operations
Balance at 1/1/2019	**15.8**	**139.9**	**405.4**	**43.5**	**0.1**	**605.5**
Business combination	1.2	3.8	-	-	-	5.0
Additions	5.6	-	9.3	65.2	-	80.1
Other changes	5.1	-	(0.0)	(39.5)	(0.2)	(34.5)
Disposals	0.0	-	(0.3)	-	-	(0.3)
Depreciation	(12.1)	(10.2)	(19.8)	-	(0.2)	(42.3)
(Impairments)/Write-backs	-	-	-	(1.2)	-	(1.2)
Balance at 31/12/2019	**15.7**	**133.5**	**394.6**	**68.0**	**0.2**	**612.4**
Business combination	0.0	0.0	-	-	0.5	0.5
Additions	4.8	2.0	0.5	12.5	0.1	19.9
Other changes	3.8	0.0	(0.3)	(57.5)	0.4	(53.6)
Disposals	-	-	-	(0.5)	-	(0.5)
Depreciation	(12.5)	(10.1)	(20.6)	-	(0.3)	(43.5)
(Impairments) / Write-backs	-	-	-		-	(0.1)
Balance at 31/12/2020	**11.8**	**125.5**	**374.3**	**22.6**	**0.6**	**534.8**

Additions to the item **Patents and intellectual property rights** totalled EUR 8.6 million. The figure includes EUR 3.8 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 radio broadcaster Cuatro, valued at EUR 85.5 million. This asset was recorded as a result of the Purchase Price Allocation process carried out by Mediaset España

Comunicación S.A. during the 2011 financial year. The amortisation period has been determinated in 20 years.

- The trademark of the radio broadcaster Radio 105, valued at EUR 35.3 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 determinated in 25 years.
- The trademark of the radio broadcaster Radio Subasio, for a residual value of EUR 4.3 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 130.6 million for the rights to use the 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, valued 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 carrying amount of the rights for the use 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 8.4 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 8.4, which confirmed the book values.

The item also includes EUR 136.2 million in rights for the use 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 mainly included advances paid to broadcasting rights owners and advances paid in relation to the production of long-running TV drama series.

8.6 Equity Investments in Associates and Joint Ventures

These equity investments are recognised at equity in the consolidated financial statements. At the time of acquisition, the difference between the cost of the equity investment, including any transaction costs, and the acquirer's interest in the net fair value of the assets, liabilities and identifiable contingent liabilities of the investee is accounted for according to IFRS 3, with the recognition of goodwill if it is positive (included in the carrying amount of the equity investment) or of income in the consolidated income statement if it is negative.

The carrying amounts of these equity investments are adjusted after initial recognition, based on the pro-rata changes in the equity of the investee appearing in accounting statements prepared by those companies, available at the time of preparation of the consolidated financial statements.

When there are losses attributable to the Group that are higher than the carrying amount of the equity investment, the carrying amount is written off 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 at equity, the carrying amount of these equity investments, also including any goodwill, if the conditions established by IAS 36 apply, must be tested for impairment.

In the case of impairment write-downs the related cost is charged to the income statement. The original value can be reinstated in the following financial years if the conditions for the write-down 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 with the equity method for the two years compared. The measurements did not reveal any potential impairment. Reference should be made to Note 7.8 *Result from equity investments* for details on the financial impacts for the period on equity investments. The valuations have been produced based on data from the financial statements and reporting packages available as at the approval date of these Consolidated Financial Statements.

	31/12/2020		31/12/2019	
	Stake %	**Carrying amount (EUR million)**	**Stake %**	**Carrying amount (EUR million)**
Subsidiaries				
EI Towers S.p.A	*40.0%*	437.0	*40.0%*	455.6
Alma Productora Audiovisual S.L.	*30.0%*	0.3	*30.0%*	0.2
Auditel S.p.A.	*26.7%*	0.7	*26.7%*	0.6
Bulldog Tv Spain S.L.	*30.0%*	1.5	*30.0%*	1.5
La Fabrica De La Tele SL	*30.0%*	2.3	*30.0%*	3.2
Producciones Mandarina S.L.	*30.0%*	2.0	*30.0%*	2.0
Studio 71 Italia S.r.l.	*49.0%*	0.2	*49.0%*	0.2
Superguida Tv S.r.l.	*20.2%*	0.7	*20.2%*	0.6
Titanus Elios S.p.A.	*30.0%*	2.5	*30.0%*	2.4
Unicorn Content S.L.	*30.0%*	1.3	*30.0%*	1.5
Other		0.3		0.1
Total		**448.8**		**467.9**
Joint Ventures				
Boing S.p.A.	*51.0%*	2.2	*51.0%*	6.2
European Broadcaster Exchange (EBX) Ltd.	*25.0%*	0.2	*25.0%*	0.3
Fascino P.G.T. S.r.l.	*50.0%*	17.8	*50.0%*	14.5
Mediamond S.p.a.	*50.0%*	1.4	*50.0%*	2.7
Tivù S.r.l.	*48.2%*	2.8	*48.2%*	2.9
Total		**24.4**		**26.6**
Final balance		**473.2**		**494.5**

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.

FY 2020	Assets	Shareholders' equity	Liabilities and minorities	Revenues	Net Result
El 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
EBX (European Broadcaster Exchange (EBX) Limited) (**)	2.8	0.7	2.1	3.0	-
Campanilla Films SL	0.6	-	0.6	0.2	
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

(**) GBP figures

FY 2019	Assets	Shareholders' equity	Liabilities and minorities	Revenues	Net Result
EI Towers S.p.A. (*)	2,488.4	1,138.1	1,350.3	283.8	36.4
Alea Media S.A.	2.8	(1.7)	4.5	10.9	(1.0)
Alma Productora Audiovisual S.L.	1.4	0.8	0.6	3.9	0.3
Auditel S.r.l.	11.5	2.3	9.2	27.6	0.1
Boing S.p.A.	32.0	12.2	19.8	35.7	(2.5)
Bulldog Tv Spain S.L.	6.4	5.1	1.3	23.9	2.8
EBX (European Broadcaster Exchange (EBX) Limited) (**)	3,1	0,7	2,4	3,1	(1,0)
Fascino P.G.T S.rl.	45.4	26.5	18.9	74.5	3.9
LaFabrica De La Tele SL	16.5	10.5	6.0	33.5	5.6
Mediamond S.p.A.	137.6	3.9	133.7	223.9	(0.8)
Titanus Elios S.p.A.	19.5	8.0	11.5	4.7	2.9
Tivù S.r.l.	8.5	6.0	2.5	11.2	1.7
Studio 71 Italia S.r.l.	1.9	0.5	1.4	2.5	(0.6)
Superguida Tv S.r.l.	1.5	1.3	0.2	0.9	0.2
Producciones Mandarina S.L.	7.9	6.7	1.2	7.1	0.4
Unicorn Content S.L.	7.3	4.8	2.5	22.6	2.6

(*) consolidated figures

(**) GBP figures

The recoverability of the goodwill remaining in the consolidated statement of financial position of Ei Towers at 31 December 2020 was verified using the value in use determined by the company based on the last-approved corporate plans.

8.7 Other Financial Assets

Equity investments other than investments in associates or joint ventures are posted to the "other financial assets" item 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 in fair value 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 risk 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 posted under this item are recognised at their amortised cost, using the actual interest rate method.

	Balance at 31/12/2019	Changes in the consolidation area	Additions	Disposals	Fair Value Adjustments / Impairment	Other changes	Balance at 31/12/2020
Equity investments	519.5	-	76.7	(2.1)	77.9	0.1	672.0
Financial receivable (due over 12 months)	6.6	0.0	2.8	(3.4)	-	(0.0)	5.9
Other financial assets	6.0	-	-	-	2.6	-	8.6
Hedging derivatives	78.5	-	-	-	(15.4)	-	63.1
TOTAL	**610.6**	**0.0**	**79.4**	**(5.5)**	**65.1**	**0.0**	**749.7**

The year-on-year increases in ***Equity investments*** refer to the following: EUR 72.9 million for the acquisition of a further 5.0% stake in Prosiebensat.1 Media SE, with Mediaset S.p.A. and Mediaset España S.A. acquiring a 0.75% and 4.25% stake respectively; and EUR 3.8 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 fair value changes on these equity investments in a specific equity reserve without recycling to profit or loss.. Of this reserve, EUR 81.7 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 20.1% stake held by the Group in ProsiebenSat1 Media SE was worth EUR 644.2 million at 31 December.

The disposals refer to the sale of the equity investments held in the business called Ad4Venture.

The changes in ***Hedging derivatives*** mainly relate to the change in 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 2020, the fair value of those options totalled EUR 61.5 million.

This also item includes the non-current portion of the fair value of derivatives held to hedge against exchange rate changes and interest rate risk.

8.8 Deferred Tax Assets and Liabilities

Prepaid and deferred taxes are calculated based on the temporary differences between the values assigned to the assets and liabilities in the financial statements for statutory accounting purposes and the corresponding values recognised for tax purposes, on the basis of the tax rates that will be in force at the time when the temporary differences reverse. When the results are posted directly to shareholders' equity, the current taxes, the deferred taxes assets and the deferred taxes liabilities are also posted to shareholders' equity. The Group also recognises deferred tax assets within actual 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 posted in the financial statements, with particular reference to the tax losses generated in the Italian consolidated tax return, took into consideration the taxable income on the basis of the five-year plans used for impairment testing for the explicit forecast 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 debited or credited to shareholders' 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.

	31/12/2020	31/12/2019
Deferred tax assets	475.1	476.2
Deferred tax liabilities	(95.7)	(89.8)
Net position	**379.4**	**386.4**

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 to equity are likewise recognised directly to 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	(Charge)/ credit to income	(Charge)/ credit to equity	Business combinations/	Discontinued operations	Other changes	Balance at 31/12
FY 2019	520.1	(54.5)	0.4	1.3	-	9.0	476.3
FY 2020	476.3	(33.3)	19.6	0.9	-	11.7	475.1

DEFERRED TAX LIABILITIES	Balance at 1/1	(Charge)/ credit to income	(Charge)/ credit to equity	Business Combinations	Discontinued operations	Other changes	Balance at 31/12
FY 2019	(86.5)	7.3	(0.3)	-	-	(10.3)	(89.8)
FY 2020	(89.8)	3.2	(1.2)	(0.3)		(7.6)	(95.7)

Credit/(charge) to income, relating to *Deferred tax assets*, reflects the utilisation of EUR 7.0 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. It bears noting that, for the year 2020, this item includes the EUR 3.1 million prudential write-down of the deferred tax assets recognised in relation to the tax losses utilised against higher taxable income, as referred to in the *Provisions for risk and potential liabilities* section.

Credit/(charge) to equity 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 reflects the recognition of deferred tax assets relating to the acquisition of Beintoo.

With regard to deferred tax assets, **Other changes** mainly refer 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 31/12/2020	Temporary differences	Tax effect 31/12/2019
Deferred tax assets related to:				
Property, plant and equipment	89.9	16.8	94.1	17.7
Intangible fixed assets	248.0	62.6	8.6	2.0
TV and movie rights	252.4	63.2	357.2	90.7
Provision for receivables impairments	25.5	6.1	35.1	8.4
Provisions for risk and charges	64.5	17.3	63.9	17.4
Post-employment benefit plans	40.6	9.7	38.6	9.3
Inventories	10.0	2.8	3.5	0.9
Hedging derivatives	83.7	20.8	-	-
Tax losses carried forward	890.6	213.7	942.4	226.6
Other temporary differences	33.9	8.1	189.7	47.3
Consolidation adjustments	192.9	53.8	200.4	55.9
Total	**1,931.9**	**475.1**	**1,933.5**	**476.3**

Deferred tax assets amount to EUR 475.1 million and include, in addition to the tax effects on the consolidation adjustments, EUR 79.2 million for temporary differences generated within the Mediaset España Group and EUR 342.1 million related to the companies adhering to the Italian tax consolidation perimeter. With regard to the latter component, EUR 212.6 million relates to the totality of IRES tax losses that can be carried forward without any time limit (EUR 885.7 million) generated within the tax consolidation perimeter, in reduction if compared to the figure at 31 December 2019 (EUR 909.8 million), in line with the utilization estimates made in the context of recoverability assessment performed at the end of the previous fiscal year .The caption Tax losses carried forward also include the deferred tax assets arose from the tax losses relating to Beintoo, a company acquired in 2020 and therefore not part of the tax consolidation perimeter.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for the future fiscal years. With particular reference to deferred tax assets related to the Italian tax consolidation arrangement that include IRES tax losses that can be carried forward without any time limit, the assessment of the criteria for the recognition and the period needed for recoverability, were tested by estimating the IRES-taxable income from the Italian tax consolidation perimeter based on the following assumptions:

- profit before tax of Italian segment following the consolidation of the 2021-2025 plans drawn up for the purpose of impairment testing based on the assumptions presented to Mediaset's Board of Directors on 30 March 2021;
- estimates of tax differencies, primarily relating to dividend income from subsidiaries and other investments, higher taxable amortisation of pay broadcasting rights impaired in 2018 and other non-taxable components of profit/loss;
- extrapolation of the taxable income beyond the period covered by the business plans used for the impairment test considering hypotheses of growth and profit margins 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 approximately 10 years was determined and confirmed by applying specific discount factors, as recommended in the ESMA document dated 15 July 2019.

	Temporary differences	Tax effect 31/12/2020	Temporary differences	Tax effect 31/12/2019
Deferred tax liabilities related to:				
Property, plant and equipment	0.2	0.1	0.2	0.1
Intangible fixed assets	325.4	85.4	304.1	80.5
Provision for receivables impairments	-	-	0.6	0.1
Provisions for risk and charges	0.6	0.1		
Post-employment benefit plans	29.5	7.1	28.7	6.9
Hedging derivatives	-	-	1.6	0.4
Other temporary differences	13.2	3.0	6.5	1.8
Consolidation adjustments	-	-	-	-
TOTAL	**368.8**	**95.7**	**341.7**	**89.8**

Intangible assets also include the tax effects of the final allocation of the purchase price paid for the acquisition of the Finelco Group (now Radiomediaset) 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.

9. CURRENT ASSETS

9.1 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 enjoyed in full on their first broadcast. These inventories are stated at actual cost of purchase or production.

The item at the reporting date breaks down as follows:

			31/12/2020	31/12/2019
	Gross	Write-downs	Net value	Net value
Raw and ancillary materials, consumables	0.1	-	0.1	0.1
Work in progress and semi-finished products	0.7		0.7	1.5
Finished goods and products	57.0	(10.0)	47.0	43.0
Total	57.9	(10.0)	47.9	44.7

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 17.2 million (EUR 22.0 million at 31 December 2019) and to the Mediaset España Group for a total of EUR 13.0 million;

It bears noting that the provision for write-downs of finished products includes the amount provisioned this year for television productions whose episodes were not broadcast due to the continuation of the Covid-19 crisis.

9.2 Trade Receivables

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. 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".

The item at the reporting date breaks down as follows:

	Balance at 31/12/2020 Due			Balance at 31/12/2019
	Total	**Within 1 year**	**After 1 year**	
Receivables from customers	763.3	759.9	3.5	796.3
Receivables from related parties	63.0	63.0		66.9
Total	**826.4**	**822.9**	**3.5**	**863.2**

The line item includes EUR 22.6 million for the sub-licensing of the Pay Cinema and Serie TV channels, EUR 13.2 million due from Warner Bros Entertainment Italia S.r.l. for waiving the exclusivity of the TV and movie rights granted to Warner in previous years, and a EUR 7.1 million receivable for SVOD rights of use licenses.

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 Mediaset Group's Italian and Spanish television networks.

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

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

Low risk

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

Medium risk

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

High risk

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

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

RISK CLASSES AT 31 DECEMBER 2020	Gross receivables	Past due				Total past due	Provision for receivables impairments	Net Receivables
		0-30 days	30-60 days	60-90 days	More than 90 days			
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	46.2
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**	**4.7**	**43.7**	**133.6**	**35.8**	**826.4**

RISK CLASSES AT 31 DECEMBER 2019	Gross receivables	Past due				Total past due	Provision for receivables impairments	Net Receivables
		0-30 days	30-60 days	60-90 days	More than 90 days			
ITALIAN ADVERTISING RECEIVABLES:								
Low	392.6	19.0	8.8	1.0	12.9	41.7	1.5	391.1
Medium	43.8	6.5	2.6	0.7	0.0	9.9	1.0	42.7
High	12.8	0.1	-	0.0	11.5	11.6	11.1	1.7
FOREIGN ADVERTISING RECEIVABLES:								
Low	209.9	25.2	0.8	0.3	0.4	26.8	2.0	207.9
Medium	12.9	1.9	0.4	0.0	0.0	2.3	-	12.9
High	8.7	2.0	0.6	0.2	(0.6)	2.2	5.3	3.4
OTHER RECEIVABLES:								
TELCO operators	87.6	6.9	1.3	4.6	3.9	16.8	2.8	84.8
Movie distribution area	25.1	16.9	0.2	0.6	5.4	23.0	7.2	17.9
Other customers	43.7	0.8	1.1	7.1	8.0	17.0	9.8	33.9
RECEIVABLES FROM RELATED PARTIES:								
Low	67.2	0.6	-	-	-	0.6	0.2	66.9
TOTAL TRADE RECEIVABLES	**904.0**	**79.9**	**15.8**	**14.5**	**41.6**	**151.8**	**41.0**	**863.2**

The item *Telephone/television operators* mainly comprises receivables from the sale of content activities.

Regarding the main type of trade payables generated by the advertising business in Italy, in terms of concentration, 19.5% of revenues were made with the top 10 customers.

The changes in the bad debts provision are shown below.

	Balance at 1/1	Provided during the year	Utilised during the year	Business Combination/ Change in the consolidation area	Balance at 31/12
FY 2020	40.9	5.6	(11.1)	0.3	**35.8**
FY 2019	78.8	6.0	(43.9)	-	**41.0**

In addition, below is a table showing a detailed analysis of other financial assets, whose maximum credit risk exposure corresponds to the book value.

	2020	2019
Financial receivables	40.3	30.0
Other hedging derivatives	3.0	16.3
Trade receivables	826.4	863.2
Factoring receivables	99.6	64.2
Bank and postal deposits	447.8	245.0
Total financial assets	**1,417.0**	**1,218.8**

9.3 Tax Credits, Other Receivables and Current Assets

9.3.1 Tax credits

This item, amounting to EUR 44.9 million (EUR 54.3 million at 31 December 2019) includes EUR 32.0 million relating to the net position towards the tax authorities to the Group's Italian companies adhering to the Italian tax consolidation agreement (EUR 30.5 million at 31 December 2019).

In addition, this item included EUR 8.3 million (EUR 7.2 million at 31 December 2019) representing the net IRAP tax position for Group companies with respect to advances paid, and EUR 4.3 million (EUR 16.1 million at 31 December 2019) for the tax credits of the subsidiary Mediaset España S.A..

9.3.2 Other receivables and current assets

	31/12/2020	31/12/2019
Other receivables	163.7	118.2
Accruals and deferred income	52.9	64.5
Total	**216.6**	**182.7**

Other receivables mainly include:

- advances totalling EUR 12.8 million to suppliers, contractors and agents, paid to advertising professionals and suppliers, and to suppliers, artists and professionals involved in television productions (EUR 15.6 million at 31 December 2019).
- EUR 46.1 million in amounts receivable from tax authorities (EUR 33.4 million at 31 December 2019):
- Receivables totalling EUR 99.6 million due from factoring companies for the transfer of trade receivables without recourse, for which settlement by the factor had not occurred at the reporting date. During the year, a total of EUR 920.2 million (EUR 821.3 million at 31 December 2019) of receivables were sold without recourse to factoring companies.

Accrued income and prepayments, of which EUR 27.4 million referring to the Mediaset España Group, mainly refers (EUR 21.3 million) to the already-incurred costs pertaining to the next financial year paid to the Union of European Football Associations for the 2020/2021 UEFA Nations League, and to Sky Italia S.r.l. for the 2020/2021 UEFA Champions League matches broadcast on the Mediaset Group's free-to-air networks.

9.4 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 write-downs made to reflect their impairment.

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.

	31/12/2020	31/12/2019
Financial receivables (due within 12 months)	19.4	17.5
Financial assets for other hedging derivatives	1.3	8.9
Financial assets for equity hedging derivatives	48.1	9.5
Total	**68.8**	**35.8**

Current financial receivables mainly include EUR 5.2 million (EUR 5.2 million at 31 December 2019) 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 9.8 million for cash pooling accounts managed by Mediaset S.p.A. on behalf of associates and joint ventures (EUR 10.5 million at 31 December 2019); and EUR 4.0 million in receivables due from the company Alea Media.

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 option agreed for the hedging of fair value changes in the equity investment held in Prosiebensat.1 Media SE, as well as the subscription and subsequent fair value measurement of a call option entered into as part of a reverse collar agreement in order to set a maximum price for the future purchase of a further 4.1% stake in ProSiebenSat.1 Media SE. This financial instrument paid out in January 2021, as the conditions stipulated were not met.

9.5 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:

	31/12/2020	31/12/2019
Bank and postal deposits	447.8	245.0
Cash in hand and cash equivalents	0.1	0.1
Total	**447.9**	**245.1**

Of the total amount, EUR 321.2 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 LIABILITY ITEMS

10. SHARE CAPITAL AND RESERVES

Main items composing the Shareholders' Equity and relevant changes are:

10.1 Share Capital

At 31 December 2020 the share capital of the Mediaset Group, issued by the Parent, was fully subscribed and paid up. It is made up of 1,181,227,564 ordinary shares with a par value of EUR 0.52 each, for a total value of EUR 614.2 million. No changes occurred during the year.

10.2 Share Premium Reserve

At 31 December 2020, the share premium reserve amounted to EUR 275.2 million. No changes occurred during the year.

10.3 Own Shares

Own shares are recognised at cost and recorded as a reduction of shareholders' equity; all gains and losses resulting from their trading are allocated to a specific shareholders' equity reserve (classified under "Other Reserves").

This item includes shares of Mediaset S.p.A. 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 2020		FY 2019	
	Number of shares	Book value	Number of shares	Book value
Balance at 1/1	43,283,164	401.3	44,085,239	408.6
Additions				-
Disposals	(1,248,389)	(11.6)	(802,075)	(7.3)
Final balance	**42,034,775**	**389.7**	**43,283,164**	**401.3**

The year-on-year decrease relates to the loss of 1,247,507 own shares due to their assignment to employees following the accrual of rights under the medium-long term incentive plan of Mediaset S.p.A., issued in 2018, and the loss of 882 own shares due to their assignment to former minority shareholders of Videotime S.p.A. following the 2018 merger transaction.

10.4 Other Reserves

	31/12/2020	31/12/2019
Legal reserve	122.8	122.8
Reserve from equity investments accounted for using the equity method	(7.9)	(7.3)
Consolidation reserve	(79.0)	(79.0)
Reserves for minority transaction	205.8	204.8
Other reserves	304.0	284.2
Total	**545.7**	**525.5**

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 change in *Reserves for transactions with non controlling interests* refers to the payable recognised in relation to the put option granted both to the current minority shareholders of the subsidiary Beintoo S.r.l. for the sale of a further 20% stake to Publitalia '80 (Publitalia '80 can also exercise a call option for this stake) and to Aninpro Creative for the purchase of a further 49% stake by the Mediaset España Group

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

10.5 Valuation 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 the other items of the Statement of Comprehensive Income, without recycling to profit and loss.

The Stock option and incentive plans reserve consisted of the contra-entries for costs accrued, measured in accordance with IFRS 2, relating to medium-long term incentive plans adopted by Mediaset S.p.A.

The 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 items of the comprehensive income statement without recycling to profit and loss.

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

	31/12/2020	31/12/2019
Cash flow hedge reserve	(3.2)	1.2
Stock option and incentive plans reserve	7.3	8.1
Actuarial gains/(losses)	(32.4)	(31.0)
FVTOCI equity investments reserve	(0.5)	(51.9)
Time value reserve	(32.3)	7.4
Options intrinsic value reserve	25.9	
Total	**(35.2)**	**(66.1)**

The table below shows the changes in these reserves over the year.

	Cash flow hedge reserve	Stock option and incentive plans reserve	Actuarial Gains/(Losses)	FVTOCI equity investments reserve	Time value reserve	Options intrinsic value reserve	Total Valuation reserve
Balance at 31/12/2019	**1.2**	**8.1**	**(31.0)**	**(51.9)**	**7.4**	**-**	**(66.1)**
Increase/(decrease)	(0.5)	3.5	(1.9)		-		1.1
Release to profit or loss	(1.3)				-		(1.3)
Opening balance adjustment of the hedged item	(4.3)		-				(4.3)
Fair value adjustments	(6.0)		-	45.7	(52.3)	36.4	23.8
Deferred tax effects	2.9		0.5	(0.6)	8.9		11.7
Other changes	4.8	(4.3)	-	6.3	3.7	(10.5)	(0.1)
Balance at 31/12/2020	**(3.1)**	**7.3**	**(32.4)**	**(0.5)**	**(32.3)**	**25.9**	**(35.2)**

The year-on-year change in the **Stock option and incentive plans reserve** was driven by year-on-year additions of EUR 3.5 million for costs accruing under incentive plans issued by the Mediaset Group in 2018 and 2019, and decreases relating to the reclassification of the reserve following the assignment of treasury shares under the 2017 incentive plan following the accrual of assignment rights.

The changes in the reserves described above, other than the Stock option and incentive plans reserve, are reported in the Statement of Comprehensive Income gross of tax effects

10.6 Retained earnings

The change from 31 December 2019 is primarily due to the recognition of the previous year's profits of EUR 190.3 million.

11. NON-CURRENT LIABILITIES

11.1 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 by an independent actuary, according to the following steps:

- 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 closed 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 expectancy pursuant to Article 12 of Decree Law 78 of 31 May 2010 converted, with amendments, by Law 122 of 30 July 2010.
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 2020.

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 2020 (source: Bloomberg).

The change in the employee leaving entitlements fund is as follows:

	FY 2020	FY 2019
Balance at 1/1	**69.2**	**68.9**
Service Cost	0.4	0.4
Actuarial (gains)/losses	1.9	3.6
Interest Cost	(0.2)	(0.1)
Indemnities paid	(4.8)	(3.7)
Business Combinations	0.2	0.1
Divestment from discontinued operations		
Other changes		
Balance at 31/12	**66.7**	**69.2**

The table below shows 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**
Discount rate curve	+50 b.p.	64.5	0.4
	-50 b.p.	69.0	0.4
Inflation rate	+50 b.p.	68.1	0.4
	-50 b.p.	65.3	0.4

Demographic/Actuarial assumptions		**DBO**	**Service cost**
Wage increases	+50 b.p.	66.8	0.4
	-50 b.p.	66.6	0.4
Probability of termination of the employment	+50%	65.4	0.4
	-50%	68.9	0.4
Change in TFR accrued	+50%	66.6	0.4
	-50%	66.9	0.4

11.2 Financial liabilities and payables

Financial payables and liabilities are recognised at amortised cost, using the actual interest rate method. Financial liabilities for to IFRS 16 debt are recognised pursuant to international accounting standard IFRS 16 - 'Leases'

	31/12/2020	31/12/2019
Due to banks	929.8	869.1
Payables to other lenders	0.1	5.3
IFRS 16 lease financial liabilities	91.6	113.1
Financial liabilities for other hedging derivatives (non current portion)	2.5	0.1
Hedge liabilities on equity derivatives	118.4	43.4
Other financial liabilities	14.5	0.0
Total	**1,156.9**	**1,031.0**

Financial payables (non-current) refer to the portion of committed credit facilities maturing beyond 12 months held by Mediaset S.p.A. and Mediaset España S.A. These payables are measured in the financial statements using the amortised cost method.

A breakdown of the change of EUR 159.4 million for the year is provided below:

- EUR 448.0 million reclassified under *Financial payables* as the current portion of three credit facilities of equal nominal amount;
- early repayment of EUR 50 million of a credit facility with U.B.I S.p.A., maturing in February 2021;
- opening of a new EUR 150 million nominal credit facility with Intesa San Paolo (maturing in March 2025), with EUR 149.0 million recognised in financial liabilities and payables as the portion not due within 12 months;
- opening of a new EUR 100 million nominal credit facility with UniCredit S.p.A. (maturing in May 2022), with EUR 99.8 million recognised in financial liabilities and payables as the portion not due within 12 months;
- opening of a new EUR 100 million nominal credit facility with U.B.I S.p.A. (maturing in April 2023), with EUR 99.8 million recognised in financial liabilities and payables as the portion not due within 12 months;
- opening of a new EUR 100 million nominal credit facility with BNL S.p.A. (maturing in April 2023), with EUR 99.7 million recognised in financial liabilities and payables as the portion not due within 12 months;
- reclassification of two portions of the borrowing from Credit Suisse, maturing in 2021, from non-current borrowings;

This debt to Credit Suisse was taken out as part of the ProsiebenSat.1 stock acquisition.

Some loans are subject to financial covenants on a consolidated basis as shown in the table below. This table also indicates the dates on which the waivers negotiated by Mediaset during the month of December 2019 were accepted by the various counterparties, as reported in the Consolidated Financial Statements at 31 December 2019. As a result of these acceptances, Mediaset requested and obtained confirmation from the loan agreement Counterparties 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 and – in relation to the Consolidated Net Financial Position determined pursuant to Consob Communication 6064293 and reported in Note 12.6 below – would not include the following:

- liabilities to be recognised pursuant to IFRS 16 (lease) commencing 1 January 2019.
- the payables relating to the loans contracted by Mediaset and Mediaset España 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 2020 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 Net Financial Position/Equity less than 2	6 months	05/12/2019
Mediobanca	Net Financial Position/EBITDA less than 2 EBITDA/Net Financial Charges equal or more than 10	6 months	29/11/2019
Intesa - S.Paolo 2019	Net Financial Position/EBITDA less than 2	6 months	02/12/2019
BBVA 2019	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	16/12/2019
BNL 2019	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	06/12/2019
BPM 2019	Net Financial Position/EBITDA less than 2	6 months	18/12/2019
Intesa - S.Paolo 2020	Net Financial Position/EBITDA less than 2	6 months	
UniCredit 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
BNL 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
UBI 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	12 months	

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 Report on Operations.

If any financial covenants are breached, both for the loans and credit facilities, Mediaset S.p.A. 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 given the current high levels of uncertainty over the COVID-19 pandemic, it is anticipated that these parameters will also be complied with at the next testing date.

At 31 December 2020, approximately 73.2% of all approved credit facilities were committed facilities (67.5% at 31 December 2019).

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
Intesa - S.Paolo 30.03.2020	0.50%	0.7	154.2
UniCredit 29/9/2016	0.72%	1.5	201.3
UniCredit 18/7/2017	0.78%	0.9	101.6
UniCredit 15/5/2020	0.18%	0.2	100.5
Mediobanca 18/11/2016	1.38%	1.4	0.3
BNL 26.4.2020	0.27%	2.5	101.0
UBI 4/12/2020	0.46%	0.3	50.6
UBI 28/4/2020	0.19%	0.3	100.9
Credit Suisse 29/5/2019	0.23%	0.8	276.9
Credit Suisse 11/11/2019	0.17%	0.3	154.7
Credit Suisse 22/03/2020	0,23%	0.1	49.3

IFRS 16 Financial liabilities for payables 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 2.0 million non-current portion of the fair value of derivatives hedging interest rate risk and the EUR 0.4 million non-current portion of the fair value for the derivatives hedging foreign currency risk.

Financial liabilities for equity hedging derivatives 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 residual shareholdings n subsidiaries.

11.3 Provisions for risks and charges 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 expensed in the income statement under the item "Financial (Expenses)/Income".

The following is a breakdown of the provisions and their changes:

	31/12/2020	31/12/2019
Balance at 1/1	**128.4**	**162.8**
Provisions	49.3	55.8
Utilised	(63.6)	(95.3)
Financial charges	0.2	0.2
Change in the consolidation area	(0.2)	4.8
Balance at 31/12	**114.0**	**128.4**
Of which:		
Within 12 months	41.3	80.2
After 12 months	72.7	48.1
Total	**114.0**	**128.4**

Provisions at 31 December 2020 mainly refer to legal proceedings totalling EUR 33.1 million (EUR 23.0 million at 31 December 2019), staff disputes totalling EUR 3.2 million (EUR 3.3 million at 31 December 2019) and contractual risks totalling EUR 65.1 million (EUR 77.9 million at 31 December 2019), of which EUR 17.5 million related to the under-utilisation of artistic resources compared to contractual agreements(EUR 10.0 million at 31 December 2019).

The movements for the fiscal year include the utilization of accruals made in past years for onerous television productions.

Below is an update at 31 December 2020 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 IRES tax assessment notice served on 2 January 2019, the Provincial Tax Commission of Rome, in judgment no. 3969/13/20 filed on 23 June 2020, rejected the grounds put forward by Reti Televisive Italiane S.p.A. against tax assessment notice no. JB0E0300282/2017, which gave notice of a higher taxable income of EUR 13 million for the 2012 fiscal year. On 16 February 2018, an application to utilise tax losses had been lodged and granted by the Italian Revenue Agency on 18 April 2018. As a precaution, and in light of the above-mentioned ruling of the Provincial Tax Commission, the deferred tax assets related to the tax losses utilised to reduce the higher taxable income assessed were written down in the Financial statements at 31 December 2020. The Company lodged an appeal with the Regional Tax Commission of Lazio.

Regarding Mediaset España, an update of the main lawsuits pending and contingent liabilities associated with those reported in the financial Statements at 31 December 2019 is provided below.

On 21 February 2018, Mediaset España was informed by the Spanish Commission on Markets and Competition (Comisiòn Nacional de los Mercados y la Competencia - CNMC) that penalty proceedings (S/DC/617/17) had been initiated for an alleged breach of section 1 of the Spanish Competition Act and section 101 of the Treaty on the Functioning of the European Union (TFUE), challenging the fact that certain contracting conditions established by Mediaset España and Atresmedia on television advertising could unjustifiably restrict the functioning of the market.

On 4 January 2019, the CNMC served Mediaset España with a dossier on the statement of facts, in which certain accusations had been made based on a series of premises that lack any factual or legal basis. This was stated in the Pleadings filed by the Company on 6 February 2019.

On 7 February 2019, the Competition Division of the CNMC agreed to initiate actions aimed to a conventional termination of the penalty proceedings in accordance with section 39 of the Competition Regulation.

On 29 April 2019, the Competition Division threw out the commitment proposals filed by Mediaset España (and Atresmedia), thus bringing an end to the conventional termination proceedings. An administrative appeal was filed against this ruling, but was thrown out in a Decision of 23 May 2019. On 29 May 2019, Mediaset España filed a contentious-administrative appeal against this decision, which is currently being processed.

Without waiting for this process to be completed, the CNMC proceeded with the penalty proceedings, which ended in a decision rendered on 12 November 2019, which declared Mediaset España and Atresmedia liable for an alleged breach of section 1 of the Spanish Competition Act and section 101 of the TFUE due to having set forth contracting conditions for television advertising which, apparently, could have unjustifiably restricted the functioning of the market, with penalties handed down to both parties. A fine of EUR 39.0 million was handed down to Mediaset España and the companies were ordered to discontinue the sanctioned conduct.

However, this Decision to hand down a penalty is unfounded and lacks any evidence, since - fundamentally - Mediaset España has never coordinated its commercial advertising policy with Atresmedia, nor does either of the companies hold a dominant position in the television advertising market which they would be able to abuse.

Regarding this latter consideration, the relevant market that must be taken into account cannot continue to be the television advertising market, but rather the audiovisual advertising market, which comprises not only television operators, but all audiovisual operators including digital operators (internet, OTT, etc.).

The Decision also reveals other defects, including: insufficient consideration of the market structure, an erroneous legal basis, a complete absence of any evidence of the effects allegedly caused and an error in the classification of the conduct, as well as several failings in the investigation carried out by the competition authority's investigating body.

Therefore, on 13 January 2020, within the deadline set forth by law, Mediaset España filed an administrative appeal against the Decision and called for its effects to be immediately suspended as an interim measure, both in terms of the order to discontinue the sanctioned conduct and the payment of the fine handed down. By ordinance of 4 September 2020, the Audiencia Nacional agreed to suspend the payment of the sanctions imposed, but not the order to cease the sanctioned conducts. 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, for which a ruling is currently pending.

The serious defects of the Decision, together with the solid factual, legal and economic arguments provided (as also supported by reports from independent experts), should make it possible to adopt the precautionary measures requested and, in any case, to trust that the decision appealed will be annulled in court. 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 improbable that this liability will ultimately materialise.

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 stope 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.

Mediaset España will apply to the Supreme Court for this judgment to be reviewed on appeal, 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.

On 14 October 2019, Sociedad General de Autores y Editores (SGAE) initiated proceedings against Mediaset España with the Court of Madrid, arguing that the company must pay invoices for the fourth quarter of 2018 and the first quarters of 2019 under an agreement signed on 23 January 2018. Mediaset España paid those invoices, while deducting a portion that the company believed not to be due under the above-mentioned agreement. In its judgment of 11 January 2021, the Commercial Court of Madrid granted the claim filed by SGAE and sentenced Mediaset España to pay the EUR 4.9 million that it had withheld. Nevertheless, an appeal was lodged against this ruling on 9 February 2021.

In addition, Grupo Editorial Telecinco S.A.U., a company wholly owned by Mediaset España, lodged an appeal with the Court of Madrid contesting the agreement made the Board of Directors of SGAE on 7 May 2019, in which SGAE agreed to redo the distribution of economic rights made in 2018, retrospectively applying the legal limit introduced by the reform of the Intellectual Property Act of March 2019. The preliminary hearing was held on 4 December 2019 and a ruling is expected in June 2021.

The strong arguments underlying the appeal lead Mediaset España to believe that the court will rule in its favour.

12. CURRENT LIABILITIES

12.1 Financial Payables

Financial payables (current and non-current) are recognised at amortised cost, using the actual interest rate method.

	31/12/2020	31/12/2019
Loans	449.5	328.2
Credit lines	-	284.0
Total	**449.5**	**612.2**

Loans refer to the current portion of committed credit facilities. The change on the previous year can be attributed to the reclassification of EUR 448 million nominal in credit facilities falling due within 12 months, the repayment of part of a credit facility opened with Credit Suisse, and the reclassification under Non-current payables and financial liabilities of a portion of the Credit Suisse borrowing following the renegotiation of the maturity dates. In January, the borrowing of EUR 100 million nominal owed to **Mediobanca** was repaid early.

All **credit facilities** are subject to floating interest rates and refer to short-term advances with a due date set formally at one year and are renewable. The fair value of credit facilities is the same as their carrying amount. As at the close of the year, the Group had not resorted to this form of short-term financing.

12.2 Trade and Other Payables

Trade and other payables are recorded at their nominal amount, which is usually close to their amortised cost; those originating in non-EMU currencies are measured at the year-end spot rates issued by the European Central Bank.

	Balance at 31/12/2020 Due			Balance at 31/12/2019
	Total	Within 1 year	After 1 year	
Trade and other payables	**585.8**	570.9	14.9	643.1
Due to related parties	**52.8**	52.8		79.5
Total	**638.6**	**623.7**	**14.9**	**722.7**

This item mainly include trade payables for the licensing of television and movie broadcasting rights for EUR 254.6 million (EUR 204.1 million at 31 December 2019) and payables for the purchase and production of TV programmes and amounts due to television artists and professionals for EUR 291.3 million (EUR 442.2 million at 31 December 2019).

Amounts due to related parties include payables to associates, affiliates and the parent company. Details of these payables are provided in Note 17 below (Related-Party Transactions).

12.3 Current Tax Payables

This line item, amounting to EUR 8.6 million (EUR 3.5 million at 31 December 2019) includes payables to the tax authorities for companies not scoped into the tax consolidation arrangement, and taxes payable by foreign companies.

12.4 Other Financial Liabilities

	31/12/2020	31/12/2019
Payables to other lenders	44.6	5.1
IFRS 16 financial payables	19.4	18.9
Financial liabilities on other hedging derivatives	7.4	2.2
Financial liabilities on equity derivatives	6.8	2.2
Total	**78.2**	**28.3**

Payables to other financial institutions mainly consist of payables to factoring companies totalling EUR 0.6 million (EUR 3.9 million at 31 December 2019); cash pooling with associates and joint ventures totalling EUR 41.8 million (EUR 3.9 million at 31 December 2019); and loans totalling EUR 0.3 million (EUR 0.6 million at 31 December 2019) received to finance movie development, distribution and production operations.

In the line item **Financial liabilities on other hedging derivatives**, EUR 6.7 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 the current portion of the fair value of derivatives hedging foreign currency risk, both for the hedging of future commitments to purchase broadcasting rights and for the hedging of items recognised in the financial statements, in particular receivables and payables denominated in foreign currencies.

Financial liabilities on equity derivatives relate 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.

12.5 Other Current Liabilities

	31/12/2020	31/12/2019
Due to social security institutions	18.7	19.6
Withholding tax on employees' wages and salaries	12.8	14.8
VAT payables	15.0	29.0
Other tax payables	8.1	10.0
Advances	5.3	5.4
Other payables	96.9	76.9
Accruals and deferred income	25.2	16.2
Total	**182.2**	**171.9**

Other payables consist primarily of amounts due to employees.

Accruals and deferred income includes EUR 6.8 million in deferred income for right-of-use TV rights licenses.

12.6 Net Financial Position

Here we report the breakdown of the ***Consolidated net financial position***, calculated in accordance with ***Consob Communication 6064293 of 28 July 2006***, which shows the Group's current and non-current net financial debt. 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 *Report on Operations*.

With reference to Note 11.2 above regarding the waivers obtained by Mediaset from loan counterparties, the *adjusted* ***Net Financial Position*** is also reported for use in some indices, based on the covenants set forth in those agreements.

The adjustments relate to the current and non-current portions of the financial liabilities recognised in accordance with IFRS 16 (lease) and the payables relating to the loans contracted by Mediaset and Mediaset España for the acquisition of the equity interest in ProsiebenSat1.

		31/12/2020	31/12/2019
Cash in hand and cash equivalents	8.5	0.1	0.1
Bank and postal deposits	8.5	447.8	245.0
Liquidity		**447.9**	**245.1**
Current financial assets and receivables	**0.1**	**26.3**	**31.0**
Due to banks	11.1	(0.1)	(284.0)
Current portion of non current debt		(352.3)	(328.7)
Other current payables and financial liabilities	11.4	(63.8)	(24.0)
Current Net Financial Debt		**(416.2)**	**(636.7)**
Current Net Financial Position		**58.0**	**(360.7)**
Due to banks	10.2	(1,028.5)	(869.1)
Other non current payables and financial liabilities	10.2	(94.0)	(118.5)
Non current financial debt		**(1,122.4)**	**(987.6)**
Net Financial Position		**(1,064.4)**	**(1,348.2)**
Current portion of non current debt		147.4	73.6
IFRS 16 lease financial liabilities (current portion)		19.1	18.9
Due to banks (non-current portion)		332.4	373.9
IFRS 16 lease financial liabilities (non current portion)		91.9	113.1
Net finacial position (excluding IFRS 16 liabilities and Prosieben acquistion debt)		**(473.6)**	**(768.8)**

Below is a breakdown of certain Net Financial Position items, reported in accordance with the Consob Communication; please refer as required to individual financial statement items for comments on the main changes in figures.

Receivables and other current financial assets includes EUR 19.4 million for the financial payables indicated in note 9.4 and EUR 6.9 million as the fair value of derivatives hedging the foreign exchange risk exceeding the change in the foreign-currency payables hedged.

As indicated in note 12.4, **Other current financial liabilities and payables** includes payables to factoring companies, current account arrangements with associates and joint venture and loans received to finance movie development, distribution and production operations, and the EUR 19.1 million current portion of the payables for leases recognised in accordance with IFRS 16.

Current amounts of non-current financial debt includes the EUR 350.8 million current portion of medium/long-term bank loans and the EUR 1.5 million current portion of the fair value of derivatives held to hedge the interest rate fluctuations (EUR 0.5 million at 31 December 2019).

As indicated in note 112, **Non-current financial payables and liabilities** includes the EUR 2.0 million non-current portion of the fair value of derivatives held to hedge against interest rate risk and the EUR 91.9 million non-current portion of the payables for leases recognised in accordance with IFRS 16.

Liquidity risk

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

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

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

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

The management of the liquidity risk involves:

- maintaining an essential balance between the committed and uncommitted credit lines to avoid a strain on liquidity if creditors request repayment;
- keeping the average financial exposure during the year to no more than 80% of the total value granted by the lenders;
- The availability of financial assets that can be readily liquidated to meet any cash requirements.

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

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

At 31 December 2020, "*current financial payables*" due within 3 months did not include 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 book values and the total of the financial 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 actual yield 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 entry into the contract, while the year end rate means the spot rate at the reporting date.

BALANCE SHEET ITEMS at 31 DECEMBER 2020	Book value	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 portion)	449.5	105.5	75.4	276.9	-	-	**457.8**	12.1
Financial liabilities 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 leasing companies	111.0	3.7	7.1	8.3	52.6	49.9	**121.6**	12.4
Other payables and financial liabilities	15.2	0.7	-	-	14.5	-	**15.2**	12.4
Total	**2,188.0**	**733.0**	**101.8**	**310.4**	**1,024.6**	**49.9**	**2,219.7**	
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)								
(measured at year-end exchange rate)		(182.6)	(0.9)	(0.2)	(42.9)		**(226.6)**	
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**	

BALANCE SHEET ITEMS at 31 DECEMBER 2019	Book value	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)	869.1				885.5		**885.5**	11.2
Due to banks (current portion)	612.2	285.9	251.9	76.7	-	-	**614.5**	12.1
Financial liabilities to related parties	3.9	3.9	-	-	-	-	**3.9**	12.4
Due to suppliers for rights	204.1	148.8	17.3	22.9	15.1	-	**204.1**	12.2
Due to other suppliers	438.9	438.8	0.1		-	-	**438.9**	12.2
Due to related parties	79.4	79.4	-	-	-	-	**79.4**	12.2
Due to factoring companies	0.6	0.6	-	-	-	-	**0.6**	12.4
Due to leasing companies	132.0	4.3	4.2	10.5	60.5	52.6	**132.0**	12.4
Other payables and financial liabilities	5.9	0.7	-		5.2	-	**5.9**	12.4
Total	**2,346.2**	**962.4**	**273.4**	**110.1**	**966.3**	**52.6**	**2,365.0**	
DERIVATIVES: Hedging derivatives (foreign currency purchases)								
(measured at contract exchange rate)	(14.7)	280.7	0.9	0.2	84.2		**365.9**	8.7;9.4; 11.2;12.4
Non-hedging derivatives (available foreign currency) (measured at year-end exchange rate)		-			-		**-**	
Hedging derivatives (interest rate risk)	0.6	0.2	0.2	0.1	0.2		**0.6**	8.7;9.4; 11.2;12.4
Total	**(14.1)**	**(8.2)**	**0.2**	**0.1**	**(10.7)**	**-**	**(18.7)**	

12.7 Hedging Derivatives

The Mediaset 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;
- Price 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.

Types of financial risks and relating hedging

Mediaset 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.

Mediaset S.p.A. 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 financial derivatives - mainly currency futures - to hedge risks arising from foreign currency fluctuations both for highly probable future commitments and for payables relating to purchases already made.

For the Mediaset Group, the exchange risk is linked to the possibility of the currency rates changing from the moment 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). The hedging of merchandise purchase orders is treated the same way as, like with the case above, the hedging goal is to set the equivalent price of the merchandise in euro at the time the order was issued. Hedge accounting is therefore maintained, over all payables, until the payables are settled. In this case, the exchange rate hedging goal is to set the equivalent euro price of the non-euro denominated debt 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 futures contracts is calculated as the discounting to 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 Mediaset S.p.A. 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, Mediaset 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 debt.

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 takes place through the activating of a cash flow hedge. According to this rule, the effective portion of the change in value of the derivative impacts a shareholders' equity reserve. In the case of hedging of commitments for rights purchases, this reserve is used to subsequently adjust the carrying amount of the asset (basis adjustment). Cash flow hedges are also established for hedge relationships denominated in foreign currencies. In this event, the hedged item (the payable in foreign currencies) is converted at the spot exchange rate on the reporting date, with the effect recognised in the income statement in accordance with the change in the spot value.

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, Mediaset 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 transaction.

Equity instrument price hedging

To hedge the risk of fair value changes caused by fluctuations in equity instrument prices, Mediaset 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 temporary value of the option (hedge cost) are broken up. The hedge relationship is "time period-related", whereby the time period is allocated throughout the duration of the contract.

After having chosen to recognise the change in the fair value of a hedged item in the comprehensive income statement without reversal to the income statement, the change in the fair value attributable to the time period and, if appropriate, the ineffectiveness of the hedge relationship will - like the hedged item - not be allocated to the income statement but will be posted in the comprehensive income statement.

The following is a breakdown of the financial assets and liabilities relating to hedging derivatives, reported earlier in Notes 8.7 (Other Financial Assets), 9.4 (Current Financial Assets), 11.2 (Financial Liabilities and Payables) and 12.4 (Other Financial Liabilities), showing the Group's net position.

	31/12/2020	
	Assets	**Liabilities**
Foreign currency forward contracts	3.0	(6.3)
IRS contracts	-	(3.5)
Collar on equity instruments	109.6	(125.2)
Total	**112.6**	**(135.0)**

The table below shows the notional amount of derivatives designated as hedges against foreign exchange risk associated with future commitments for the acquisition of broadcasting rights and existing contracts.

	31/12/2020	**31/12/2019**
United States Dollars (USD)	271.0	432.9
		-
Total	**271.0**	**432.9**

With reference to the hedging of future commitments for the acquisition of broadcasting rights, the derivative contracts held at 31 December 2020 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 income statement effect will be reflected in the amortisation of the assets as of the commencement date of the rights.

The following table states the horizon for the reference currency (US dollars), when cash flows are expected to appear.

	within 12 months	12-24 months	after 24 months	Total
2020	218.4	52.6	0.1	271.0
2019	326.1	55.9	50.9	432.9

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 book value at which the rights will be posted once they are acquired.

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 Mediaset 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 agreed 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 value of the derivative is accounted for in a reserve in Shareholders' Equity, which is used to adjust the carrying amount of the right in the Financial Statements (basis adjustment), generating an impact on profit and loss when the hedged item, i.e. the 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 purchases and purchases of 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 one-year implicit volatility of the reference currency published by Bloomberg, equal to 6.39% (7.55% for 2019).

This sensitivity analysis of the derivatives under cash flow hedge accounting had an impact on the changes in spot values posted to the Shareholders' Equity Reserve, while the change resulting from the forward points impacts the Income Statement Result, in compliance with the method defined by the hedging relationship.

The table below summarises the changes in the Result 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
2020	1.2271	6.39%	1.3055	0.1	(4.8)	**(4.6)**
		-6.39%	1.1487	(0.1)	5.4	**5.3**
2019	1.1234	7.55%	1.1882	0.5	(11.6)	**(20.7)**
		-7.55%	1.0586	(0.5)	13.0	**24.0**

Interest Rate Risk

The management of the financial resources of the Mediaset Group involves the centralised cash-pooling with the group parent Mediaset S.p.A. 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 charges that impact the financial result, limiting the risk of a potential rise in interest rates.

Within this context, the Group pursues its objectives using financial derivatives contracts 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 Mediaset 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 method, the lower, in absolute terms, of the changes in the clean fair value of derivatives, that is, the fair value less accruals of interest, or the fair value of the underlying is charged to an equity reserve. The difference between that value and the total fair value is then charged to the income statement 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 the interest rate swaps (IRS) is calculated based on the current 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 Mediaset S.p.A. are shown below.

	Fixed rate	Variable rate	Floor	Validity	Maturity
Interest Rate Swap - UNICREDIT - EUR 50 million notional	-0.20%	Euribor 3M/365	-1.10%	31/01/2017	29/09/2021
Interest Rate Swap - UNICREDIT - EUR 25 million notional	-0.20%	Euribor 3M/365	-1.10%	31/01/2017	29/09/2021
Interest Rate Swap - UNICREDIT - EUR 100 million notional	-0.40%	Euribor 3M/360	-0.70%	15/05/2020	14/05/2022
Interest Rate Swap - BNL - EUR 100 million notional	-0.30%	Euribor 3M/360	-0.80%	21/07/2020	17/04/2023
Interest Rate Swap - UBI BANCA - EUR 100 million notional	-0.30%	Euribor 3M/360	-0.70%	31/07/2020	30/04/2023
Interest Rate Swap - INTESA SANPAOLO - EUR 150 million notional	-0.20%	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 posted during the year.

Short and medium/long revolving payables and other current financial items were subject to a recalculation of the amount of financial charges by applying a change of 50 bps upwards and 20 bps downwards to the values posted 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 Result 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
2020	+50 b.p.	(3.0)	6.9	**3.9**
	-20 b.p.	(2.5)	0.0	**(2.5)**
2019	+50 b.p.	(2.0)	-0.4	**(2.3)**
	-20 b.p.	0.1	-2.2	**(2.1)**

Price Risk

Sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of ProSiebenSat.1 Media SA, Mediaset and Mediaset España 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 Mediaset, the first effect of the hedges is to set a maximum level (120% maximum gain - i.e. 46.9 million) based on the strike price of the call options sold, and the second effect is to set a minimum value (90% maximum loss - i.e. 33.2 million) based on the strike price of the put options bought.

At 31 December 2020, the share price was EUR 13.755 and, therefore, only the 1-to-20 tranches of the call options sold were “in the money”.

However, if we imagine a price per share of EUR 12.45 (85% of the initial price of the 21-to-80 tranches of the collar), the put options - which have a strike rate of EUR 13.185 - would now be “in the money” and would therefore have an intrinsic value of EUR 12.34 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.

However, if we imagine a price per share of EUR 18.31 (125% of the initial price of the 21-to-80 tranches of the collar), all call options sold with a strike rate of EUR 17.58 and a strike of EUR 13.56 would now be "in the money" and would therefore have an intrinsic value of EUR -38.8 million and 100% effectiveness.

This change in intrinsic value, too, would impact the shareholders' equity reserve but would not impact profit or loss.

Looking at the hedges agreed by Mediaset España, the first effect of the hedges is to set a maximum level (120% maximum gain - i.e. 44.8 million) based on the strike price of the call options sold, and the second effect is to set a minimum value (90% maximum loss - i.e. 29.5 million) based on the strike price of the put options bought.

This change in intrinsic value would have an impact on the shareholders' equity reserve but would not impact profit or loss.

However, if we imagine a price per share of EUR 16.76 (125% of the initial collar price), the call options - which have a strike rate of EUR 16.09 - would now be "in the money" and would therefore have an intrinsic value of -EUR 8.6 million and 100% effectiveness.

With reference to the collar agreed in 2020, 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, too, would impact the shareholders' equity reserve but would not impact profit or loss.

NOTES ON MAIN CASH FLOW STATEMENT ITEMS

13. STATEMENT OF CASH FLOWS

13.1 Increases/decreases in financial assets

For the year 2020, this item refers to EUR 72.9 million for the acquisitions by Mediaset S.p.A. and Mediaset España S.A., respectively, of a 0.75% and 4.25% stake in Prosiebensat.1 Media SE. For the previous year, this item referred to the subscription of a 15.1% equity interest in Prosiebensat.1 Media SE.

13.2 Business combinations net of cash and cash equivalents acquired

This item reflects 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 acquisitions of El Desmarque Portal Deportivo SL and R2 S.r.l.

13.3 Changes in stakes in subsidiaries/Changes in scope of consolidation

Theisitem refers to the outlay for the acquisition of an additional 35% equity interest in the subsidiary Megamedia. For 2019, the item refers to the outlay deriving from the acquisition of an additional 1.63% equity interest in the subsidiary Mediaset España.

13.4 Changes in financial liabilities

As required by IAS 7, the table below shows the changes in financial liabilities

CHANGE IN FINANCIAL LIABILITIES	31-Dec-19	Cash flow (*)	Fair value changes	Other non-cash movements (**)	31-Dec-20
Hedging derivatives (interest rate)	0.6	-	3.0	-	3.6
Loans	328.2	(317.0)	-	438.2	449.4
Credit lines	284.0	(284.0)	-	-	-
Payables to other lenders	23.1	21.4	-	-	44.5
Non-current liabilities and payables to banks	869.2	498.9	-	(438.2)	929.8
Total financial liabilities	**1,505.0**	**(80.7)**	**3.0**	**(0.1)**	**1,427.3**

(*) includes cash flow from interest paid
(**) includes measurement at amortised cost

OTHER INFORMATION

14. 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 financial position, cash flows and income statement result of the Group.

Categories of financial assets and liabilities

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

	IFRS 9 CATEGORIES				
FINANCIAL ASSETS AS AT 31st DECEMBER 2020	**Derivative Instruments**	**Financial assets at amortised cost**	**Financial assets FVTOCI**	**BOOK VALUE**	**EXPLANATORY NOTES**
OTHER FINANCIALS ASSETS:					
Equity investments			672.0	672.0	
Hedge derivatives on equity (non-current portion)	61.5				
Other hedging derivatives (non current portion)	1.7			1.7	8.7
other financial assets		8.6		8.6	
Financial receivable (due over 12 months)		6.0		6.0	
TRADE RECEIVABLES:					
Due from customers		763.3		763.3	9.2
Receivables 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)		25.7		25.7	
Hedging derivatives on equity	48.0			48.0	9.4
Other hedging derivatives	1.3			1.3	
CASH AND CASH EQUIVALENTS					
Bank and postal deposits		447.8		447.8	9.5
TOTAL FINANCIAL ASSETS	**112.5**	**1,414.1**	**672.0**	**2,137.0**	

FINANCIAL LIABILITIES AS AT 31 DECEMBER 2020	IFRS 9 CATEGORIES			
	Derivative Instruments	Liabilities at amortised cost	BOOK VALUE	EXPLANATORY NOTES
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:				
Due to banks		929.8	929.8	11.2
Hedge derivatives on equity (non-current portion)	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	12.1
Due to suppliers		585.7	585.7	12.2
Due to related parties		52.7	52.7	
OTHER FINANCIAL LIABILITIES:				
Due to factoring companies		2.2	2.2	12.4
Other financial liabilities		0.7	0.7	
Hedging derivatives on equity	6.8		6.8	
Other hedging derivatives	7.4		7.4	
Financial liabilities to related parties		41.8	41.8	
TOTAL FINANCIAL LIABILITIES	**135.0**	**2,076.9**	**2,093.5**	

FINANCIAL ASSETS AS AT 31st DECEMBER 2019	Derivative Instruments	Financial assets at amortised cost	Financial assets FVTOCI	BOOK VALUE	EXPLANATORY NOTES
	IFRS 9 CATEGORIES				
OTHER FINANCIALS ASSETS:					
Equity investments			519.5	519.5	
Hedge derivatives on equity (non-current portion)	71.1				
Other hedging derivatives (non current portion)	7.5			7.5	8.7
Other financial assets		6.0		6.0	
Financial receivable (due over 12 months)		6.6		6.6	
TRADE RECEIVABLES:					
Due from customers		796.3		796.3	9.2
Receivables from related parties		66.9		66.9	
OTHER RECEIVABLES/CURRENT ASSETS:					
Due from factoring companies		64.2		64.2	
CURRENT FINANCIAL ASSETS:					
Financial receivables (due within 12 months)		17.5		17.5	
Hedging derivatives on equity	9.5			9.5	9.4
Other hedging derivatives	8.9			8.9	
CASH AND CASH EQUIVALENTS					
Bank and postal deposits		245.0		245.0	9.5
TOTAL FINANCIAL ASSETS	**96.9**	**1,202.4**	**519.5**	**1,747.7**	

FINANCIAL LIABILITIES AS AT 31 DECEMBER 2019	IFRS 9 CATEGORIES			
	Derivative Instruments	Liabilities at amortised cost	BOOK VALUE	EXPLANATORY NOTES
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:				
Due to banks		869.1	869.1	11.2
Hedge derivatives on equity (non-current portion)	0.1		0.1	
Other hedging derivatives (non current portion)	43.4		43.4	
Other financial liabilities	0.1	5.3	5.4	
CURRENT LIABILITIES:				
Due to banks		612.2	612.2	12.1
Due to suppliers		643.0	643.0	12.2
Due to related parties		79.4	79.4	
OTHER FINANCIAL LIABILITIES:				
Due to factoring companies		0.6	0.6	12.4
Other financial liabilities		0.6	0.6	
Hedging derivatives on equity	2.2		2.2	
Other hedging derivatives	2.2		2.2	
Financial liabilities to related parties		3.9	3.9	
TOTAL FINANCIAL LIABILITIES	**47.9**	**2,214.1**	**2,262.1**	

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 ITEMS AT 31st 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	8.7
Trade receivables	9.3				9.4	9.4	9.4
Due to banks	(1,379.2)				(1,392.4)	(1,392.4)	11.2
Non-current trade and other payables	(71.7)				(71.6)	(71.6)	12.2
Hedging derivatives on equity instruments							
- Put	77.8		77.8			77.8	
- Call	(93.4)		(93.4)			(93.4)	9.4;12.4
Other hedging derivatives							
-Forward	(3.3)				(3.3)	(3.3)	8.7;9.4; 11.2;12.4
-IRS	(3.5)				(3.5)	(3.5)	

BALANCE SHEET ITEMS AT 31st DECEMBER 2019	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE	Notes
			Black&Scholes	Binomial model	DCF Model		
Equity investments	519.5	519.5			-	519.5	8.7
Trade receivables	6.8				6.9	6.9	9.4
Due to banks	(1,481.3)				(1,492.1)	(1,492.1)	11.2
Non-current trade and other payables	(67.4)				(67.2)	(67.2)	12.2
Hedging derivatives on equity instruments							
- Put	80.5		80.5			80.5	
- Call	(45.6)		(45.6)			(45.6)	9.4;12.4
Other hedging derivatives:							
-Forward	14.6				14.6	14.6	8.7;9.4; 11.2;12.4
-IRS	(0.6)				(0.6)	(0.6)	

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 employing 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 Mediaset S.p.A. 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 book value. 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 Mediaset S.p.A. and Mediaset España S.A..

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

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

BALANCE SHEET ITEMS AT 31st DECEMBER 2020	BOOK VALUE	Level I	Level II	Level III	TOTAL FAIR VALUE	Notes
Equity investments	672.0	644.2	27.8		672.0	8.7
Hedging derivatives on equity instruments						
- Put	77.8		77.8		77.8	8.7;9.4; 11.2;12.4
- Call	(93.4)		(93.4)		(93.4)	
Other hedging derivatives						
-Forward	(3.3)		(3.3)		(3.3)	8.7;9.4; 11.2;12.4
-IRS	(3.5)		(3.5)		(3.5)	

BALANCE SHEET ITEMS AT 31st DECEMBER 2019	BOOK VALUE	Level I	Level II	Level III	TOTAL FAIR VALUE	Notes
Equity investments	519.5	490.9	28.6		519.5	8.7
Hedging derivatives on equity instruments						
- Put	80.5		80.5		80.5	8.7; 9.4; 11.2; 12:4
- Call	(45.6)		(45.6)		(45.6)	
Other hedging derivatives						
-Forward	14.6		14.6		14.6	8.7; 9.4; 11.2; 12.4
-IRS	(0.6)		(0.6)		(0.6)	

15. GOVERNMENT FUNDING

Pursuant to Act No. 124/2017, the grants, subsidies and economic benefits of any kind received from Italian government authorities during the year amounted to EUR 6.3 million.

16. 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 to be spread evenly over the vesting period of the rights, with a corresponding reserve booked to shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually accrue to the person entitled, in consideration of their vesting conditions not based on the market value of the rights.

At the end of the exercise period the related shareholders' equity reserve is reclassified under reserves available for use.

At 31 December 2020, medium/long-term incentive plans allocated for the years 2018 and 2019 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 company'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 2017	Incentive plan 2018	Incentive plan 2019
Grant date	27/06/2017	11/09/2018	12/03/2019
Vesting Period	from 27/06/2017 to 31/12/2019	from 11/09/2018 to 31/12/2020	from 12/3/2019 to 31/03/2022
Exercise period	from 01/07/2020	from 01/10/2021	from 01/04/2022
Fair Value	3.447 euro	2.508 euro	2.811 euro

On 8 September 2020, after having heard from Remuneration Committee, the Board of Directors of Mediaset completed its assessment of the terms and conditions set forth in the 2015-2017 incentive plans, granting 1,247,507 allocation rights to beneficiaries for the 2017 financial year.

Below is a summary of the changes to stock option plans and the medium/long-term incentive plans:

	Incentive plan 2017	Incentive plan 2018	Incentive plan 2019	Total
Options outstanding at 1/1/2019	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				-
Options not-exercised during the year				-
Options expired/cancelled during the year				-
Options outstanding at 31/12/2019	**1,247,507**	**1,622,110**	**1,789,670**	**4,659,287**
Options outstanding at 1/1/2019	1,247,507	1,622,110	1,789,670	**4,659,287**
Options issued during the year				-
Options exercised during the year	(1,247,507)			**(1,247,507)**
Options not-exercised during the year				-
Options expired/cancelled during the year				-
Options outstanding at 31/12/2020	-	1,622,110	1,789,670	**3,411,780**

The incentive plans are recognised in the financial statements at their fair value:

- 2017 Stock Option Plan: EUR 3.447 per share.
- 2018 Stock Option Plan: EUR 2.508 per share.
- 2019 Stock Option Plan: EUR 2.811 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 2018 and 2019.

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 2017	Incentive plan 2018	Incentive plan 2019
Grant date	27/04/2017	18/04/2018	10/04/2019
Vesting Period	from 01/01/2017 to 31/12/2019	from 01/01/2018 to 31/12/2020	from 01/01/2019 to 31/12/2021
Exercise period	60 days after the Shareholders' meeting 2020	60 days after the Shareholders' meeting 2021	60 days after the Shareholders' meeting 2022
Fair Value	11.30	9.20	6.30

Below is a summary of the changes to medium/long-term incentive plans:

	Incentive plan 2017	Incentive plan 2018	Incentive plan 2019	Total
Options outstanding at 1/1/2019	92,570	114,239	-	**206,809**
Options issued during the year			167,156	**167,156**
Options exercised during the year				**-**
Options not-exercised during the year				**-**
Options expired/cancelled during the year	(4,587)	(5,605)		**(10,192)**
Options outstanding at 31/12/2019	**87,983**	**108,634**	**167,156**	**363,773**
Options outstanding at 1/1/2020	**87,983**	**108,634**	**167,156**	**363,773**
Options issued during the year				**-**
Options exercised during the year	(87,983)			**(87,983)**
Options not-exercised during the year				**-**
Options expired/cancelled during the year				**-**
Options outstanding at 31/12/2020	**-**	**108,634**	**167,156**	**275,790**

The incentive plans are recognised in the financial statements at their fair value:

- 2017 Stock Option Plan: EUR 11.29 per share.
- 2018 Stock Option Plan: EUR 9.24 per share.
- 2019 Stock Option Plan: EUR 6.33 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.

17. RELATED-PARTY TRANSACTIONS

The following summary table shows, for the main income statement and balance sheet groupings, the details of the companies that are the counterparts of these transactions.

The total values of the related-party positions/transactions and their impact on the relative types of financial statement are shown in the Balance Sheet and Income Statement drafted in accordance with CONSOB Decision No. 15519 of 27 July 2006, which are reported at the beginning of these financial statements.

	Revenues	Operating costs	Financial Income / (Charge)	Trade receivables	Trade payables	other receivables/(payables)
CONTROLLING ENTITY						
Fininvest S.p.A.	0.1	4.9	-	0.0	0.0	-
AFFILIATED ENTITIES						
Alba Servizi Aerotrasporti S.p.A.	0.1	2.9	-	0.1	1.5	-
Arnoldo Mondadori Editore S.p.A.*	6.4	1.1	-	3.9	1.0	(0.0)
Fininvest Gestione Servizi S.p.A.	0.0	0.0	-	0.0	-	-
Isim S.p.A.	-	-	-	-	-	-
Mediobanca S.p.A.	-	-	(1.1)	-	-	(99.9)
Mediolanum S.p.A.*	3.4	-	-	0.2	-	-
Trefinance S.A.*	-	-	-	-	-	-
Altre consociate	0.0	0.3	-	0.0	0.3	0.2
Total Affiliated	**9.9**	**4.3**	**(1.1)**	**4.2**	**2.8**	**(99.8)**
JOINT CONTROLLED AND ASSOCIATES ENTITIES						
Alea Media	(0.0)	0.4	0.1	0.0	0.1	4.0
Alea La Maleta, SLU	-	-	-	-	-	-
Auditel S.p.A.	-	9.2	-	-	0.7	-
Aunia Publicidad Interactiva SLU	-	-	-	-	(0.0)	-
Boing S.p.A.	9.9	26.7	0.1	4.6	15.8	7.0
Bulldog TV Spain, SL	(0.0)	24.6	-	-	6.5	-
Gruppo EI Towers **	2.1	172.7	-	0.5	1.3	0.1
En Melodia Producciones SL	-	0.0	0.0	-	-	-
European Broadcaster Excange (EBX) Limited	-	-	-	-	-	-
Fascino Produzione Gestione Teatro S.r.l.	0.0	62.1	0.0	0.0	10.2	(32.7)
Fenix Media Audiovisual, SL	-	0.0	-	-	0.0	0.5
La Fabbrica De la Tele SL	0.0	28.3	-	0.0	6.2	-
Mediamond S.p.A.	89.8	0.6	0.0	53.4	1.8	(9.1)
Nessma Lux S.A.**	-	-	0.0	-	-	-
Pagoeta Media SL	-	-	-	-	-	-
Produciones Mandarina SL	0.0	2.4	-	0.0	0.1	-
Studio 71 Italia S.r.L.	0.1	0.3	-	0.0	0.2	-
SUPERGUIDATV S.r.l.	-	0.6	-	-	0.2	-
Titanus Elios S.p.A.	-	4.6	-	-	1.1	2.7
Tivù S.r.l.	0.3	1.4	-	0.2	0.4	-
Unicorn Content SL	(0.0)	20.4	-	0.0	5.2	-
Total Joint controlled and affiliates entities	**102.2**	**354.2**	**0.2**	**58.8**	**49.9**	**(27.4)**
KEY STRATEGIC MANAGERS (***)	**-**	**3.5**	**-**	**-**	**0.0**	**(9.2)**
PENSION FUND (Mediafonf)	**-**	**-**	**-**	**-**	**-**	**(0.7)**
OTHER RELATED PARTIES******	**0.0**	**0.3**	**-**	**0.0**	**0.0**	**0.0**
TOTAL RELATED PARTIES	**112.2**	**367.1**	**(0.9)**	**63.0**	**52.8**	**(137.1)**

* The figure includes the company and its subsidiaries, associates or jointly controlled companies
** The figure includes the company and its subsidiaries.
*** the figure includes the directors of Mediaset S.p.A. and of Fininvest S.p.A., their close family members and companies in which these persons exercise control, joint control or significant influence or in which they hold, either directly or indirectly, a significant stake of no less than 20%, of the voting rights.
**** the figure includes 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 EI 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.

Payables for loans and credit facilities due to affiliate companies, amounting to EUR 99.8 million, relate to draw downs of the 8-year revolving facility granted by Mediobanca in November 2016.

For more information as required by IAS 24 on the compensation of key strategic managers, please see the Remuneration Report annexed to this Annual Report.

The item *Other related parties* includes the transactions of the Mediaset Group with several consortia mainly for the management of television signal transmission operations.

During the year, dividends were also collected from affiliates and jointly controlled entities, for a total of EUR 40.6 million.

18. GUARANTEES AND COMMITMENTS

Guarantees include both the guarantees given and those received by the company. The guarantees given refer to those provided by the company 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 company. The guarantees given and received by the company include personal guarantees (sureties, endorsements) and real guarantees (liens, mortgages). Guarantees given are recognised at the moment the company 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 company'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 29.9 million (EUR 46.0 million at 31 December 2019), of which EUR 10.6 million relate to the Mediaset España Group (EUR 14.1 million at 31 December 2019).

In addition, bank guarantees in favour of third-party companies were issued for a total amount of EUR 123.4 million (EUR 109.0 million at 31 December 2019). This amount refers entirely to the Mediaset España Group (EUR 106.9 million at 31 December 2019).

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

- EUR 660.9 million in commitments for the acquisition of free-to-air and pay television and movie broadcasting rights (EUR 778.4 million at 31 December 2019). These future commitments relate mainly to volume deal contracts of the Mediaset Group with some of the leading American TV producers.
- EUR 11.0 million to associates for the acquisition of content, sport events and rental contracts (EUR 16.5 million at 31 December 2019).
- EUR 152.3 million in commitments for artistic projects, television productions and press agency contracts (EUR 175.8 million at 31 December 2019), of which EUR 28.8 million to Related Parties.
- EUR 46.4 million in commitments for digital broadcasting capacity services (EUR 76.9 million at 31 December 2019).
- EUR 12.0 million in contractual commitments for satellite capacity use.
- commitments to the EI Towers Group of approximately EUR 706.5 million (EUR 876.3 million at 31 December 2019) 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 89.4 million.

19. SUBSEQUENT EVENTS

For subsequent events, reference should be made to the section entitled *Events occurring after 31 December 2020* in the Directors' Report on Operations.

For the Board of Directors
the Chairman

20. LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

(values in EUR million)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share Capital	% held by the Group (*)
Mediaset S.p.A.	Milan	EUR	614.2	0%
Mediaset Investment N.V.	Amsterdam	EUR	0.0	100%
Mediaset Italia S.p.A.	Milan	EUR	0.1	100%
Publitalia '80 S.p.A.	Milan	EUR	52.0	100%
Beintoo S.p.A.	Milan	EUR	0.0	80%
Digitalia '08 S.r.l.	Milan	EUR	10.3	100%
PubliEURpe Ltd.	London	GBP	5.0	100%
Adtech Ventures S.p.A.	Milan	EUR	0.1	76.63%
R.T.I. S.p.A.	Rome	EUR	500.0	100%
Elettronica Industriale S.p.A.	Lissone (MB)	EUR	363.2	100%
Medusa Film S.p.A.	Rome	EUR	120.0	100%
Monradio S.r.l.	Milan	EUR	3.0	80%
Taodue S.r.l.	Rome	EUR	0.1	100%
Medset Film S.a.s.	Parigi	EUR	0.1	100%
R2 S.r.l.	Milan	EUR	0.1	100%
Radio Mediaset S.p.A.	Milan	EUR	7.4	100%
Radio Studio 105 S.p.A.	Milan	EUR	0.8	100%
Radio Aut S.r.l.	Loc.Colle Bensi PG)	EUR	0.0	100%
Radio Subasio S.r.l.	Assisi (PG)	EUR	0.3	100%
RMC Italia S.p.A.	Milan	EUR	1.1	100%
Virgin Radio Italy S.p.A.	Milan	EUR	10.1	99.99%
Mediaset España Comunicaciòn S.A.	Madrid	EUR	168.4	53.26%
Advertisement 4 Adventure, SLU	Madrid	EUR	0.0	53.26%
Publiespaña S.A.U	Madrid	EUR	0.6	53.26%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	53.26%
Netsonic S.L	Madrid	EUR	0.0	53.26%
Aninpro Creative SL	Madrid	EUR	0.0	27.16%
Be a Iguana S:L.U.	Madrid	EUR	0.0	27.16%
Grupo Audiovisual Mediaset España Comunicaciòn S.A.U.	Madrid	EUR	0.6	53.26%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	53.26%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	53.26%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	53.26%
Produccion y Distribucio de Contenidos Audiovisuales Mediterraneo SLU (former Sogecable Editorial S.L.U.)	Madrid	EUR	0.3	53.26%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	53.26%
El Demarque Portal Deportvo SL	Sevilla	EUR	0.0	31,96%
Megamedia Television S.L.	Madrid	EUR	0.1	34.62%
Supersport Television S.L.	Madrid	EUR	0.1	33.29%

(*) The Group's stakes have been calculated without taking into account treasury shares hold by subsidiaries

(values in EUR million)

Associates and joint ventures	Registered Office	Currency	Share Capital	% held by the Group (*)
Agrupación de Interés Económico Furia de Titanes II A.I.E.	Santa Cruz de Tenerife	EUR	0.0	18.11%
Alea Media SA	Madrid	EUR	0.1	21.30%
Auditel S.r.l.	Milan	EUR	0.3	26.67%
Aunia Publicitad Interactiva SLU	Madrid	EUR	0.0	26.63%
Boing S.p.A.	Milan	EUR	10.0	51.00%
Bulldog TV Spain SL	Madrid	EUR	0.0	15.98%
Campanilla Film SL	Madrid	EUR	0,0	15.98%
EI Towers S.p.A	Milan	EUR	0.1	40.00%
EURpean Broadcaster Exchange (EBX) Limited	London	GBP	1.5	19.16%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
Fenix Media Audiovisual SL	Madrid	EUR	0.0	21.30%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	15.98%
Mediamond S.p.A.	Milan	EUR	2.4	50.00%
Melodia Producciones SL (in liquidation)	Madrid	EUR	0.0	21.30%
Nessma S.A.	Luxembourg	EUR	11.3	34.12%
Nessma Broadcast S.A.	Tunis	DINARO	1.0	32.27%
Producciones Mandarina S.L.	Madrid	EUR	0.0	15.98%
Titanus Elios S.p.A.	Rome	EUR	5.0	30,00%
Tivù S.r.l.	Rome	EUR	1.0	48.16%
Studio 71 Italia S.r.l.	Cologno Monzese (MI)	EUR	0.1	56.44%
Superguidatv S.r.l.	Napoli	EUR	1.4	49.00%
Unicorn Content SL	Madrid	EUR	0.0	15.98%

Other equity investments	Registered Office	Currency	Share Capital	% held by the Group (*)
21 Buttons App SL	Barcelona	EUR	0.0	4.25%
Aranova Freedom S.C.aR.L	Bologna	EUR	0.0	13.33%
Ares Film S.r.l.	Rome	EUR	0.1	5.00%
Audiradio S.r.l. (in liquidation)	Milan	EUR	0.0	9.50%
Blooming Experience SL	Valencia	EUR	0.0	5.07%
ByHours Travel S.L.	Madrid	EUR	0.0	4.89%
Check Bonus S.r.l.	Milan	EUR	0.8	3.62%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0.2	10.00%
Deporvillage S.L.	Barcelona	EUR	0.2	13.40%
Gilda S.r.l.	Milan	EUR	0.0	10.31%
Hundredrooms S.L.	Palma de Mallorca	EUR	0.6	4.97%
Innovación y desarrollo de Nuevos Canales Comerciales, SL	Madrid	EUR	0.0	3.92%
Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien	Unterföhring (Germany)	EUR	55.3	2.28%
Letisan S.r.l.	Milan	EUR	0.0	8.70%
Player Editori Radio S.r.l.	Milan	EUR	0.0	11.72%
ProSiebenSat.1 Digital Content GP Ltd	London	GBP	0.0	14.70%
ProSiebenSat.1 Digital Content LP	London	GBP	0.0	14.60%
ProSiebenSat.1 MEDIA SE	Unterföhring (Germany)	EUR	226.1	15.40%
Radio e Reti S.r.l.	Milan	EUR	1.0	10.00%
Romaintv S.p.A. (in liquidation)	Rome	EUR	0.8	13.64%
Satispay S.p.A.	Milan	EUR	0.6	1.01%
Spotted GmbH	Mannheim (Germany)	EUR	0.1	16.67%
Springlane Gmbh	Dusseldorf	EUR	0.1	5.23%
StyleRemains GmbH	Hamburg	EUR	0.0	5.16%
Tavolo Editori Radio S.r.l.	Milan	EUR	0.0	16.04%
Telesia S.p.A.	Rome	EUR	1.8	6.70%
Termo S.p.A.	Milan	EUR	0.3	8.72%
Videowall S.r.l.	Milan	EUR	0.0	15.00%

Consolidated Annual Report 2020

Certification of the Consolidated Annual Report pursuant Art. 154-bis of Legislative Decree 58/98

MEDIASET GROUP

Attestation of the Consolidated Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned persons Fedele Confalonieri, Chairman of the Board of Directors and Luca Marconcini, the Assigned Executive for the drafting of the company accounting documents of Mediaset S.p.A. attest, also taking into account what is laid down by article 154, part two, paragraphs 3 and 4, of the Legislative Decree of 24th February 1998, n° 58,

   • to the adequacy relative to the characteristics of the Group and

   • the effective application

   of the administrative and accounting procedures for building up the Consolidated Financial Statements, during the financial year 2020.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements at 31st December 2020 was carried out based on the rules and methodologies defined by Mediaset S.p.A. in line with the model *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Consolidated Financial Statements:

a) Are drawn up in conformity with the applicable International Accounting Standards recognised within the European Community, pursuant to the regulation (EC) n° 1606/2002 of the European Parliament and Council, of 19th July 2002, as well as with the measures issued to actuate article 9 of the Legislative Decree n° 38/2005;

b) Reflect the balances in the books and the accounting postings;

c) Are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer and of the group of companies included within the consolidation;

3.2 The Board of Directors Report on Operations contains a trustworthy analysis of the progress and result of operations, as well as of the situation of the Issuer and of the group of companies included within the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

26th April 2021

For the Board of Directors The Chairman	The Assigned Executive for the drafting of the company accounting documents
(Fedele Confalonieri)	(Luca Marconcini)

Consolidated Annual Report 2020

Independent Auditors' Report

MEDIASET GROUP

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Mediaset S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Mediaset S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Mediaset S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Revenue recognition – Television Advertising Revenues	
Description of the key audit matter	Mediaset Group's 2020 consolidated statement of income includes Television Advertising Revenues amounting to Euro 2,083.0 million. As reported in the explanatory notes, Television Advertising Revenues are recognized at a point in time when the commercial spot appears. We concluded that this area constitutes a key audit matter for the Mediaset Group consolidated financial statements at December 31, 2020 considering the significance of the amount, the high number and variety of contractual conditions applied to the customers, and the complexity of IT Systems related to the billing and advertising tracking processes. Note 7.1 "Revenues from sales of goods and services" of the consolidated financial statements contains disclosure on the Group's revenues, including the related accounting policies.
Audit procedures performed	In order to evaluate the correct recognition of Television Advertising Revenues, the main procedures we performed were: • Understanding of the relevant controls adopted by Mediaset 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 2020, 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 agreements, orders, invoices and collections, if occurred); • Trend analysis on the main components (volume and discounts) for Television Advertising Revenues accounted for in 2020 and in the first two months of 2021; • Assessment of compliance of the revenue recognition disclosure compared to the applicable accounting standards requirements.

Impairment Test	
Description of the key audit matter	Mediaset Group's consolidated financial statements at December 31, 2020 include goodwill amounting to Euro 803.2 million and other intangible assets with indefinite useful life amounting to Euro 85.2 million. These assets, in accordance with IAS 36, are not systematically depreciated but are subject to an Impairment Test at the least annually. When impairment indicators exist, the Impairment Test is also carried out on cash generating units ("CGU") that do not include any amount of goodwill or other indefinite useful life assets, by comparing the CGU recoverable amount, determined according to either the value in use or fair value methodology, and the carrying amount of the assets allocated to the tested CGU. At December 31, 2020, the Impairment Tests had been carried out on the CGUs Mediaset España, TV Free Italia, Radio and Pay TV. The Impairment Test on the Mediaset España CGU was performed determining its recoverable amount based on the equity value of the interest held by the Mediaset Group, obtained as the sum of the value in use of the CGU's operating activities and the current value of the other assets and liabilities allocated to the CGU. The outcome of this valuation has been approved by the Board of Directors of Mediaset España on February 24, 2021 and analyzed by the Board of Directors of Mediaset S.p.A. on March 30, 2021. With reference to the CGUs TV Free Italia, Radio and to the Pay TV library, the Impairment Tests were performed based on the methodology, process and assumptions approved by the Board of Directors of Mediaset S.p.A. on March 30, 2021, and were supported by a fairness opinion issued by an independent expert. In particular, the Impairment Tests on the CGUs TV Free Italia and Radio were carried out by Management determining their value in use based on assumptions that include, among others, the cash flows derived from the five-years plan (2021-2025), the determination of an appropriate discount rate (WACC) and the estimate of the long-term growth (g-rate) for the cash flows beyond the explicit period. The determination of the recoverable amount is also based on assumptions influenced by future expectations and external variables including the evolution of the industry markets, that took into account the pandemic scenario.

The assessment performed by Management with reference to the Pay TV CGU relates to the carrying amount of the library of Pay/SvoD series and movie rights and was carried out by verifying, in continuity with the test performed at the end of the previous fiscal year, the coherence of the carrying amounts with their current values, determined based on the cash flows expected from the use of such rights considering the contractual agreements that regulate their utilization, the existing commitments for future investments and the main evidence concerning the potential market value of those assets at the end of the said agreements.

As a result of the Impairment Tests performed, Management confirmed the complete recoverability of the carrying amounts allocated to the CGUs identified within the Group.

In light of the high level of uncertainty of the current economic environment as a result of the evolution of the Covid-19 pandemic, Management also performed sensitivity analysis for the CGUs for which the recoverable amount was assessed based on their value in use (Mediaset España, TV Free Italia and Radio) with the aim to disclose the variation on key variables (advertising revenues and discount rate) needed, compared to the assumptions used for the purpose of the Impairment Test, in order to determine a correspondence between the recoverable amount and the carrying amount of the tested CGUs.

Given the significance of the goodwill and of the other assets allocated to the CGUs, the subjectivity and uncertainty inherent in the estimates of expected cash flows and of the key variables of the impairment model used in the estimation of the recoverable amount of the different CGUs, also in light of the uncertain scenario due to the still ongoing health emergency, we considered the Impairment Test a key audit matter for the Mediaset Group's consolidated financial statements.

Note 8.4 "Assessment of recoverability of goodwill and other non-current assets (Impairment test)" includes the disclosure on the Impairment Test, the sensitivity analysis and the specific analysis prepared by Management by taking into account the uncertainties due to the pandemic scenario.

Audit procedures performed

In order to assess the recoverability of the assets subject to the Impairment Test, we have preliminarily analyzed the process used by Management to determine the recoverable amount of the different CGUs, analyzing the methods and assumptions used for the development of the Impairment Test and, after having understood the relevant controls in place on the impairment process, we have carried out, with the support of our internal valuation specialists, the following procedures:

- Assessment of compliance of the methodology adopted by Management for the Impairment Test with the applicable accounting standards;

- Analysis of the reasonableness of the main assumptions used to develop the cash flow forecasts related to the different CGUs also through sector data analysis (reports on the advertising market) as well as through the attainment of supporting information from Management;

- Analysis of the budget versus actual results in order to assess the nature of the deviations and the reliability of the planning process;
- Analysis of the fairness opinion issued by the independent expert with the aim to understand the valuations performed and the related conclusions reached;

- Evaluation of the reasonableness of the discount rate (WACC) and long-term growth (g-rate), including the assessment of the valuations carried out by Management to take into account the current uncertain environment due to the evolution of the Covid-19 pandemic;

- Verification of the mathematical accuracy of the model used to determine the value in use of the different CGUs;

- Verification of the correct determination of the carrying amount of the CGUs;

- Verification of the sensitivity analysis and of the specific analysis prepared by Management;

- Assessment of the adequacy of the disclosure reported in the explanatory notes to the consolidated financial statements according to applicable accounting standards.

Valuation of Deferred Tax Assets

Description of the key audit matter	Mediaset Group's consolidated financial statements at December 31, 2020 present deferred tax assets amounting to Euro 475.1 million, of which, approximately Euro 342.1 million recognized in the context of the Italian tax consolidation perimeter to which some Group entities adhere. Deferred Tax Assets relate for Euro 212.6 million to the entire amount of tax losses carried forward (IRES), without any time limit, generated in the Italian tax consolidation perimeter in past years. As commented in the explanatory notes, the assessments on the criteria for recognition and on the period needed for recoverability were performed by Management based on the expected future taxable income, determined for the explicit period by applying to profit before tax derived from the consolidation of the business plans 2021-2025, the estimate of the main expected tax differences and, for the years beyond the explicit period, through extrapolation from such plans of the future taxable income determined applying hypothesis and assumptions in line with the ones used for the purpose of the Impairment Tests.

	Given the existence of tax losses generated in past years within the Italian tax consolidation perimeter, the subjectivity and uncertainty inherent in the estimates of future taxable income, with particular reference to those beyond the explicit period covered by the multi-year plans, we considered the valuation of deferred tax assets as a key audit matter for the consolidated financial statements of the Mediaset Group. Note 8.8 "Deferred Tax Assets and Liabilities" includes the disclosure on the Group's deferred tax assets and on the related recoverability assessment performed by Management.
Audit procedures performed	In order to assess the recoverability of the Deferred Tax Assets, we preliminarily examined the methods used by Management to verify the recoverability of such assets. We performed, among others, the following procedures: • Analysis of the reasonableness of the main assumptions used for the development of the taxable income projections, with particular reference to the forecasts included in the Italian tax consolidation perimeter, verifying the consistency with the multi-year plans prepared by Management for the explicit period and with the hypothesis and assumptions included in such plans for the years beyond the explicit period; • Analysis of the reasonableness of the hypothesis adopted in order to estimate the main tax differences applied to profit before tax expected for the future years for the determination of the expected taxable income; • Analysis of the correctness of the tax rates applied, of the existing temporary differences and of the mathematical calculation of the deferred tax assets; • Verification of the adequacy of the disclosure reported by the Directors with the IFRS accounting principles requirements.
CNMC Litigation	
Description of the key audit matter	As indicated in note 11.3 “Provisions for risks and charges and contingent liabilities”, the subsidiary Mediaset España Comunicaciòn S.A. (“Mediaset España”) is subject to a penalty proceeding by the Comision Nacional del Los Mercados Y la Competencia (the “CNMC Litigation”), against the resolution of which the company filed an appeal for judicial review at the National Appellate Court, which is yet to hand down a final decision.

	For each lawsuit and dispute, the Directors assess, also with the support of their external advisers, the risk of an outflow of resources and, in those cases in which the risk is considered to be probable and its economic effects are measurable, provisions that are deemed adequate are recognized based on the performed assessment. When the risks are only considered to be possible, no provisions are recorded and such risks are disclosed in the explanatory notes. With reference to the abovementioned penalty proceeding, the Directors, also supported by their legal advisers' opinion, consider as not probable the risk of an outflow of resources to settle the obligation, therefore no provision was recorded in the consolidated financial statements. Considering the complexity of the suit, the uncertainties in relation to the outcome of the litigation and the relevance of the economic and financial effects that could arise from it, we considered the CNMC litigation as a key audit matter for the consolidated financial statements of the Mediaset Group at December 31, 2020.
Audit procedures performed	In performing our activities, we, among others, carried out the following procedures, through the direct involvement of Deloitte S.L. (Spain): • Meetings with Mediaset España Management in order to gain an adequate understanding of the matter; • Analysis of the assessment performed by Management also considering opinions prepared by both internal and external lawyers; • Confirmation letters sent to Mediaset España legal advisers and analysis of the replies; • Involvement of local legal experts of the Deloitte network with the aim to evaluate the conclusions reached by Management, considering the different factors on which such conclusions are based and the formal documentation received; • Analysis of the disclosure included in the explanatory notes and the coherence of such disclosure with the documentation received and with the outcome of the Directors' assessment.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Mediaset S.p.A. has appointed us on June 28, 2017 as auditors of the Company for the years from January 1, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 [and art. 123-bis, paragraph 4, of Legislative Decree 58/98]

The Directors of Mediaset S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Mediaset Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Mediaset Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Mediaset Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Mediaset S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
April 29, 2021

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

ANNUAL REPORT 2020

MEDIASET SPA

SUMMARY

2020

Financial Statements and Explanatory Notes

MEDIASET SPA

MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

ASSETS	Notes	31/12/2020	31/12/2019
Non-current assets	**5**		
Property, plant and equipment	5.1	-	2,125,327
Equity investments	5.5		
In subsidiaries		2,815,589,807	2,815,976,789
equity investments in associates and joint ventures		465,633,785	465,633,786
In other companies		331,708,703	311,333,176
Total		3,612,932,295	3,592,943,751
Receivables and other non-current financial assets	5.6	36,587,726	53,489,683
Deferred tax assets	5.9	216,799,413	222,498,943
Total non-current assets		**3,866,319,434**	**3,871,057,704**
Current assets	**6**		
Trade receivables	6.2		
from customers		1,721	10,884
to subsidiaries		364,788	1,682,793
to associates and joint ventures		4,221	27,809
Total		370,730	1,721,486
Tax receivables	6.3	34,540,874	34,779,735
Other receivables and current assets	6.4	38,170,773	43,297,527
Intercompany financial receivables	6.5		
to subsidiaries		956,517,829	942,608,367
to associates and joint ventures		9,729,103	10,475,283
Total		966,246,932	953,083,650
Other current financial assets	6.6	54,665,338	19,752,624
Cash and cash equivalents	6.7	121,547,831	13,062,468
Total current assets		**1,215,542,478**	**1,065,697,490**
TOTAL ASSETS		**5,081,861,912**	**4,936,755,194**

MEDIASET S.p.A.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
Shareholders' equity	**8**		
Share capital	8.1	614,238,333	614,238,333
Share premium reserve	8.2	275,237,092	275,237,092
Treasury shares	8.3	(389,702,373)	(401,298,035)
Other reserves	8.4	2,212,944,484	2,064,211,475
Valuation reserves	8.5	15,084,926	(1,758,706)
Retained earnings (losses)	8.6	(690,782,949)	(697,678,286)
Profit (loss) for the year	8.7	17,006,880	126,028,024
TOTAL SHAREHOLDERS' EQUITY		**2,054,026,393**	**1,978,979,897**
Non-current liabilities	**9**		
Post-employment benefit plans	9.1	50,422	1,126,691
Deferred tax liabilities	9.2	-	977,038
Payables and financial liabilities	9.3	755,634,590	741,456,370
Provisions for risks and charges	9.4	-	60,284
Total non-current liabilities		**755,685,012**	**743,620,383**
Current liabilities	**10**		
Payables to banks	10.1	449,445,483	612,171,254
Trade payables	10.2		
to suppliers		2,203,008	36,368,936
to subsidiaries		299,646	682,440
to affiliates		-	11,942
to parent companies		65,347	91,696
Total		2,568,001	37,155,014
Provisions for risks and charges	10.3	2,500,000	2,510,764
Intercompany financial payables	10.5		
to subsidiaries		1,187,958,170	959,333,010
to associates and joint ventures		41,857,439	3,990,833
Total		1,229,815,609	963,323,843
Other financial liabilities	10.6	333,230,884	328,281,329
Other current liabilities	10.7	254,590,530	270,712,710
Total current liabilities		**2,272,150,507**	**2,214,154,914**
TOTAL LIABILITIES		**3,027,835,519**	**2,957,775,297**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,081,861,912**	**4,936,755,194**

MEDIASET S.p.A.

STATEMENT OF INCOME

(values in EUR)

STATEMENT OF INCOME	Notes	FY 2020	FY 2019
Revenues	**12**		
Revenues from sales and services	12.1	1,689,383	4,894,408
Other revenues and income	12.2	70,344	334,315
Total revenues		**1,759,727**	**5,228,723**
Costs	**13**		
Personnel expenses	13.1	2,590,308	15,040,337
Purchases	13.2	6,834	83,027
Services	13.5	13,505,754	20,445,296
Leasing and rentals	13.6	598,630	1,356,835
Provisions	13.7	-	21,760
Other operating expenses	13.8	4,823,425	6,174,010
Amortisation, depreciation and write-downs	13.9	1,103,296	3,637,227
Total costs		**22,628,247**	**46,758,492**
Gains/(losses) from disposals of non-current assets	14	-	-
EBIT		**(20,868,520)**	**(41,529,769)**
(Expenses)/income from financial assets	**15**		
Financial expenses	15.1	(219,264,168)	(187,527,687)
Financial income	15.2	216,673,787	180,843,478
dividends from subsidiaries		-	130,351,422
dividends from associates		34,800,000	16,731,327
dividends from other companies		-	26,027,826
other income/(expenses) from equity investments		-	(467,554)
Total		34,800,000	172,643,021
Total (expenses)/income from financial investments		**32,209,619**	**165,958,812**
Earnings before tax		**11,341,099**	**124,429,043**
Income tax for the year	**16**		
current taxes	16.1	(5,386,798)	(814,372)
deferred tax assets/liabilities	16.2	(278,983)	(784,609)
Total income tax for the year		**(5,665,781)**	**(1,598,981)**
Profit (loss) for the year	**18**	**17,006,880**	**126,028,024**

STATEMENT OF COMPREHENSIVE INCOME

(values in EUR)

STATEMENT OF COMPREHENSIVE INCOME	Notes	FY 2020		FY 2019	
NET PROFIT/LOSS (A)	**8.7**		**17,006,880**		**126,028,024**
Comprehensive income/(loss) reclassified to profit and loss			**(3,375,086)**		**17,560**
Effective portion of gains and losses on hedging instruments (cash flow hedge)		(4,440,902)		23,105	
Tax effect		1,065,816		(5,545)	
Comprehensive income/(loss) not reclassified to profit and loss			**27,895,418**		**(9,948,695)**
Actuarial gains/(losses) from defined benefit plans	8.5	(1,013)		(62,335)	
Tax effect		243		14,961	
Profit/(loss) from financial assets classified fair value to OCI		8,709,284		###########	
Tax effect		(234,912)		234,912	
Profit/(loss) from option valuations		19,307,163		9,554,436	
Tax effect		114,653		(114,653)	
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)			**24,520,332**		**(9,931,135)**
TOTAL COMPREHENSIVE INCOME (A + B)			**41,527,213**		**116,096,889**

STATEMENT OF CASH FLOWS

(values in EUR thousand)

OPERATING ACTIVITIES	FY 2020	FY 2019
EBIT	(20,869)	(41,530)
Depreciation, amortisation and write-downs	1,135	3,727
Allowances net of utilisation	-	45
Other non-cash movements	183	1,556
Changes in current assets	2,702	(10,306)
Capitals gains/loss on sale of fixed assets	-	(222)
Interest received/paid	9,361	22,709
Income tax paid/received	(7,684)	(2,570)
Dividends received	34,800	173,111
Net cash flow from operating activities (A)	**19,628**	**146,520**
INVESTING/DIVESTING ACTIVITIES		
(Investments)/divestiture in PPE	(23)	4,468
(Investments)/divestiture in equity investments		
- subsidiaries	-	(311,718)
- associates	-	2
- other companies	(11,666)	(330,909)
Total (investments)/divestiture in fixed assets	(11,689)	(638,157)
Net change in other assets	265,612	143,140
Net cash from/used in investing activities (B)	**253,923**	**(495,017)**
CASH FLOW FROM FINANCING ACTIVITIES		
Change in treasury shares	-	(10,000)
Net change in medium/long-term borrowing	-	293,701
Net change in corporate bond	-	(375,000)
Change in other financial assets/liabilities	(156,440)	281,585
Interest and other financial expenses	(8,622)	(47,066)
Net cash from/used in financing activities (C)	**(165,062)**	**143,220**
Change in cash and cash equivalents (D=A+B+C)	**108,489**	**(205,277)**
Cash and cash equivalents at the beginning of the year (E)	**13,058**	**218,335**
Cash and cash equivalents at end of the year (F=D+E)	**121,547**	**13,058**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR thousand)

	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other reserves	Valuation reserves	Retained earnings/ (accumulate	Profit / (loss) for the year	Total shareholder s' equity
Balance at 1/1/2019	**614,238**	**275,237**	**(408,596)**	**122,848**	**1,985,702**	**6,189**	**(809,521)**	**111,843**	**1,897,940**
Allocation of 2018 profit/(loss)									
As per the general meeting of 18/04/2019	-	-	-	-	-	-	111,843	(111,843)	-
Other changes	-	-	-	-	(40,000)	-	-	-	(40,000)
Changes in medium/long-term incentive plans	-	-	7,298	-	(4,338)	1,983	-	-	4,943
Total comprehensive income/(loss) for the yea	-	-	-	-	-	(9,931)	-	126,028	116,097
Balance at 31/12/2019	**614,238**	**275,237**	**(401,298)**	**122,848**	**1,941,364**	**(1,759)**	**(697,678)**	**126,028**	**1,978,980**
Balance at 1/1/2020	**614,238**	**275,237**	**(401,298)**	**122,848**	**1,941,364**	**(1,759)**	**(697,678)**	**126,028**	**1,978,980**
Allocation of 2019 profit/(loss)									
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 yea	-	-	-	-	-	24,520	-	17,007	41,527
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**

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

ASSETS	**Notes**	**31/12/20**	***of which related parties***	***% correspondence***	**31/12/19**	***of which related parties***	***% correspondence***
Non-current assets	**5**						
Property, plant and equipment	5.1	-			2,125,327		
Equity investments	5.5						
In subsidiaries		2,815,589,807			2,815,976,789		
equity investments in associates and joint ventures		465,633,785			465,633,786		
In other companies		331,708,703			311,333,176		
Total		3,612,932,295			3,592,943,751		
Receivables and other non-current financial assets	5.6	36,587,726	*455,776*	*1.2%*	53,489,683	-	*0.0%*
Deferred tax assets	5.9	216,799,413			222,498,943		
Total non-current assets		**3,866,319,434**			**3,871,057,704**		
Current assets	**6**						
Trade receivables	6.2						
from customers		1,721			10,884		
to subsidiaries		364,788	*364,788*	*100.0%*	1,682,793	*1,682,793*	*100.0%*
to associates and joint ventures		4,221	*4,221*	*100.0%*	27,809	*27,809*	*100.0%*
Total		370,730			1,721,486		
Tax receivables	6.3	34,540,874			34,779,735		
Other receivables and current assets	6.4	38,170,773	*23,910,795*	*62.6%*	43,297,527	*38,592,138*	*89.1%*
Intercompany financial receivables	6.5						
to subsidiaries		956,517,829	*956,517,829*	*100.0%*	942,608,367	*942,608,367*	*100.0%*
to associates and joint ventures		9,729,103	*9,729,103*	*100.0%*	10,475,283	*10,475,283*	*100.0%*
Total		966,246,932			953,083,650		
Other current financial assets	6.6	54,665,338	*5,241,473*	*9.6%*	19,752,624	*3,159,719*	*16.0%*
Cash and cash equivalents	6.7	121,547,831	*9,356*	*0.0%*	13,062,468	*20,378*	*0.2%*
Total current assets		**1,215,542,478**			**1,065,697,490**		
TOTAL ASSETS		**5,081,861,912**			**4,936,755,194**		

The related-parties portion of *Receivables and other non-current financial assets* refers to the receivables due from indirect subsidiary RTI S.p.A. for the exchange rate hedging derivatives which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related-parties portion of *Other receivables and current assets* mainly refers to receivables due from subsidiaries amounting to EUR 18,362 thousand (relating to IRES receivables from tax consolidation), to centralised Group VAT receivables amounting to EUR 5,291 thousand, to receivables due from subsidiaries for personnel transfers amounting to EUR 134 thousand, and to prepayments of ancillary financing costs to Mediobanca amounting to a total of EUR 63 thousand, of which EUR 29 thousand with maturity beyond the following year.

The related-parties portion of *Intercompany financial receivables* refers to current account relationships with subsidiaries amounting to EUR 956,518 thousand (EUR 860,519 thousand relating to the subsidiary R.T.I. S.p.A.) and with associates and joint ventures amounting to EUR 9,729 thousand.

The related-parties portion of *Other current financial assets* comprises receivables due from the subsidiary R.T.I. S.p.A. for exchange rate hedging derivatives which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

LIABILITIES AND SHAREHOLDERS 'EQUITY	Notes	31/12/20	*of which related parties*	*% correspondence*	31/12/19	*of which related parties*	*% correspondence*
Shareholders' equity	**8**						
Share capital	8.1	614,238,333			614,238,333		
Share premium reserve	8.2	275,237,092			275,237,092		
Treasury shares	8.3	(389,702,373)			(401,298,035)		
Other reserves	8.4	2,212,944,484			2,064,211,475		
Valuation reserves	8.5	15,084,926			(1,758,706)		
Retained earnings (losses)	8.6	(690,782,949)			(697,678,286)		
Profit (loss) for the year	8.7	17,006,880			126,028,024		
TOTAL SHAREHOLDERS' EQUITY		**2,054,026,393**			**1,978,979,897**		
Non-current liabilities	**9**						
Post-employment benefit plans	9.1	50,422			1,126,691		
Deferred tax liabilities	9.2	-			977,038		
Payables and financial liabilities	9.3	755,634,590	*1,678,974*	*0.2%*	741,456,370	*105,963,119*	*14.3%*
Provisions for risks and charges	9.4	-			60,284		
Total non-current liabilities		**755,685,012**			**743,620,383**		
Current liabilities	**10**						
Payables to banks	10.1	449,445,483	*99,981,030*	*22.2%*	612,171,254	*1,409,732*	*0.2%*
Trade payables	10.2						
to suppliers		2,203,008	*35,526*	*1.6%*	36,368,936	*5,243*	*0.0%*
to subsidiaries		299,646	*299,646*	*100.0%*	682,440	*682,440*	*100.0%*
to affiliates		-			11,942	*11,942*	*100.0%*
to parent companies		65,347	*65,347*	*100.0%*	91,696	*91,696*	*100.0%*
Total		2,568,001			37,155,014		
Provisions for risks and charges	10.3	2,500,000			2,510,764		
Intercompany financial payables	10.5						
to subsidiaries		1,187,958,170	*1,187,958,170*	*100.0%*	959,333,010	*959,333,010*	*100.0%*
to associates and joint ventures		41,857,439	*41,857,439*	*100.0%*	3,990,833	*3,990,833*	*100.0%*
Total		1,229,815,609			963,323,843		
Other financial liabilities	10.6	333,230,884	*319,717,318*	*95.9%*	328,281,329	*324,426,181*	*98.8%*
Other current liabilities	10.7	254,590,530	*252,780,104*	*99.3%*	270,712,710	*247,343,985*	*91.4%*
Total current liabilities		**2,272,150,507**			**2,214,154,914**		
TOTAL LIABILITIES		3,027,835,518			2,957,775,297		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,081,861,912			4,936,755,194		

The related-parties portion of *Non-current payables and financial liabilities* comprises EUR 1,679 thousand for the loan to the subsidiary R.T.I. S.p.A. for the exchange rate hedging derivatives which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related-parties portion of *Payables to banks* comprises EUR 99,981 thousand for the loan taken out with Mediobanca in 2016, repayable by 18 November 2022. This loan has been reclassified under current liabilities as it was repaid early on 21 January 2021.

The related-parties portion of *Intercompany financial payables* refers to current account relationships with subsidiaries amounting to EUR 1,187,958 thousand (of which EUR 338,872 thousand to the indirect subsidiary Elettronica Industriale S.p.A., EUR 329,723 thousand to indirect subsidiary Publitalia 80 S.p.A. and EUR 276,748 to subsidiary Mediaset Investment N.V.) and with associates and joint ventures amounting to EUR 41,857 thousand (of which EUR 32,730 thousand to the associate Fascino Produzione Gestione Teatro S.r.l.).

The related-parties portion of *Other financial liabilities* comprises the EUR 318,416 thousand in short-term loans from subsidiary Mediaset Investment NV under the Share Premium Agreement entered into on 23 December 2019 for a nominal value of EUR 315,000 thousand. This includes the EUR 3,416 thousand in interest accrued as at 31 December and repayable by 30 June 2021, and the payable of EUR 1,301 thousand also due to subsidiary R.T.I. S.p.A. for the exchange rate hedging derivatives which Mediaset S.p.A. purchases on the market and then transfers by entering into an intercompany agreement.

The related party component of *Other current liabilities* mainly refers to payables to subsidiaries, associates and joint venture companies for participation in the tax consolidation scheme for EUR 228,309 thousand and the payable relating to centralised Group VAT for EUR 15,311 thousand.

STATEMENT OF INCOME PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(values in EUR)

STATEMENT OF INCOME	Notes	FY 2020	*of which related parties*	*% correspondence*	FY 2019	*of which related parties*	*% correspondence*
Revenues	**12**						
Revenues from sales and services	12.1	1,689,383	*1,689,383*	*100.0%*	4,894,408	*4,894,408*	*100.0%*
Other revenues and income	12.2	70,344	*32,199*	*45.8%*	334,315	*100,334*	*30.0%*
Total revenues		**1,759,727**			**5,228,723**		
Costs	**13**						
Personnel expenses	13.1	2,590,308	*169,856*	*6.6%*	15,040,337	*1,021,235*	*6.8%*
Purchases	13.2	6,834			83,027		
Services	13.5	13,505,754	*4,479,053*	*33.2%*	20,445,296	*4,601,842*	*22.5%*
Leasing and rentals	13.6	598,630	*598,630*	*100.0%*	1,356,835	*1,342,687*	*99.0%*
Provisions	13.7	-			21,760		
Other operating expenses	13.8	4,823,425	*1,168*	*0.0%*	6,174,010	*13,836*	*0.2%*
Amortisation, depreciation and write-downs	13.9	1,103,296	*1,058,674*	*96.0%*	3,637,227	*3,320,644*	*91.3%*
Total costs		**22,628,247**			**46,758,492**		
EBIT		**(20,868,520)**			**(41,529,769)**		
(Expenses)/income from financial assets	**15**						
Financial expenses	15.1	(219,264,168)	*(98,665,002)*	*45.0%*	(187,527,687)	*(93,467,334)*	*49.8%*
Financial income	15.2	216,673,787	*119,966,455*	*55.4%*	180,843,478	*88,421,103*	*48.9%*
Income/(expenses) from equity investments	15.3						
dividends from subsidiaries		-	-		130,351,422	*130,351,422*	*100.0%*
dividends from associates		34,800,000	*34,800,000*	*100.0%*	16,731,327	*16,731,327*	*100.0%*
dividends from other companies		-	-		26,027,826	*26,027,826*	*100.0%*
other income/(expenses) from equity investments		-	-		(467,554)	*(467,554)*	*100.0%*
Total		34,800,000			172,643,021		
Total (expenses)/income from financial investments		**32,209,619**			**165,958,812**		
Earnings before tax		11,341,099			124,429,043		
Income tax for the year	**16**						
current taxes	16.1	(5,386,798)			(814,372)		
deferred tax assets/liabilities	16.2	(278,983)			(784,609)		
Total income tax for the year		**(5,665,781)**			**(1,598,981)**		
Net profit/(loss) from continuing operations		**17,006,880**			**126,028,024**		
Profit (loss) for the year	**18**	**17,006,880**			**126,028,024**		

The related-parties portion of *Revenues from sales and services* refers to EUR 1,577 thousand in accrued fees from subsidiaries for the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and finance. From 1 March 2020, the effective date of the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A., the Company provided intercompany services only for treasury and finance area. This line item also includes EUR 125 thousand in revenues for fees on bank sureties and guarantees granted in favour of subsidiaries (of which EUR 58 thousand to R.T.I. S.p.A).

The related-parties portion of *Personnel expenses* refers to compensation to employed directors.

The related-parties portion of *Services* refers mainly to the supply of intercompany services in the areas of legal affairs, institutional affairs, strategic direction, planning and control, procurement of goods and services, personnel management, general services, risk management, and information, administrative, fiscal and financial services supplied by indirect subsidiary R.T.I. S.p.A. for EUR 891 thousand and the staff services provided in relation to corporate business by subsidiary Mediaset Italia S.p.A for EUR 68 thousand. This line item also includes compensation to directors for EUR 3,506 thousand.

The item *Leasing and rentals* of which related parties mainly refers to the royalties recognised for the use of the Fininvest brand to the parent company for EUR 465 thousand.

The related-parties portion of *Amortisation, depreciation and write-downs* comprises the write-down of EUR 526 thousand in receivables due from joint venture Nessma S.A. and write-downs of financial receivables from subsidiaries, associates and joint venture companies for EUR 533 thousand.

The related-parties portion of *Financial expenses* mainly comprises: forex losses, mainly payable to the subsidiary R.T.I. S.p.A., of EUR 94,247 thousand (of which EUR 35,623 thousand from valuation) relating to mirror contracts entered into with the subsidiary with respect to derivative financial instruments that the Company agrees with third parties as part of the coverage of the exchange risk of the same; financial expenses due to Mediobanca S.p.A. totalling EUR 1,077 thousand, of which EUR 1,043 thousand relating to the amortised cost loan and EUR 34 thousand relating to transaction costs for medium/long-term loans; and EUR 3,331 thousand in financial expenses accrued up to 31 December on the payable due to subsidiary Mediaset Investment N.V. under the "Share Premium Agreement" entered into in December 2019 for a nominal value of EUR 315,000.

The related-parties portion of *Financial income* mainly refers to intercompany current account interest income of EUR 8,494 thousand from subsidiaries, associates and joint ventures, as well as forex gains, mainly received from the subsidiary R.T.I. S.p.A., of EUR 111,455 thousand (of which EUR 45,792 thousand from valuation) relating to mirror contracts entered into with the subsidiary with respect to derivative instruments that the Company agrees with third parties as part of the coverage of the exchange risk of the same.

The related-parties portion of *Income (expenses) from equity investments* refers to the dividend approved by the associate EI Towers S.p.A. during the year.

More details on transactions with Group companies are provided below.

EXPLANATORY NOTES

1. General information

Mediaset S.p.A. is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located at Via Paleocapa, 3, Milan. Its majority shareholder is Fininvest S.p.A.. The main activities of the company and its subsidiaries are described in the Report on Operations accompanying the Consolidated Financial Statements.

It should be noted that, on 27 February 2020, the deed was signed to transfer a business unit essentially comprising all operational activities of the Company (with the exception of the treasury and finance area) and equity investments in Italian subsidiaries (RTI S.p.A and Publitalia '80 S.p.A.) to Mediaset Italia S.p.A, an Italian law-governed wholly owned subsidiary of Mediaset S.p.A. (hereinafter also the "Italia business unit"). The transfer took place as part of the cross-border merger takeover project of Mediaset and Mediaset España Comunicación, S.A. by Mediaset Investment N.V., a Dutch law-governed wholly owned subsidiary of Mediaset S.p.A., which was to take the name "MFE – MEDIAFOREUROPE N.V." once the merger came into effect. In particular, the cross-border merger was conditional on the business unit transfer being transaction. The legal effects of the transfer began to run from 1 March 2020.

These Financial Statements are presented in euros, because this is the currency used for the majority of the Company's operations.

The amounts contained in these notes are stated in thousands of euros.

2. Adoption of international accounting standards

As of the entry into force of Italian Legislative Decree No. 38 of 28 February 2005, transposing Regulation (EC) No. 1606/2002 into Italian law, since 2006 in compliance with the obligation established in Article 4 of that Decree, the company has prepared its financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The tables in the Financial Statements and the Explanatory Notes have been prepared together with the additional information required for financial statements formats and disclosures established by Consob Resolution No. 15519 of 27 July 2006 and by Consob Communication No. 6064293 of 28 July 2006.

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 restated accordingly. When it has not been possible to restate the comparative figures, suitable disclosure has been provided in the notes to the accounts.

Amounts reported in these Financial Statements are compared to corresponding figures for the previous year, prepared on a like basis.

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 of problem issues 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 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 2020 have been prepared in application of International Accounting Standards and related interpretations in force at the reporting date.

The general basis for the presentation of assets and liabilities is historical cost, with the exception of certain financial instruments which have been reported at fair value in accordance with IFRS 9 and IFRS 13.

Accounting standards, amendments and interpretations applied as from 1 January 2020

Since 1 January 2020, a number of new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

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

On 22 October 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". The document provides some clarifications regarding the definition of a business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces outputs, the presence of outputs is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to be considered a business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute to the ability to create an output. For this purpose, the IASB replaced the term "ability to create outputs" with "ability to contribute to creating outputs" to clarify that a business may also exist without the presence of all inputs and processes necessary to create output. The amendment also introduced an optional concentration test, which makes it possible to exclude a business if the price paid is essentially attributable to a single activity or group of activities. The amendments apply to all business combinations and acquisitions of assets in effect since 1 January 2020. The adoption of this amendment has had no impact on the Company's financial statements.

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

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

On 28 May 2020, the IASB published an amendment entitled "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document allows lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions meet the definition of "lease modification" under IFRS 16. Therefore, lessees applying this option may recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect. This amendment applies to financial statements for the period beginning 1 June 2020, but companies can choose to apply the amendment early, from 1 January 2020 onwards. The adoption of this amendment has had no significant 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. In order to provide a clearer measure of the performance of ordinary operations, elements of cost and revenue arising from events or transactions that are considered non-recurring due to their nature or the significance of their amount, such as the disposal of controlling interests, are stated separately.

These transactions may fall under the definition of significant non-recurring transactions and events contained in Consob Communication no. 6064293 of 28 July 2006, as opposed to the definition of "atypical and/or unusual transactions" contained in the same Consob Communication of 28 July 2006, according to which atypical and/or unusual transactions are transactions that, due to their significance/importance, the nature of the counterparties, the object of the transaction, the method of calculation of the transfer price, and the timing of the event (e.g. proximity to the financial year end), can give rise to doubts concerning the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets, or the protection of minority shareholder interests.

The *Comprehensive Income Statement* shows the cost and revenue items, net of tax that, as required or allowed by the International Accounting Standards, are posted directly under 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 financial year.

The ***Cash Flow Statement*** has been prepared using the indirect method, according to which earnings before interest and tax are 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 current account held subsidiaries, associates and joint ventures for centralised treasury management purposes is recognised under 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 earnings for the period;
- changes in equity reserves (share-based payments for stock option plans, interest rate risk hedges and changes in the fair value of FVTOCI financial assets, including related hedging derivative financial instruments);
- each item of profit or less, 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 profit and loss of 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 financial year.

Moreover, to comply with the requirements of Consob Resolution No. 15519 of 27 July 2006 "Provisions regarding the structure of financial statements", specific statements of income and financial position have been prepared, in addition to the mandatory statements, showing significant amounts of related-party accounts or transactions separately from the related items.

Non-current assets

- ***Property, plant and equipment***

Plant, machinery, equipment, buildings and land are recognised at purchase, production or transfer cost, including any transaction costs, 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:

- Buildings 2.5%
- Plant and machinery 10% - 20%
- Light structures and equipment 5% - 16%
- Office furniture and machines 8% - 20%
- Motor vehicles and other means of transport 10% - 25%

The recoverable amount of the above is calculated based on the criteria laid down in IAS 36, described in the "Impairment of assets" section below.

Ordinary maintenance costs are recognised in full in the income statement. 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.

Capital gains and losses resulting from sales or disposals of assets are calculated as the difference between the sale revenue and the net book value of the asset, and are posted to the income statement.

- ***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 tangible fixed assets and equity investments recognised are periodically reviewed in accordance with IAS 36, which requires the assessment of the existence of any losses in value 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 booked in the financial statements against the greater of the fair value net of any disposal costs and the value in use of the asset.

In the case of impairment write-downs, the related cost is charged to the income statement. The original value can be reinstated in the following financial years if the conditions for the write-down 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 risk 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.

- **Equity investments in other companies**

Equity investments other than those in subsidiaries, associates or joint ventures are valued in accordance with IFRS 9 and in particular classified in the category of financial assets valued at fair value with recognition of changes in the other items of the comprehensive income statement, without recycling to profit and loss.

This category also includes non-controlling interests acquired by the Company with the aim of making medium-term non-speculative investments. In this case, fair value can be determined based on special 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 closing date of the financial year.

▪ Current assets

Trade receivables

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 as "hold to collect" or "hold to collect and sell". 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. 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 shareholders' equity, 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 their trading are allocated to 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 booked to shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually accrue 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 Mediaset S.p.A. 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 booked to shareholders' equity.

▪ ***Provisions for risk and charges***

Provisions for risks and charges 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 contractual 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 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 expensed 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 receivables in non-EMU currencies are converted at the year-end spot rates reported by the European Central Bank.

▪ ***Financial derivatives and hedge accounting***

The Company conducts 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 currency futures) 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 Mediaset S.p.A. financial statements. Accordingly, they are recognised as Financial (Expenses)/Income in the income statement, with changes in their fair value recognised as realised foreign exchange gains/losses.

The fair value of currency futures is measured by discounting the difference between the ***notional amount*** priced at the ***forward rate*** of the contract, and the ***notional amount*** priced at the ***fair forward*** rate (the forward exchange rate measured at the reporting date).

The Company is exposed 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 IRFS 9, the effective portion of the fair value adjustment 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.

Prepaid and deferred taxes are calculated based on the temporary differences between the statutory carrying amounts of balance sheet assets and liabilities and the corresponding amounts recognised for tax purposes, on the basis of the tax rates in force at the time when the temporary differences reverse. When the accounting effects of a transaction are posted directly to shareholders' equity, current taxes, prepaid tax assets and the deferred tax liabilities are also recognised in shareholders' equity.

Mediaset S.p.A., is the tax consolidator for the companies of the Group falling within the scope of the national tax consolidation scheme. 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 posted in the financial statements as at 31 December 2020, with particular reference to those recorded on the tax losses generated within the Italian tax consolidation, the taxable results derived from the five-year plans were taken into consideration (2021-2025) drawn up on the basis of the assumptions approved by the Board of Directors of Mediaset S.p.A. of 30 March 2021 for the explicit period and, by extrapolation from the latter, of the expected income for subsequent 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, Mediaset S.p.A. makes a balance sheet entry, recording deferred tax assets 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.

- ***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, the use of estimates and assumptions has been necessary to appraise certain assets and liabilities and measure contingent assets and liabilities. In particular, the estimates were also made taking into account the ongoing Covid-19 health emergency, which has led to strong discontinuities and a general deterioration of the global macroeconomic context.

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 risk provisions.

The estimates and assumptions are periodically revised and the impacts of each individual change are posted to the income statement.

- ***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 Group as at 31 December 2020

The amendments and standards endorsed but not yet mandatory and not adopted early by the Company as at the date of these Financial Statements are listed below.

On 28 May 2020, the IASB published an amendment entitled "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow insurance companies temporary exemption from applying the IFRS 9 to be extended until 1 January 2023 for insurance contracts. The amendments entered force on 1 January 2021. The directors do not expect the adoption of this amendment to have any effect 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

All amendments entered force on 1 January 2021. The directors do not expect the adoption of this amendment to have any significant effect on the Company's financial statements.

IFRS accounting standards, amendments and interpretations not yet endorsed by the EU

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

On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only first-time adopters of IFRS to continue recognising activities regulated by tariffs ("Rate Regulation Activities") under the previously adopted accounting principles. As the Company is not a first-time adopter, this standard is not applicable.

On 18 March 2017, the IASB published IFRS 17 – Insurance Contracts, which would replace IFRS 4 – Insurance Contracts. The new standard aims to ensure that entities provide relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB has developed the standard to remove inconsistencies and weaknesses from existing accounting policies, by providing a single principle-based framework covering all types of insurance contracts, including the reinsurance contracts held by insurers. The new standard also introduces reporting and disclosure requirements aimed at improving comparability between entities in the sector. Under the new standard, insurance contracts are measured based on a General Model, or a simplified version thereof, known as the Premium Allocation Approach ("PAA"). Entities must apply the new standard to all insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and investment contracts with a discretionary participation feature (DPF). The standard will be applicable from 1 January 2023 but may be applied earlier by companies that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The directors do not expect the adoption of this standard to have any effect on the Company's financial statements.

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 do not expect the adoption of this amendment to have any significant effect on the Company's financial statements.

On 14 March 2020, the IASB published the following amendments:

- 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.

All amendments will enter force on 1 January 2022. The directors do not expect the adoption of these amendments to have any significant effect on the Company's financial statements.

4. Other information

- ***MFE - MEDIAFOREUROPE Cross-border Merger Project***

In relation to the project for the Cross-Border Merger (the Merger) of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación, S.A. (Mediaset España) into Mediaset Investment N.V. (the Merger), a Dutch law-governed wholly owned direct subsidiary of Mediaset, which would have taken the name "MFE – MEDIAFOREUROPE N.V." once the Merger came into effect, the main events occurred in the year were as follows:

The terms and main events that occurred during 2019 regarding this process – including the judicial proceedings commenced in Italy, Spain and the Netherlands by petition of Vivendi S.A. (Vivendi) and Simon Fiduciaria S.p.A. (Simon Fiduciaria) following the resolutions to approve the Merger Project taken at the extraordinary shareholders' meeting of Mediaset and Mediaset España on 4 September 2019 – are described in depth in the Report on Operations contained in the 2019 Annual Report in the section "Significant Events and Key Corporate Transaction for the Year".

In the first months of 2020, Mediaset and Mediaset España held their extraordinary shareholders' meetings on 10 January and 5 February 2020, which approved specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions proposed by the respective boards of directors on 22 November and 5 December 2019.

On **21 January 2020**, Vivendi and Simon Fiduciaria served Mediaset with separate writs of summons under sections 2377 and 2378 of the Italian Civil Code, accompanied by an application for interim relief under section 2378, paragraph 3 of the Italian Civil Code, in which, among other things, they called on the Court of Milan to suspend, in the interim, the execution and validity of the above mentioned resolution passed by the Extraordinary Shareholders' Meeting (and any preliminary, associated and/or consequent resolutions) and, on the substance of the matter, to cancel such resolution passed by the Extraordinary Shareholders' Meeting (and any preliminary, associated or consequent measures, including those which did not allow Simon Fiduciaria to participate and vote at the above-mentioned shareholders' meeting in enjoyment of its 19,19% stake in Mediaset) and, generally, after ascertaining the conduct to be unlawful, to sentence Mediaset and Fininvest to compensate Vivendi for past and present damage incurred. These new substantial and interim proceedings were joined with those pending.

On **23 January 2020**, the minutes of the extraordinary shareholders' meeting of Mediaset were filed in the Milan Companies Register.

On **3 February 2020**, the Court of Milan ruled to throw out all applications for interim relief filed by Vivendi and Simon Fiduciaria, which had called for the suspension of the resolutions passed at Mediaset's shareholders' meetings of 4 September 2019 and 10 January 2020. This ruling was challenged by Vivendi and Simon Fiduciaria. The complaint, which was originally scheduled to be heard on 12 March 2020, was later postponed until 2 April 2020.

On **5 February 2020**, Mediaset España's extraordinary shareholders' meeting approved the specific amendments to the Articles of Association Proposal and the SVS Terms and Conditions. These were the amendments previously passed by Mediaset's extraordinary shareholders' meeting on 10 January 2020.

On **14 February 2020**, the *Audiencia Provincial* of Madrid definitively ruled, without the possible of appeal, to throw out Mediaset España's appeal against the interim relief measures ordered by the Court of Madrid on 11 October 2019.

On **17 February 2020**, a notice was published in Dutch national newspaper "*Trouw*" and in the Dutch Official Journal (*Staatscourant*) that the joint merger project and its annexes had been filed with the Dutch Business Register.

On **26 February 2020**, the Court of Amsterdam threw out the application for interim relief filed by Vivendi, in which it had called for DutchCo to be prohibited from executing the Merger. The Dutch court rejected all of Vivendi's applications for interim relief and held that, among other things, the special voting mechanism provided for in the Articles of Association Proposal and the entire Merger transaction were in accordance with Dutch law.

On **27 February 2020**, deed of contribution was signed to transfer the operational and business activities of Mediaset to its subsidiary Mediaset Italia. The transaction took effect on 1 March 2020. The Merger was conditional on this Mediaset Reorganisation being completed. Following and as a result of the transfer, Mediaset maintains a 100% equity interest in Mediaset Italia S.p.A. and other investees. In carrying out the transfer, Mediaset has subscribed all shares newly issued by Mediaset Italia S.p.A. in execution of the share capital increase approved on 27 February 2020; the value of these newly issued shares (including capital and share premium) does not exceed the value of the business unit transferred, as has been certified by an independent expert based on the statement of financial position of the transferred business unit at 30 September 2019. The transfer derived a benefit from the exemption provided for in section 14 of the Regulations on Related-Party Transactions approved by Consob in Resolution No. 17221 of 12 March 2010, as amended and supplemented by section 7, paragraph d) of the *"Procedure for Related-Party Transactions"* adopted by Mediaset. Mediaset was thus exempted from publishing the reporting document referred to in section 5 of the RPT Regulations.

On **3 March 2020**, Vivendi threatened new legal actions in the Netherlands against DutchCo on the basis that, according to Vivendi's Dutch lawyers, the procedure adopted by DutchCo in the Netherlands is in breach of applicable Dutch law as, among other things, it allegedly breaches shareholders' right to information.

Despite considering this additional initiative by Vivendi to be groundless and contrived, DutchCo voluntarily decided to withdraw its filing of the merger project with the Dutch Companies Register on 5 February 2020 to avoid any pretext for yet further legal action by Vivendi and to avoid further delays as a result of those proceedings. DutchCo did so solely to conduct all necessary checks with the competent authorities before it re-filed the merger project.

As part of the proceedings on the substance that are pending in Spain, on 5 March 2020 Mediaset España filed an application calling on the Court - also given the change in circumstances following the approval by the shareholders' resolution of 5 February 2020 - to overturn the order to suspend the validity of the resolution passed by the extraordinary general meeting of Mediaset España on 4 September 2019.

On **30 July 2020**, the Court of Madrid accepted the request for suspension of the effectiveness of the resolution of the assembly of 4 September 2019 of Mediaset España relating to this project made by Vivendi. This decision made it impossible to complete the Merger in the manner and within the timescales anticipated.

On **5 August 2020**, the Board of Directors of Mediaset S.p.A. examined the measure of 30 July issued by the Court of Madrid and, finding that the term for appealing was incompatible with the deadline for the closing of the merger under Dutch law (2 October 2020), realised that the Merger Project resolved on 7 June 2019 was no longer achievable.

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

Additional proceedings of Mediaset - Vivendi - Simon Fiduciaria

In the civil proceedings before the Court of Milan – Companies Division B – Case Nos. 47205/2016 and 30071/2017, in which Mediaset S.p.A. and RTI S.p.A are seeking damages from Vivendi S.A. for a breach of the contract entered into on 8 April 2016 for the sale of Mediaset Premium and for the hostile takeover of December 2017, the Court of Milan – on 19 April 2021 – ruled as follows:

- In case no. 47205/2016, that the conditional contract entered into between the parties on 8 April 2016 and terminated on 30 September 2016, had effectively been terminated; that Vivendi had failed to fulfil the preliminary and anticipatory obligations required to meet the condition of obtaining the administrative authorizations necessary for the performance of the above-mentioned transaction; that Vivendi must pay a total of EUR 1.7 million, plus ancillary costs, in damages to Mediaset and RTI.
- In cases nos. 47575/2016 and 30071/2017, that the purchase by Vivendi of a just-under 30% shareholding in Mediaset in December 2016 was not in breach of the agreement entered into on 8 April 2016 and terminated on 30 September 2016; that the transaction could not be considered unlawful under article 43, para 11, of Legislative Decree 177/2003 (Tusmar), as this rule, in its original formulation, is no longer applicable in the Italian legal system due to the rulings referred to in the judgment of the European Court of Justice of 3 September 2020 in Case C-719/18; that the transaction does not amount to unfair competition, as disputed.

In relation to the proceedings before the Court of Milan involving Vivendi and Simon Fiduciaria and concerning, among other things, the dispute of certain resolutions of the Shareholders' Meetings of Mediaset of 27 June 2018, 18 April 2019, 4 September 2019 and 10 January 2020, (as already described in detail in the Directors' Report on Operations contained in the 2019 Annual Report), it should be noted that, in relation to one resolution, on 22 April 2021 the Civil Court of Milan, in its first-instance judgement No. 50173/2018, granting the claim filed by Simon Fiduciaria SpA, cancelled resolution C4 ("Proposal to establish a compensation plan pursuant to Art. 114 bis of Legislative Decree No. 58/1998") taken by the ordinary Shareholders' Meeting of Mediaset on 27 June 2018. According to the Court, Art. 43 paragraph 11 of TUSMAR, on the basis of which Simon Fiduciaria was not admitted to participate in the aforementioned Shareholders' Meeting, was to be disapplied with retroactive effect. This disapplication therefore overturns all the acts carried out during the period of its validity, including Simon Fiduciaria's exclusion from the vote on the Shareholders' Meeting resolutions that were promptly challenged by the latter.

Dealings with: subsidiaries, associates, holding companies, affiliates and other related parties

On 9 November 2010, the Board of Directors resolved to adopt the "Procedure for transactions with related parties", drawn up according to the principles indicated in the "Regulation containing provisions on transactions with related parties" adopted by Consob with resolution No. 17221 of 12 March 2010.
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 Mediaset S.p.A. 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.	456	129	116	860,519	5,241
Medusa Film S.p.A.		32	3,810		
Publitalia '80 S.p.A.		114	5,682		
Digitalia '08 S.r.l.		25	169		
Elettronica Industriale S.p.A.		4	5,239		
Monradio S.r.l.		6		17,348	
Taodue S.r.l.		2	5,252	12,951	
RadioMediaset S.p.A.		11	400	64,906	
Radio Studio 105 S.p.A.		10	1,495		
Virgin Radio Italy S.p.A.		7			
RMC Italia S.p.A.		1		793	
Radio Subasio S.r.l.		6	99		
Radio Aut S.r.l.		1	79		
Mediaset Investment N.V.			337		
R2 S.r.l.		4	1,090		
Mediaset Italia S.p.A.		12	79		
Associates - Mediaset Group					
Boing S.p.A.				9,729	
Tivù S.r.l.		1			
El Towers S.p.A.		3			
Fininvest Group - Related companies					
Mediobanca S.p.A.			63		5
Banca Mediolanum S.p.A.					5
TOTALS	**456**	**369**	**23,911**	**966,247**	**5,251**

(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.	1,679	276	194,785		1,301
Medusa Film S.p.A.			325	118,206	
Publieurope Ltd.				18,425	
Publitalia '80 S.p.A.			10,720	329,723	
Digitalia '08 S.r.l.			635	9,397	
Elettronica Industriale S.p.A.			20,290	338,872	
Monradio S.r.l.			4,026		
Taodue S.r.l.			3,089		
RadioMediaset S.p.A.			2,216		
Radio Studio 105 S.p.A.			59	6,520	
Virgin Radio Italy S.p.A.			1,318	12,316	
RMC Italia S.p.A.			1,057		
Radio Subasio S.r.l.			10	2,518	
Radio Aut S.r.l.			2	1,803	
Mediaset Investment N.V.				276,748	318,416
R2 S.r.l.				8,536	
Mediaset Italia S.p.A.		24	2,254	64,894	
Associates - Mediaset Group					
Fascino Produzione e Gestione Teatro S.r.l.				32,730	
Boing S.p.A.			2,836		
Mediamond S.p.A.				9,056	
Adtech Ventures S.p.A.				72	
Fininvest Group - Related companies					
Mediobanca S.p.A.			1		99,981
Other related parties					
Key management personnel		36	9,155		
TOTALS	**1,679**	**436**	**261,935**	**1,229,816**	**419,698**

(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.		538			
Subsidiaries - Mediaset Group					
Mediaset Espana Comunicacion S.A.	8	-			
R.T.I. - Reti Televisive Italiane S.p.A.	857	1,492	94,247	118,875	
Medusa Film S.p.A.	132	-			
Publieurope Ltd.	2	-			
Publitalia '80 S.p.A.	396	-			
Digitalia '08 S.r.l.	79	-			
Elettronica Industriale S.p.A.	43	-			
Monradio S.r.l.	24	10		163	
Taodue S.r.l.	13	6		236	
RadioMediaset S.p.A.	42	40		466	
Radio Studio 105 S.p.A.	39	-			
Virgin Radio Italy S.p.A.	24	(1)		52	
RMC Italia S.p.A.	10	(1)		81	
Radio Subasio S.r.l.	22	-			
Radio Aut S.r.l.	2	-			
Mediaset Investment N.V.		-	3,331		
R2 S.r.l.	13	-			
Mediaset Italia S.p.A.	33	73		5	
Associates - Mediaset Group					
Fascino Produzione e Gestione Teatro S.r.l.		(13)		3	
Boing S.p.A.		8	10	65	
Tivù S.r.l.	1	-			
Nessma SA		526		15	
Mediamond S.p.A.		-		6	
EI Towers S.p.A.	3	-			34,800
Fininvest Group - Related companies					
Fininvest Real Estate & Services S.p.A.		3			
Mediobanca S.p.A.			1,077		
Other related parties					
Key management personnel		3,659			
TOTALS	**1,744**	**9,999**	**98,665**	**119,966**	**34,800**

The most significant dealings between Mediaset S.p.A. and related parties, summarised in the above tables, concerned:

- revenues from the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, internal auditing, personnel management and financial services, amounting to EUR 1,577 thousand, of which EUR 791 thousand to the subsidiary R.T.I. S.p.A.;
- licensing of the Fininvest trademark by the holding company Fininvest S.p.A. for a total of EUR 465 thousand, paid in full over the year;
- leasing of buildings from the subsidiary R.T.I. S.p.A. for a total of EUR 114 thousand, paid in their entirety over the year;
- EUR 891 thousand for the supply of staff services governed by intercompany contracts to the subsidiary R.T.I. S.p.A.;
- a term loan recorded at amortised cost, granted by Mediobanca S.p.A. on 18 November 2016 for a total contractual amount of EUR 100,000 thousand. The financing was terminated early on 21 January 2021.
- 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 3,416 thousand accrued as at 31 December 2020.

In 2020, intercompany dealings also concerned the management of equity investments, which in the period involved the collection of the EUR 34,800 thousand dividend from joint venture EI Towers S.p.A.

Mediaset S.p.A. provides centralised treasury services for the management of financial assets involving the use of intercompany current accounts, which generated interest income from the following companies:

- R.T.I. S.p.A. EUR 7,420 thousand;
- RadioMediaset S.p.A. EUR 466 thousand;
- Tao Due S.r.l. EUR 236 thousand;
- Monradio S.r.l EUR 163 thousand;
- RMC Italia S.p.A. EUR 81 thousand;
- Virgin Radio Italy S.p.A. EUR 52 thousand;
- Boing S.p.A. EUR 62 thousand;
- Mediamond S.p.A. EUR 6 thousand;
- Mediaset Italia S.p.A. EUR 5 thousand;
- Fascino Produzioni Gestioni Teatro S.r.l. EUR 3 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 section "Other related parties".

Finally, pursuant to Consob Communication No. 1574 of 20 February 1997 and Consob Communication No. 2064231 of 30 September 2003, we report that in 2020 Mediaset S.p.A. did not incur costs for advisory services from related parties.

- ***Treasury shares***

At 31 December 2020, 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 389,702 thousand (EUR 401,298 thousand at 31 December 2019), which is equivalent to 42,034,775 shares, partially earmarked to service approved incentive and buyback plans, of which 109,058 shares allotted to the former non-controlling shareholders of Videotime S.p.A. following the 2018 merger.

During the year, 1,247,507 treasury shares were transferred, under the conditions set forth in the 2017 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.

- ***Stock option plans – share-based payments***

At 31 December 2020, medium/long-term incentive plans assigned for the years 2018 and 2019 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-settle; 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:

	2017 Incentive plan (*)	2018 Incentive plan (*)	2019 Incentive plan (*)
Grant date	01/07/2017	11/09/2018	12/03/2019
Vesting Period	from 01/07/2017 to 31/12/2019	from 11/09/2018 to 31/12/2020	from 12/03/2019 to 31/12/2021
Exercise period	from 01/07/2020	01/10/2021	01/04/2022
Fair Value	3.447	2.5079	2.8114

(*) 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:

	2016 Incentive plan (*)	2017 Incentive plan(*)	2018 Incentive plan(*)	2019 Incentive plan(*)	Total
Options outstanding at 1/1/19	**785,169**	**1,247,507**	**1,622,110**	**-**	**3,654,786**
Options issued during the year	-	-	-	1,789,670	**1,789,670**
Options exercised during the year	(785,169)	-	-	-	**(785,169)**
Options expired/cancelled during the year		-	-	-	**-**
Options outstanding at 31/12/19	**-**	**1,247,507**	**1,622,110**	**1,789,670**	**4,659,287**
Options outstanding at 1/1/20	**-**	**1,247,507**	**1,622,110**	**1,789,670**	**4,659,287**
Options issued during the year	-	-	-	-	**-**
Options exercised during the year	-	(1,247,507)	-	-	**(1,247,507)**
Options outstanding to 31/12/20	**-**	**-**	**1,622,110**	**1,789,670**	**3,411,780**

(*) Medium/long-term incentive plan with free granting of shares to the beneficiaries

The incentive plans are recognised in the financial statements at their fair value:

- Stock Option Plan 2018: EUR 2.5079 per option;
- Stock Option Plan 2019: EUR 2.8114 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 Mediaset S.p.A. in accordance with Articles 117 et seq. of the Consolidated Income Tax Act:

- For the three-year period 2018/2020: R.T.I. S.p.A., Tao Due S.r.l., Radio Aut S.r.l. and Radio Subasio S.r.l...
- for the three-year period 2019/2021: Monradio S.r.l., Mediaset S.p.A 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..

- ***Management and coordination activities***

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A., as the latter owns 44.17% of the share capital. On 4 May 2004, Fininvest notified Mediaset that pursuant to Article 2497 et seq of the Italian Civil Code, it would not conduct the management and coordination of Mediaset. 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 Mediaset 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 Mediaset nor does it provide assistance or technical, administrative or financial coordination on behalf of Mediaset and its subsidiaries.

- ***Transfer of business unit***

On 27 February 2020, the deed was signed to transfer to Mediaset Italia S.p.A. a business unit essentially comprising all operational activities of the Company (with the exception of the treasury and finance area) and equity investments in subsidiaries RTI S.p.A. and Publitalia '80 S.p.A. The transfer of this unit, which entered into effect on 1 March 2020, mainly comprises tangible and intangible fixed assets, financial assets, receivables and payables, personnel and related assets and liabilities (including severance pay). Accordingly, the investment held in Mediaset Italia S.p.A., incorporated in July 2019, increased by the value of the carrying amount of the business unit at the transfer date, equal to EUR 1,329,880 thousand.

At the date of transfer, the figures for the business unit, comprising 56 employees, were as follows:

Carrying amount of the "Italia business unit" transferred to Mediaset Italia S.p.A.	*1 March 2020*
Assets transferred	1,336,542
Property, plant and equipment	2,071
Intangible fixed assets	-
Investments in subsidiaries and other non-current financial assets	1,333,620
Deferred tax assets	467
Trade and other current receivables	370
Cash and cash equivalents	14
Liabilities transferred	(6,661)
Post-employment benefit plans	(1,141)
Deferred tax liabilities	(385)
Non-current financial payables and liabilities	(1,686)
Provision for risks and charges	(71)
Trade payables and other current liabilities	(2,961)
Other current financial liabilities	(418)
Assets/liabilities transferred	1,329,880
Mediaset Italia S.p.A. stake - increase	1,329,880

NOTES ON MAIN ASSET ITEMS

(values in EUR thousand)

5. Non-current assets

5.1 Property, plant and equipment

The tables below show the changes over the last two years in the historical cost, accumulated amortisation and depreciation, write-downs and the net carrying amount.

Historical cost	Land and buildings	Plant and equipment	Technical and commercial equipment	Other assets	IFRS 16 Right-of-use assets - Property Leasing	IFRS 16 Right-of-use assets - Car Hire	Total
01/01/19	**6,129**	**733**	**183**	**3,667**	**-**	**-**	**10,712**
Acquisitions	-	-	-	-	122	163	285
IFRS 16 effects	-	-	-	-	1,794	462	2,256
Divestments	(4,999)	(3)	-	(24)	-	(30)	(5,056)
31/12/19	**1,130**	**730**	**183**	**3,643**	**1,916**	**595**	**8,197**
Acquisitions	-	-	-	-	-	23	23
Transfer of business unit	(1,130)	(730)	(183)	(3,643)	(1,916)	(618)	(8,220)
31/12/20	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Accumulated amortisation, depreciation and impairment	Land and buildings	Plant and equipment	Technical and commercial equipment	Other assets	IFRS 16 Right-of-use assets - Property Leasing	IFRS 16 Right-of-use assets - Car Hire	Total
01/01/19	**1,609**	**731**	**177**	**3,648**	**-**	**-**	**6,165**
Divestments	(491)	(3)	-	(24)		(8)	(526)
Depreciation	12	1	1	5	214	108	342
Depreciation of Car hire assigned to employees	-	-	-	-		90	90
31/12/19	**1,130**	**730**	**178**	**3,629**	**214**	**190**	**6,071**
Depreciation	-	-	-	-	39	5	44
Transfer of business unit	(1,130)	(730)	(178)	(3,629)	(253)	(227)	(6,147)
Depreciation of Car hire assigned to employees	-	-	-	-	-	32	32
31/12/20	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Net balance	Land and buildings	Plant and equipment	Technical and commercial equipment	Other assets	IFRS 16 Right-of-use assets - Property Leasing	IFRS 16 Right-of-use assets - Car Hire	Total
01/01/19	**4,520**	**2**	**6**	**19**	**-**	**-**	**4,547**
Acquisitions	-	-	-	-	122	163	285
Reclassification	-	-	-	-	1,794	462	2,256
Divestments	(4,508)	-	-	-		(23)	(4,531)
Depreciation	(12)	(1)	(1)	(5)	(214)	(108)	(342)
Depreciation of Car hire assigned to employees	-	-	-	-		(90)	(90)
31/12/19	**-**	**-**	**5**	**14**	**1,702**	**404**	**2,125**
Acquisitions	-	-	-	-	-	23	23
Depreciation	-	-	-	-	(39)	(5)	(44)
Transfer of business unit	-	-	(5)	(14)	(1,663)	(391)	(2,074)
Depreciation of Car hire assigned to employees	-	-	-	-	-	(32)	(32)
31/12/20	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The item was zeroed during the year due to the following changes:

- an increase of EUR 23 thousand in acquisitions for car right-of-use assets to be recognised pursuant to IFRS 16;
- EUR 44 thousand in depreciation for the period up to the effective date of the transfer, of which EUR 39 thousand for rights-of-use assets for real estate leasing under IFRS and EUR 5 thousand for right-of-use car hire assets;
- depreciation for the period up to the effective date of the transfer amounting to EUR 32 thousand relating to the rights of use of the cars assigned to employees pursuant to IFRS 16, classified in the income statement under the item *Personnel expenses*;
- transfer of the "Italia business unit" for EUR 2,074 thousand, and in particular for EUR 1,663 thousand for property rights-of-use and for EUR 391 thousand for rights-of-use for cars assigned to employees.

5.5 Equity investments

Equity investments in direct and indirect subsidiaries

	31/12/20				31/12/19			
	ownership interest	investment	carrying amount stock opt.	total	ownership interest	investment	carrying amount stock opt.	total
Mediaset Espana Comunicacion S.A.	53.2633%	868,975	-	868,975	52.59%	868,975	-	868,975
R.T.I. - Reti Televisive Italiane S.p.A.	0%	-	11,046	11,046	100%	1,534,219	9,903	1,544,122
Medusa Film S.p.A.	0%	-	1,450	1,450	0%	-	1,258	1,258
Publitalia '80 S.p.A.	0%	-	7,595	7,595	100%	51,134	6,566	57,700
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%	-	195	195	0%	-	137	137
Mediaset Investment N.V.	100%	595,245	-	595,245	100%	595,245	-	595,245
Mediaset Italia S.p.A.	100%	1,330,000	913	1,330,913	100%	120	-	120
Equity investments in subsidiaries		**2,794,221**	**21,369**	**2,815,590**		**3,049,694**	**18,032**	**3,067,726**
Acc. impairment of equity investments in subsidiaries				**-**				**(251,749)**
Total				**2,815,590**				**2,815,977**

The item amounts to a total of EUR 2,815,590 thousand and, compared to the previous year, shows a decrease of EUR 387 thousand due to the following changes:

- net increase of EUR 1,329,880 thousand in the equity investment in direct subsidiary Mediaset Italia S.p.A. from EUR 120 thousand to EUR 1,330,000 thousand as a result of the transfer of the "Italia business unit"; In particular, in relation to this transfer, in a notarial instrument dated 27 February 2020, it resolved to increase its share capital from EUR 120 thousand to EUR 600,000 thousand and to establish a share premium reserve for the sum thousand of EUR 730,000;
- an increase of EUR 3,337 thousand as a portion accrued during the year in relation to the medium/long-term incentive plans assigned to employees of some subsidiaries in 2018 and 2019;
- decrease for a total of EUR 1,333,604 thousand due to the transfer of the business unit to the subsidiary Mediaset Italia S.p.A., which entailed the transfer to this company of the equity investments in the subsidiary RTI S.p.A., which at the effective date of the transfer was recorded at a value of EUR 1,282,470 thousand (net of a bad debt provision of EUR 251,749 thousand) and in the subsidiary Pubitalia '80 SpA, which at that date was recorded at a carrying amount value of EUR 51,134 thousand.

The equity investment in the company Mediaset Espana Comunication S.A., corresponding to a portion of the share capital of 53.26% of the subsidiary, as at 31 December 2020 showed a book value 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 valuation of the recoverability of the value of the investment in Mediaset Espana Comunication S.A. was calculated based on consolidated impairment testing. Specifically, this test was carried out on the basis of the value in use of the related operating assets and the current value attributable to the other assets and liabilities.

The assessment outcomes were approved by the Board of Directors of Mediaset España on 24 February 2021 and examined by the Board of Directors of Mediaset S.p.A. on 30 March 2021. The value on use was assessed by estimating the future cash flow of the Group'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 that major cost items will be restructured in view of the containment and efficiency measures implemented in 2020 to cope with the fall in revenue. A discount rate of 7.9% and a perpetual growth rate of zero were applied, which is in line with the parameters used in the assessments as at 31 December 2019.

In this estimate of the value in use, significant coverage emerged in relation to the carrying amount and therefore, it was not necessary to carry out write-downs.

Sensitivity analyses were also carried out which showed a correspondence between recoverable value and carrying amount only in the presence of a very significant worsening of the key variables (discount rate and advertising revenues) used in the evaluation. In light of these analyses, no elements were identified from which it is possible to infer the existence of a lasting loss in value in relation to the book value of the investment in Mediaset Espana as at 31 December 2020.

The statement of differences between the carrying amount and the share of shareholders' equity is reported in the attachment *"List of equity investments in subsidiaries at 31 December 2020 (Article 2427, Paragraph 5 of the Italian Civil Code)"*. In addition to the above, no further equity investments were identified whose carrying amount exceeds the pro-rated value of the relevant shareholders' equity.

Equity investments in associates and joint ventures

	31/12/20				31/12/19			
	ownership	carrying amount			ownership	carrying amount		
	interest	investment	stock opt.	total	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
EI 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 EI Tower 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 zeroed by the write-down applied in the previous year.

With reference to EI Towers S.p.A., the recoverability of the book value of the equity investment was confirmed by the value in use determined by the same company on the basis of the latest approved business plans.

Equity investments in other companies

	31/12/20		31/12/19	
	ownership interest	carrying amount	ownership interest	carrying amount
Kirch Media GmbH & Co. KGaA in admin	2.28%		2.28%	
Nessma Entertainment S.a.r.l.	0.00016%		0.00016%	
ProSiebenSat.1 MEDIA SE	10.35%	331,709	9.61%	311,333
Equity investments in other companies		**331,709**		**311,333**

This item totals EUR 331,709 thousand, which is up EUR 20,376 thousand on the previous year, broken down as follows:

- in March 2020, the stake in ProSiebenSat 1 - Media SE increased from 9.61% to 10.35% with the purchase of 1,733,532 shares for a price of EUR 6.73 per share, translating to a total outlay of EUR 11,666 thousand;
- increase of a further EUR 8,709 from the shareholding in ProSiebenSat 1 – Media SE due to the effects of the fair value measurement (EUR 13.755 per share), offset in the item Shareholders' equity valuation reserve; following this adjustment, the fair value of the shareholding at 31 December 2020 was EUR 331,709 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. It is therefore recognised and treated in accounts as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the carrying amount of the equity investment and the related hedging respective fair value are recognised with a balancing entry in the item Valuation reserves of shareholders' equity, without recycling to profit and loss.

This item includes the 2.28% shareholding of the Kirch Media GmbH & Co. company and the 0.00016% shareholding of the Nessma Entertainment S.a.r.l. company, which are unchanged compared to the previous year.

5.6 Receivables and other non-current financial assets

	31/12/20				31/12/19
			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	-	6,158
>12-month forward derivatives with third parties	1,679	-	1,679	-	7,452
>12-month forward derivatives with subsidiaries	456	-	456	-	-
>12-month put option derivatives on shares	25,811	-	25,811	-	39,880
Total	**36,588**	**-**	**36,588**	**-**	**53,490**

This item totals EUR 36,588 thousand, which is down EUR 16,902 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 from receivables relating to two insurance policies with a minimum guaranteed return taken out during the previous year and EUR 142 thousand from receivables for security deposits;
- EUR 1,679 thousand from the non-current portion of the fair value of derivative contracts, with UniCredit S.p.A., to hedge risks resulting from fluctuations of foreign currencies in relation to highly likely future obligations, as well as payables for purchases already completed, agreed for the purposes of hedging subsidiaries;
- EUR 456 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 Mediaset S.p.A., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly likely future obligations, as well as payables for purchases already made by its direct and indirect subsidiaries, transferred to the latter by entering into an intercompany agreement at the same conditions;
- EUR 25,811 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.

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 balance sheet figures and the corresponding amounts recognised for tax purposes, as well as tax losses transferred from Group companies that are party to the national tax consolidation scheme.

Deferred tax assets are measured on the basis of the current tax rates applicable at the time the differences are offset and are considered to be recoverable on the basis of taxable results that may be inferred from the multi-year plans of the Italy segment of the Mediaset Group.

The following tables show the changes in the period and the break down of deferred tax assets at the end of the year:

	31/12/20	31/12/19
Opening balance	**222,499**	**231,701**
Tax charged to profit and loss	279	789
Tax charged to shareholders' equity	353	418
Transfer of business unit	(467)	-
Other changes	(5,865)	(10,409)
Closing balance	**216,799**	**222,499**

	31/12/20		31/12/19	
	Total of temporary differences	Tax effect	Total of temporary differences	Tax effect
Deferred tax assets for:				
Intangible fixed assets	-	-	8	2
Provision for litigation/labour disputes	-	-	70	17
Directors' compensation	9,155	2,197	9,055	2,173
Taxed provision for bad debts	-	-	153	37
Taxes, charges and membership fees	1	-	6	1
Post-employment benefit plans	4	1	1,708	410
Provision for bad debts	5,658	1,358	4,599	1,104
IRS hedging reserve	3,151	756	-	-
Fair value reserve - Other Equity Investments	-	-	979	235
Amortisation Hedging Reserve - Time Value - Put	-	-	701	168
Tax losses from tax consolidation	885,362	212,487	909,800	218,352
Total deferred tax assets	**903,331**	**216,799**	**927,079**	**222,499**

The item totals EUR 216,799 thousand, which is up EUR 5,700 thousand on the previous year.

The deferred tax credit recognised in the financial statements for the tax losses accrued under the Group's tax consolidation decreased by a total of EUR 5,865 thousand.

Following the notification of assessment notice no. JB0E0300282/2017 served on subsidiary RTI S.p.A., an application to apply the Group's tax losses was submitted to the Revenue Agency during 2018 in order to reduce the EUR 13,063 thousand taxable income assessed for the 2012 tax year.

Judgment no. 3969/13/20 issued on 23 June 2020 by the Provincial Tax Commission of Rome rejected the arguments of the subsidiary RTI S.p.A. and, as a precaution, the deferred tax assets posted to the tax losses applied to reduce the asserted taxable income were written down by EUR 3,135 thousand. The subsidiary lodged an appeal with the Regional Tax Commission of Lazio.

This case had no effect on the Company's profits for the year, as it led to a corresponding reduction in the payables due to the subsidiary RTI S.p.A. for the tax losses transferred by the latter as part of the Group's tax consolidation.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for the future fiscal years. With particular reference to deferred tax assets related to the Italian tax consolidation arrangement that include IRES tax losses that can be carried forward without any time limit, the assessment of the criteria for the recognition and the period needed for recoverability, were tested by estimating the IRES-taxable income from the Italian tax consolidation perimeter based on the following assumptions:

- profit before tax of Italian segment following the consolidation of the 2021-2025 plans drawn up for the purpose of impairment testing based on the assumptions presented to Mediaset's Board of Directors on 30 March 2021;
- estimates of tax differencies, primarily relating to dividend income from subsidiaries and other investments, higher taxable amortisation of pay broadcasting rights impaired in 2018 and other non-taxable components of profit/loss;
- extrapolation of the taxable income beyond the period covered by the business plans used for the impairment test considering hypotheses of growth and profit margins 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 approximately 10 years was determined and confirmed by applying specific discount factors, as recommended in the ESMA document dated 15 July 2019.

6. Current assets

6.2 Trade receivables

At the end of the year this item was broken down as follows:

	31/12/2020				31/12/2019
			Due		
	Total	In 1 year	From 1 to 5 years	More than 5 years	
Receivables from customers	2	2			163
Provision for bad debts	-	-			(153)
Total net receivables from customers	**2**	**2**	**-**	**-**	**11**
Receivables due from subsidiaries	365	365			1,683
Receivables due from associates and joint ventures	4	4			28
Total	**371**	**371**	**-**	**-**	**1,721**

Receivables from customers

The item, net of the provision for bad debts, totals EUR 2 thousand, which is down by EUR 9 thousand on the previous year.

This provision for bad debts, which in the previous year totalled EUR 153 thousand, was zeroed following the "Italia business unit" transfer to subsidiary Mediaset Italia S.p.A.

Trade receivables from subsidiaries

Trade receivables from subsidiaries amount to EUR 365 thousand and mainly consisted of:

- EUR 287 thousand (of which EUR 100 thousand from Publitalia '80 S.p.A. and EUR 75 thousand from R.T.I. S.p.A.) for the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and internal auditing;
- EUR 28 thousand for fees on bank sureties and guarantees granted in favour of the group's subsidiaries;
- EUR 18 thousand for fees for employee directors;
- EUR 32 thousand in other receivables.

Trade receivables from associates and joint ventures

Trade receivables from associates and joint ventures, amounting to EUR 4 thousand, relate to the charge-backs for fees paid to directors who waived the remuneration in favour of Mediaset S.p.A.

It should be noted that the item *Trade receivables*, compared to the previous year, saw a decrease EUR 1,350 thousand to be attributed almost entirely to the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A..

6.3 Tax receivables

This item was broken down as follows:

	31/12/20	31/12/19
Receivables from tax authorities for IRES tax from tax consc	30,876	30,415
Receivables from tax authorities for IRAP	1,095	1,795
Other receivables from tax authorities	2,570	2,570
Total	**34,541**	**34,780**

The item totals EUR 34,541 thousand, which is slightly down by EUR 239 thousand on the previous year.

Details of the items are provided below:

Receivables from tax authorities for IRES from tax consolidation

This item amounts to EUR 30,876 thousand and is made up as follows:

- EUR 13,672 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) – this item is unchanged on the previous year;
- EUR 17,204 thousand in tax receivables carried forward, recognised in the Group national tax consolidation scheme.

Receivables from tax authorities for IRAP tax

The item amounts to EUR 1,095 thousand, which is down by EUR 700 thousand on the previous year.

Other receivables from tax authorities

This item, which is unchanged on the previous year, totals EUR 2,570 thousand and refers to a tax receivable for foreign tax payments recognised following the dividend received by investee ProSiebenSat,1 Media SA in 2019. The EUR 5,958 thousand total tax receivable was written down by EUR 3,388 thousand to adjust it to the presumed realisable value, considering that an application for reimbursement of the remainder was filed with the German tax authorities.

6.4 Other receivables and current assets

Below is a breakdown of the item:

	31/12/20	31/12/19
Receivables from employees	33	46
Advances	5	342
Receivables from social security institutions	108	108
Receivables from tax authorities	13,213	3,020
Receivables from others	97	151
Sundry receivables from subsidiaries	23,848	38,451
Prepaid expenses	867	1,180
Total	**38,171**	**43,298**

The item totals EUR 38,171 thousand, which is down by EUR 5,127 thousand on the previous year.

The item includes receivables falling due beyond 12 months for EUR 369 thousand.

The fair value of the receivables is believed to approximate their carrying amount.

Details of the main items are provided below.

Sundry receivables from subsidiaries

This item totals EUR 23,848 thousand and mainly comprises:

- EUR 18,362 thousand for the IRES tax receivable resulting from tax consolidation in relation to subsidiaries that participate in the Group's tax burden pursuant to the agreement to exercise the option to use the national tax consolidation scheme, mainly from the subsidiary Publitalia 80 S.p.A. for the sum of EUR 5,682 thousand and from the subsidiary Tao Due S.r.l. for the sum of EUR 4,526 thousand;
- EUR 5,291 thousand as the receivable related to the Group VAT procedure, mainly towards the subsidiary Elettronica Industriale S.p.A for EUR 3,918 thousand.

Receivables from tax authorities

This item amounts to EUR 13,213 thousand, which is up by EUR 10,193 thousand on the previous year, mainly attributable to the EUR 10,360 thousand positive balance of the *Group VAT* during the year in question. The item also includes a receivable of EUR 2,853 thousand following payment for tax arrears relating to the notices of assessment for the 2004 and 2005 financial years for VAT, and the amount receivable from the VAT vehicle refund for 2004, both recognised following the merger by acquisition of the subsidiary Videotime S.p.A. on 1 March 2018. The assessment notices were challenged in accordance with the law, however the item "Provisions for risks and charges" includes a provision made in previous years with the aim of fully covering the receivables recorded in the event the dispute is lost.

Prepaid expenses

This item totals EUR 867 thousand and is made up as follows:

- EUR 606 thousand in costs incurred to secure medium/long-term loans;
- EUR 14 thousand in fees on bank guarantees paid in advance;
- another EUR 247 thousand in miscellaneous expenses, mainly consisting of costs for insurance premiums.

6.5 Intercompany financial receivables

Intercompany financial receivables from subsidiaries

These concerned current account relationships in place with other Group companies as detailed below:

	31/12/20	31/12/19
TAO Due S.r.l.	12,951	23,763
R.T.I. S.p.A.	860,519	847,335
Monradio S.r.l.	17,348	13,930
RadioMediaset S.p.A.	64,906	42,477
Virgina Radio Italy S.p.A.	-	6,168
RMC Italia S.p.A.	794	8,935
Total	**956,518**	**942,608**

Current account relationships with subsidiaries, associates and joint ventures are governed by a master agreement entered into on 18 December 1995 and by the related subsequent amendments which envisage, by Mediaset S.p.A. for the year 2020, the application of interest rates equal to the Euribor 1 month average plus a spread. Counterpart companies calculate the interest expense by adding a spread equal to 2.30%, up to 9 January 2020 and after that date at 1.5%, while the interest income is calculated only if the sum of the average Euribor 1 month plus spread (equal to 0.2%), is greater than zero. From 2017, interest is paid to Mediaset S.p.A. on 31 December of each year, while interest expense is charged on 1 March of the year following the year to which it relates.

Intercompany financial receivables from associates and joint ventures

This item includes current account relationships in place with associates and joint ventures as detailed below:

	31/12/20	31/12/19
Fascino Prod. Gest. Teatro S.r.l.	-	3,987
Boing S.p.A.	9,729	6,488
Total	**9,729**	**10,475**

6.6 Other current financial assets

This item is broken down as follows:

	31/12/20	31/12/19
Financial assets for non-hedging derivatives		
Third party forward derivatives	1,301	8,618
Forward derivatives with subsidiaries	5,241	1,538
Forward derivatives from associates	-	5
Total	**6,542**	**10,160**
Financial assets for hedging derivatives		
Derivatives for share options	48,123	9,454
Total	**48,123**	**9,454**
Other current financial assets	-	138
Total	**54,665**	**19,753**

The item amounts to a total of EUR 54,665 thousand, increasing by EUR 34,912 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 Mediaset S.p.A. on the market to hedge risks of subsidiaries resulting from fluctuations of foreign currencies in relation to highly likely future obligations, as well as payables for purchases already completed.

The fair value of currency futures is measured by discounting the difference between the notional amount priced at the forward rate of the contract, and the notional amount priced at the fair forward rate (the forward exchange rate measured at the reporting date).

In particular, Mediaset S.p.A. 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. company and, once the derivative contract has been entered into on the market, it transfers it to these subsidiaries by entering into an intercompany agreement under the same terms and conditions.

These contracts in the financial statements of the Company do not qualify as hedges pursuant to IFRS 9 and are accounted for by recording 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 48,123 thousand, which is up by EUR 38,669 thousand on the previous year, and refers to:

- EUR 18,984 thousand from the non-current portion of the fair value concerning the put option taken out with Credit Suisse International in 2019 to hedge the valuation risk changes in the fair value of the value of the investment held in German broadcaster ProSiebenSat.1 Media SA.

- for EUR 29,139 thousand to the fair value measurement of call options entered into in April 2020 as part of a reverse collar contract with the aim of setting a maximum price for the future acquisition of an additional portion equal to 4.1 % of the share capital of ProSiebenSat 1 Media SE. The agreement was terminated early on 21 January 2021.

Other current financial assets

This item was zeroed during the year following the collection of the receivable transferred from Mediaset Investment S.a.r.l., which was paid on 27 September 2018.

The item also includes EUR 4,958 thousand in current financial receivables due from joint ventures Nessma S.A. and Nessma Broadcast S.a.r.l.. These receivables are fully written down as of 31 December 2020 and the share of the write-down carried out during the year was equal to EUR 525 thousand.

6.7 Cash and Cash Equivalents

This item was broken down as follows:

	31/12/20	31/12/19
Bank and postal deposits	121,548	13,049
Cash and cash equivalents		13
Total	**121,548**	**13,062**

The item amounts to EUR 121,548 thousand, which is up by EUR 108,486 thousand on the previous year.

The item *Bank and postal deposits* includes current account relationships held with leading national and non-national banks. The item *Cash and cash equivalents* equal to EUR 13 thousand at the end of last year, was transferred to the subsidiary Mediaset Italia S.p.A. as part of the transfer of the "Italia business unit".

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 THE MAIN ITEMS IN SHAREHOLDERS' EQUITY AND LIABILITIES

(values in EUR thousand)

8. Shareholders' equity

Below are comments on the main categories that make up equity and the related changes in the period.

8.1 Share capital

At 31 December 2020, the share capital was EUR 614,238 thousand, fully subscribed and paid in, consisting of 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each. No change occurred in the year under review.

8.2 Share premium reserve

At 31 December 2020, the share premium reserve amounted to EUR 275,237 thousand. No change occurred in the year under review.

8.3 Treasury shares

This item includes shares of Mediaset S.p.A. 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.

	31/12/2020		31/12/2019	
	Number	**Book value**	**Number**	**Book value**
Treasury shares - opening balance	**43,173,224**	**401,298**	**43,958,394**	**408,596**
increases				
decreases for assignment under incentive plan	(1,247,507)	(11,596)	(785,170)	(7,298)
Treasury shares - final balance	**41,925,717**	**389,702**	**43,173,224**	**401,298**
shares for Videotime former shareholders	109,058		109,940	
Total treasury shares - final balance	**42,034,775**		**43,283,164**	

At 31 December 2020 the carrying amount of the treasury shares was EUR 389,702 thousand, equivalent to 42,034,775 shares. This item reveals a decrease on the previous year of 1,247,507 treasury shares, for a value of EUR 11,596 thousand, following the transfer of treasury shares to 2017 Incentive Plan participants 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 882 treasury shares held by the former non-controlling shareholders of Videotime S.p.A. following the merger by acquisition that took place in 2018.

At 31 December 2020, there were no treasury shares used to stabilise market value.

8.4 Other reserves

This item is broken down as follows:

	31/12/20	31/12/19
Legal reserve	122,848	122,848
Extraordinary reserve	1,480,904	1,354,876
Merger reserve	621,642	621,642
Reserve for profit/loss from treasury share trading	(28,774)	(51,479)
Other available reserves	16,324	16,324
Total	**2,212,944**	**2,064,211**

Legal reserve

At 31 December 2020 this reserve totalled EUR 122,848 thousand. No change occurred during the year since the reserve had already reached the level of 20% of share capital.

Extraordinary reserve

At 31 December 2020, the reserve amounted to EUR 1,480,904 thousand and, compared to the previous year, increased by EUR 126,028 thousand following the allocation of the result for the 2019 financial year as per the Shareholders' Meeting resolution of 26 June 2020.

Merger reserve

At 31 December 2020, this reserve amounted to EUR 621,642 thousand, which was unchanged on the previous year. The item is mainly consists of EUR 621,071 thousand from the incorporation of the subsidiary Mediaset Investimenti S.p.A., which took place on 31 December 2012, as a result of the difference between the value of the shareholders' equity at 31 December 2012 of the incorporated company and the relative carrying amount of the investment.

Reserve for profit/loss from treasury share trading

The item has a negative balance of EUR 28,774 thousand and, compared to the previous year, fell by EUR 22,705 thousand due to:

- an increase of EUR 7,295 thousand due to the negative effects on changes during the year, already commented on in the item Treasury shares.
- a decrease of EUR 30,000 thousand relating to the reversal for the residual debt component of the effect attributed in 2019 as a direct reduction of the shareholders' equity of the premium agreed with Peninsula for the put options entered into with the counterpart, relating to a portion of the shares for which the shareholders Mediaset S.p.A. and Mediaset Espana Comunicacion S.A. could have exercised the right of withdrawal as part of the MFE - MEDIAAFOREUROPE merger project. In consideration of the events related to this merger project that took place during the year, as reported in more detail in the paragraph "MFE - MEDIAFOREUROPE cross-border merger project", the amount was released as a direct increase in equity as it is no longer due to the counterparty.

Other available reserves

This item, which totals EUR 16,324 thousand, is mainly related to amounts released from the Reserve for medium/long-term Incentive Plans for employees of the company and employees of subsidiaries which became available during the previous year due to the expiry of the options. No change occurred in the year under review.

8.5 Valuation reserves

This item is broken down as follows:

	31/12/20	31/12/19
IRS hedging reserve	(2,395)	980
Equity investment fair value reserve	(10,867)	(19,341)
Time value on options reserves	(3,888)	9,440
Intrinsic value on options reserves	25,854	-
M/L-term incentive plan reserve	1,383	2,569
M/L-term incentive plan reserve - Subsidaries	5,941	5,536
Reserve from actuarial gains/(losses)	(943)	(943)
Total	**15,085**	**(1,759)**

The item ***Hedging reserve for IRS***, has a negative balance of EUR 2,395 thousand and includes, net of the tax effect, the changes in fair value recognised at 31 December 2020 in relation to two IRS derivatives hedging the interest rate risk for two loan contracts negotiated with UniCredit and four IRS derivatives entered into in 2020 to hedge the interest rate risk for the same number of loan agreements entered into during the year with Intesa SanPaolo, BNP Paribas, UBI Banca and UniCredit, as reported in item *9.3 Non-current financial liabilities*.

The item ***Fair value reserve for equity investments*** reports a negative figure of (-)EUR 10,867 thousand, which is down by EUR 8,474 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.

The ***Time value and intrinsic value reserves on options*** show an overall positive balance of EUR 21,966 thousand (positive balance of EUR 9,440 thousand at 31 December 2019) and include:

- a negative balance of EUR 4,500 thousand (positive balance of EUR 9,440 thousand) relating to changes in the fair value of the put and call options entered into as part of a collar contract with Credit Suisse International in 2019 to hedge the risk of fluctuation in the fair value of the equity investment in ProSiebeSat.1 Media SE. 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.
- A positive balance of EUR 26,466 thousand relating to changes in the fair value of call and put options entered into as part of a reverse collar contract with BNP Paribas SA in 2020, with the aim of setting a maximum price for the future acquisition of a additional portion in the share capital of ProSiebenSat 1 Media SE.

Medium/long-term Incentive Plans reserves total EUR 7,324 thousand, which is down by EUR 781 thousand on the previous year. The items include the offsetting entry of the amount accrued at 31 December 2020, determined based on the stock market price at the grant date, for the 2018-2020 and 2019-2021 plans allocated by Mediaset S.p.A. to its employees and the employees of direct and indirect subsidiaries.

The ***Reserve for actuarial gains (losses)***, which had a negative balance of (-)EUR 943 thousand, which is largely unchanged compared to 31 December 2019 and includes actuarial components (after deferred taxes) related to the valuation of defined benefit plans. These components are allocated directly to shareholders' equity.

The table below shows the changes in these reserves over the year.

	Balance at 01/01/20	Increases/ (decreases)	Reversed to profit and loss	Fair value changes	Other changes	Deferred tax liabilities	Balance at 31/12/20
IRS hedging reserve	**980**	-	(1,467)	(2,974)	-	1,066	**(2,395)**
Time value on options reserves	**9,440**	-	-	(6,547)	(6,895)	115	**(3,888)**
Intrinsic value on options reserves	**-**	-	-	25,854	-	-	**25,854**
Equity investment fair value reserve	**(19,341)**	-	-	8,709	-	(235)	**(10,867)**
M/L-term employee incentive plan reserve	**2,569**	(1,186)	-	-	-	-	**1,383**
M/L-term employee incentive plan reserve - Subsidiaries	**5,536**	405	-	-	-	-	**5,941**
Reserve from actuarial gains/(losses)	**(943)**	-	-	-	-	-	**(943)**
Total	**(1,759)**	**(781)**	**(1,467)**	**25,043**	**(6,895)**	**946**	**15,086**

8.6 Retained earnings (losses)

The item has a negative balance of EUR 690,783 thousand (EUR 697,678 thousand at 31 December 2020) and mainly refers to the combined effect of the adjustments made in the ***First Time Adoption*** of the IAS/IFRS International Accounting Standards and the profit for the year 2005. The item also includes the adjustments made during the First Time Adoption of IFRS 9, shown net of the related tax effects.

The decrease compared to the previous year of EUR 6,895 thousand is due to the reclassification of the Valuation reserves for call and put options for the portion referring to the options closed as part of the renegotiation carried out in the exercise of the repayment relating to the first tranche of the contract collar funding signed with Credit Suisse International in 2019, to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebenSat 1 Media SE, with repayment postponed to 2024.

As required by the provisions of corporate law, the following table provides a detailed breakdown of shareholders' equity items indicating whether it is possible to use and distribute reserves:

			Summary of utilisation in the previous three years	
	Amount	**Possibility of use**	**For hedging losses**	**For other reasons**
Capital	614,238	=	-	-
Treasury shares	(389,702)	=	-	-
Share premium reserve	275,237	A B C	-	-
Merger reserve	621,642	A B C	-	-
Legal reserve	122,848	B	-	-
Extraordinary reserve	1,480,905	A B C	-	-
Treasury share gains/losses reserve	(28,774)	=	-	-
Other available reserves	16,324	A B C	-	-
Valuation reserves	15,085	=	-	-
Previous year gains/(losses), IAS/IFRS	(690,783)	=	-	-
Total	**2,037,019**		**-**	-
Profit/(loss) for the year	**17,007**		-	-
Distributable portion	**1,301,855**		-	-

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.

8.7 Profit (loss) for the year

The item reflects the profit for the year of EUR 17,006,880.42 (profit of EUR 126,028,023.96 at 31 December 2019).

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 Mediaset S.p.A. obligations 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 the when the accrued amounts are paid in part as advances on entitlements;
- Discounting, at the valuation date, of the expected cash flows Mediaset S.p.A. will 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 Mediaset S.p.A.

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 Mediaset S.p.A. 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 2020, are summarised below:

Demographic assumptions	
Probability of death	Taken from the ISTAT life expectancy table broken down by age and sex, updated as at 2019.
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 31/12/2020.

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 31/12/2020.

During the year, the item changed as follows:

Post-employment benefits plans at 01/01/20	**1,127**
Amount accrued and charged to profit and loss	(1)
Actuarial gains/(losses)	1
Transfer of business unit	(1,077)
Post-employment benefits plans at 31/12/20	**50**

The item Transfer of business unit includes the effects of the reduction in the Post-employment benefit plans resulting from the transfer of 56 employees to the subsidiary Mediaset Italia S.p.A. as part of the transfer of the "Italia business unit".

The table below shows the effects on the TFR reserve of the sensitivity analysis of the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

Economic/financial assumptions		***DBO***
Discount rate curve	+50 bps	50
	-50 bps	51
Inflation rate	+50 bps	51
	-50 bps	50

Demographic assumptions - actuarial		***DBO***
Salary increases	+50 bps	50
	-50 bps	50
Probability of termination of employment	+50%	50
	-50%	52
Change in advanced portion of severance	+50%	50
	-50%	50

9.2 Deferred tax liabilities

At 31 December 2020, the item assumed a value equal to zero; in particular, among the changes in the item during the year, the amount of EUR 385 thousand linked to the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A..

The following table details the changes in deferred tax liabilities during the period under review.

	31/12/20	31/12/19
Opening balance	**977**	**684**
Tax recognised in profit and loss	-	4
Tax recognised in shareholders' equity	(592)	289
Transfer of "Italia business unit"	(385)	-
Closing balance	**-**	**977**

The table below shows the breakdown of the item:

	31/12/20		31/12/19	
	Amount of temporary differences	**Tax effect**	**Amount of temporary differences**	**Tax effect**
Liabilities for deferred taxes on:				
IRS hedging reserve	-	-	1,602	385
Post-employment benefit plans	-	-	1,290	309
Share option hedging reserve - Time value FV - Put	-	-	387	93
Amortisation Hedging Reserve - Time value - Call	-	-	451	108
Share option hedging reserve - Time value FV - Call	-	-	341	82
Total deferred tax liabilities	**-**	**-**	**4,071**	**977**

See note *16 Income tax* ***for the year*** for a description of the main changes in the period.

9.3 Financial payables and liabilities

This item is broken down as follows:

	Balance at 31/12/20	Due		Balance at 31/12/19
	Total	1 to 5 years	han 5 years	
Unsecured loans				
UniCredit - 31/10/2016	-			198,376
Mediobanca - 18/11/2016	-			98,511
UBI Banca - 08/02/2017	-			49,731
UniCredit - 18/07/2017	99,309	99,309		99,000
UBI Banca - 04/12/2017	49,734	49,734		49,638
Credit Suisse - 04/06/2019	129,952	129,952		220,108
Intesa San Paolo - 30/03/2020	148,964	148,964		-
BNL - 17/04/2020	99,680	99,680		-
UBI Banca - 28/04/2020	99,846	99,846		-
UniCredit - 14/05/2020	99,801	99,801		-
Financial liabilities IFRS16	-	-	-	1,704
Other derivatives				
Forward derivatives with third parties	456	456		-
Forward derivatives with subsidiaries	1,679	1,679		7,452
Derivatives for call options on shares	24,185	24,185		16,834
IRS to third parties	2,030	2,030		102
Total	**755,635**	**755,636**	**-**	**741,456**

This item totals EUR 755,635 thousand, which is up EUR 14,179 thousand on the previous year.

Some loans are subject to financial covenants on a consolidated basis as shown in the table below. This table also indicates the dates on which the waivers negotiated by Mediaset 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, Mediaset 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, in relation to the Net Financial Position determined pursuant to Consob Communication 6064293, the following:

- liabilities to be recognised pursuant to IFRS 16 (lease) commencing 1 January 2019.
- the payables relating to the loans contracted by Mediaset and Mediaset España 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 2020 report the net financial debt reported based on the IAS/IFRS accounting standards in force at 31 December 2018.

Bank	Covenants	Checking period	Waiver acceptance date
UniCredit	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	05/12/2019
Mediobanca	Net Financial Position/EBITDA less than 2 EBITDA/Net Financial Charges equal or more than 10	6 months	29/11/2019
Intesa - S.Paolo 2019	Net Financial Position/EBITDA less than 2	6 months	02/12/2019
BBVA 2019	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	16/12/2019
BNL 2019	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	06/12/2019
BPM 2019	Net Financial Position/EBITDA less than 2	6 months	18/12/2019
Intesa - S.Paolo 2020	Net Financial Position/EBITDA less than 2	6 months	
UniCredit 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
BNL 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
UBI 2020	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	12 months	

Both for the loans and the credit facilities, any breach of financial covenants could require Mediaset S.p.A. to repay all amounts drawn down. These parameters were met as at the reference date of these financial statements. Based on the current forecasts and given the current high levels of uncertainty linked to the COVID-19 pandemic, it is anticipated that these parameters will also be complied with at the next testing date.

Payables and financial liabilities are broken down in detal below.

On 29 September 2016, a loan agreement was entered into with UniCredit S.p.A., maturing on 29 September 2021, for a total of EUR 200,000 thousand, wholly granted as an amortised cost term loan. On 5 January 2021, it was partially repaid early for a principal amount of EUR 100,000 thousand plus interest. The remainder will be repaid in 2021 as per the natural contractual date for repayment. The carrying amount of this loan as at 31 December 2020 is equal to EUR 200,068 thousand, classified under the item Payables to banks (current) as it is due to be repaid in 2021.

There are for this agreement, monitoring of the following financial covenants:

- Debit cover ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;
- Debit equity ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

A loan agreement is in place, entered into with UniCredit S.p.A. on 18 July 2017, for a total amount of EUR 100,000 thousand, maturing on 18 July 2022, as an amortised cost term loan. As of 31 December 2020, the carrying amount was EUR 99,309 thousand.

For this agreement, the following financial covenants are required:

- debt cover ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;
- Debt equity ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 4 December 2017, a loan agreement was entered into with UBI Banca S.p.A., for a total amount of EUR 50,000 thousand, maturing on 14 December 2022, as an amortised cost term loan. As of 31 December 2020, the carrying amount of the term loan was EUR 49,734 thousand.

For this agreement, the following financial covenants are required:

- Net financial debt/equity ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.
- Net financial debt/EBITDA ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.

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 2020, the carrying amount of the term loan was EUR 148,964 thousand.

For this agreement the following financial covenants are expected:

- NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

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 an amortised cost term loan. As of 31 December 2020, the carrying amount was EUR 99,680 thousand.

For this agreement the following financial covenants are expected:

- NFP / PN ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;
- NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.

On 28 April 2020, a loan agreement was entered into with UBI 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 2020, the carrying amount was EUR 99,846 thousand.

For this agreement the following financial covenants are expected:

- NFP/Equity ratio of less than 2, to be monitored annually on the basis of Mediaset consolidated data.
- NFP/EBITDA ratio of less than to 2, to be monitored annually on the basis of Mediaset consolidated data.

On 14 May 2020, a loan agreement was entered into with Banca UniCredit S.p.A, for a notional amount of EUR 100,000 thousand and repayable by 14 May 2022, as an amortised cost term loan. As of 31 December 2020, the carrying amount was EUR 99,801 thousand.

For this agreement the following financial covenants are expected:

- NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data.
- NFP / PN ratio of less than to 2, to be monitored every six months on the basis of Mediaset consolidated data;

A loan agreement is in place, entered into with Credit Suisse International for a loan of EUR 295,106 thousand notional on 4 June 2019 and repayable by 26 April 2022, and signed as part of the acquisition of the equity investment in the company ProSiebenSat.1 Media SA. This loan was recognised at amortised cost but, unlike those mentioned above, all interest expense was paid upfront. On 29 September 2020, the instalments due were partially repaid while for the residual portion of these instalments the repayment was renegotiated to 2024. As of 31 December 2020, the carrying amount was EUR 277,309 thousand (of which EUR 147,357 thousand related to the current portion).

For this agreement, financial covenants are not required.

The first dates for revision of the rate during 2021 for the various loans will be the following:

- 29 January 2021 for the UniCredit loan of 29 September 2016;
- 25 January 2021 for the UniCredit loan of 18 July 2017;
- 15 March 2021 for the UBI Banca S.p.A. loan of 4 December 2017.
- 31 March 2021 for the Intesa Sanpaolo loan of 28 March 2020;
- 21 January 2021 for the Banca Nazionale del Lavoro loan of 17 April 2020.
- 1 February 2021 for the UBI Banca S.p.A. loan of 28 April 2020.
- 15 February 2021 for the UniCredit loan of 14 May 2020.

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 market rates in effect at the year end.

	IRR	Financial expenses	Fair value
Intesa Sanpaolo loan - 1/2016 - 30/06/2016	0.00%	314	-
Intesa Sanpaolo loan - 30/03/2020	0.50%	689	154,163
UniCredit loan - 31/10/2016	0.72%	1,492	201,338
UniCredit loan - 18/07/2017	0.78%	881	101,566
UniCredit loan - 14/05/2020	0.18%	154	100,468
Mediobanca loan - 18/11/2016	1.38%	1,371	102,989
Banca Nazionale del Lavoro loan - 02/12/2016	0.00%	126	-
Banca Nazionale del Lavoro loan - 17/04/2020	0.27%	247	100,957
UBI Banca loan - 08/02/2017	0.00%	117	-
UBI Banca loan - 04/12/2017	0.46%	279	50,604
UBI Banca loan - 28/04/2020	0.19%	322	100,858
Credit Suisse loan - 04/06/2019	0.23%	835	276,913

The items *Forward derivatives due to subsidiaries* and *Forward derivatives due to third parties* total to EUR 2,135 thousand and refer to the non-current portion of the negative fair value of derivatives for forward contracts on foreign currencies that Mediaset S.p.A., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly likely future obligations, as well as payables for purchases already made by its direct and indirect subsidiaries, to be transferred to the latter by entering into an intercompany agreement at the same conditions;

The item *Share call options*, amounting to EUR 24,185 thousand, is up EUR 7,351 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 valuation risk deriving from changes in the fair value of the equity investment in ProSiebenSat.1 Media SA SE.

The item *Third-party IRS* amounting to EUR 2,030 thousand (EUR 102 thousand at 31 December 2019), includes the current portion of the fair value of four new interest rate swap contracts entered into with Intesa SanPaolo, BNP Paribas, UniCredit and UBI Banca to hedge interest rate risk on the loan agreements entered into during the year.

The item *Financial liabilities IFRS 16*, was zeroed during the year following the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A..

9.4 Provisions for non current risks and charges (non-current)

The break down and changes in the item are shown below:

	Opening balance 01/01/20	Provisions	Use	Financial expenses	Transfer of business unit	Final balance 31/12/20
Provision for future risks	60	-	-	-	(60)	-
Total	**60**	**-**	**-**	**-**	**(60)**	**-**

The ***provision for risks and charges,*** which was represented by the non-current portion of the provisions made against disputes relating to claims for damages, was zeroed as a result of the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A.

10. Current liabilities

10.1 Payables to banks

Payables to banks are broken down as follows:

	Balance at 31/12/20				Balance at 31/12/19
		Due			
	Total	In 1 year	1 to 5 years	han 5 years	
Current account liabilities	-	-	-	-	4
Credit facilities	-	-	-	-	284,000
Unsecured loans					
Intesa Sanpaolo - 01/2016 - 30/06/2016	-	-	-	-	149,950
UniCredit - 31/10/2016	200,068	200,068	-	-	1,643
Mediobanca - 18/11/2016	99,981	99,981	-	-	1,410
BNL - 02/12/2016	-	-	-	-	99,990
Pop. Bergamo - 08/02/2017	-	-	-	-	289
UniCredit - 18/07/2017	695	695	-	-	1,015
UBI Banca - 04/12/2017	189	189	-	-	277
Credit Suisse - 04/06/2019	147,357	147,357	-	-	73,593
Intesa Sanpaolo - 30/03/2020	682	682	-	-	-
BNL - 17/04/2020	210	210	-	-	-
UBI Banca - 28/04/2020	156	156	-	-	-
UniCredit - 14/05/2020	107	107	-	-	-
Total	**449,445**	**449,445**	**-**	**-**	**612,171**

This item totals EUR 449,445 thousand, which is down by EUR 162,726 thousand on the previous year, and mainly includes the current parts of loans recognised at amortised cost.

During 2020, the Intesa Sanpaolo loan was repaid early, with a value date of 31 March rather than the natural due date of 30 June 2020. This was also the case of the BNL loan, which was repaid with the value date of 21 April rather than the contractual due date of 1 June 2020.

The loan with UniCredit of 31 October 2016, recorded at a value of EUR 200,068 thousand, was partially repaid early on 5 January 2021 for a principal amount of EUR 100,000 thousand plus interest. The remainder will be repaid in 2021 as per the natural contractual date for repayment.

The loan taken out with Mediobanca in 2016 and shown in the table for a total sum of EUR 99,981 thousand, repayable by 18 November 2022, has been reclassified under current liabilities as it was repaid early on 21 January 2021.

The amount of EUR 147,357 thousand refers to the current portion of the loan taken out with Credit Suisse International on 4 June 2019 as part of the acquisition of the equity investment in the company ProSiebenSat.1 Media SE.

There were four new loan agreements entered into during the year with Banca Intesa Sanpaolo, BNL, UBI Banca and UniCredit for a total notional amount of EUR 450,000 thousand. The amounts recognised refer to the current portions of these loans, as already commented in the note ***9.3 Payables and financial liabilities***

As of 31 December 2020, there were no short-term *credit facilities* used (as of 31 December 2019, the short-term credit facilities used amounted to EUR 284,000 thousand).

As at 31 December 2020, 73.24% of the credit facilities available were committed.

10.2 Trade payables

	31/12/2020				31/12/2019
	Total	In 1 year	Due From 1 to 5	More than 5	
Payables to suppliers	2,203	2,203			36,369
Payables due to subsidiaries	300	300			682
Payables due to affiliates	-	-			12
Payables due to parent companies	65	65			92
Total	**2,568**	**2,568**	**-**	**-**	**37,155**

This item totals EUR 2,568 thousand, which is down by EUR 34,587 thousand on the previous year.

Details of the main items are provided below.

Payables to suppliers

This item totals EUR 2,203 thousand, compared to the previous year, it fell by EUR 34,166 thousand mainly due to the payable recorded in 2019 for EUR 30,000 thousand as a premium for the purchase of put options on treasury shares, as detailed in note *8.4 Other Reserves*.

The item refers to supplies relating to:

- EUR 1,442 thousand for consultants and external staff;
- EUR 761 thousand for other costs.

Payables to subsidiaries

This item, which amounts to EUR 300 thousand, is down by EUR 382 thousand on the previous year and mainly refers to payables for the provision of staff services to indirect subsidiary R.T.I. S.p.A.

There were no payables due beyond 12 months.
The book value of trade payables approximates their 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 01/01/20	Provisions	Use	Financial expenses	Transfer of business unit	Final balance 31/12/20
Current provision for future risks	2,511	-	-	-	(11)	2,500
Total	**2,511**	**-**	**-**	**-**	**(11)**	**2,500**

The item *Provisions for current risks*, amounting to EUR 2,500 thousand, includes the following types of risk, whose movements are detailed below:

Type	Opening balance at 01/01/20	Provision	Use	Transfer of "Italia business unit"	Closing balance at 31/12/20
Personnel	11	-	-	(11)	-
Tax	2,500	-	-	-	2,500
Total	**2,511**	**-**	**-**	**-**	**2,500**

This item includes the potential losses and contingent liabilities that would presumably be incurred within 12 months, and it fell by EUR 10 thousand, compared to the previous year.

The tax provision refers to outstanding tax disputes for VAT purposes for the 2004 and 2005 tax periods, as part of the VAT litigation relating to games and premiums and was set aside in previous years as described in note *6.4 Other receivables and current assets*.

10.5 Intercompany financial payables

This item reflects current account relationships maintained with subsidiaries, associates and joint ventures.

For the conditions that apply to intercompany loans issued, see the comments in the asset section under item 6.5 I*ntercompany financial receivables.*

Intercompany financial payables to subsidiaries

	31/12/20	31/12/19
Medusa Film S.p.A.	118,206	141,384
Mediaset Investment N.V.	276,748	179,999
Mediaset Italia S.p.A.	64,894	120
Publieurope Ltd.	18,425	15,269
Publitalia '80 S.p.A.	329,723	264,026
Digitalia '08 S.r.l.	9,397	13,205
Elettronica Industriale S.p.A.	338,872	327,438
R2 S.r.l.	8,536	8,257
Radio Studio 105 S.p.A.	6,520	5,095
Virgin Radio Italy S.p.A.	12,316	-
Radio Subasio S.r.l.	2,518	2,060
Radio Aut S.r.l.	1,803	2,480
Total	**1,187,958**	**959,333**

Intercompany financial payables to associates and joint ventures

	31/12/20	31/12/19
Fascino Prod. Gest. Teatro S.r.l.	32,730	-
Adtech Ventures S.p.A.	72	84
Mediamond S.p.A.	9,055	3,907
Total	**41,857**	**3,991**

Net Financial Position

At 31 December 2020, the net financial position of Mediaset S.p.A. compared to the previous year was as follows:

	31/12/20	31/12/19
Cash		13
Bank and postal deposits	121,548	13,049
Securities and other current financial assets	-	-
Total liquidity	**121,548**	**13,062**
Financial receivables from subsidiaries	956,518	942,608
Financial receivables from associates	9,729	10,475
Total current financial receivables	**966,247**	**953,083**
Payables to banks	(449,445)	(612,171)
Payables and current financial liabilities	(319,933)	(315,967)
Financial payables to subsidiaries	(1,187,958)	(959,333)
Financial payables to associates	(41,857)	(3,991)
Current financial debt	**(1,999,194)**	**(1,891,462)**
Net current financial position	**(911,399)**	**(925,317)**
Non-current financial payables and liabilities	(729,315)	(717,171)
Non-current portion of net financial debt	**(729,315)**	**(717,171)**
Net financial position	**(1,640,714)**	**(1,642,488)**

The item Payables and current financial liabilities includes Financial payables to subsidiaries for EUR 318,416 thousand and the current portion of the fair value of IRS derivatives for EUR 1,516 thousand, as reported in the following note 10.6 *Other financial liabilities*.

The item Non-current financial payables and liabilities includes the non-current portion of loans payable to third parties for EUR 727,286 thousand and the non-current portion of the negative fair value of IRS derivatives for EUR 2,030 thousand, as reported in note 9.3 *Payables and financial liabilities*.

The negative balance of the net financial position, amounting to EUR 1,640,714 thousand, down EUR 1,774 thousand on the previous year.

During 2020, the Company collected dividends of EUR 34,800 thousand from the associate EI Towers S.p.A.

In March 2020, it purchased an additiional stake in ProSiebenSat, 1 Media SE for EUR 11,666 thousand.

Also in 2020, EUR 280,000 thousand in short-term credit facilities were closed, three loan agreements totalling EUR 300,000 thousand were repaid in advance and four medium/long-term loan agreements were entered into with various credit institutions worth a total of EUR 450,000 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 01/01/20	Cash flow	Non-cash flow		Final balance 31/12/20
			Fair value changes	Other changes	
Non-current financial liabilities:					
Payables and financial liabilities	715,365	-	-	11,920	727,285
Hedging derivatives - interest rate risk	102	-	1,928	-	2,030
Financial liabilities IFRS16	1,704	-	-	(1,704)	-
Current financial liabilities:					
Payables to banks	4	(4)	-	-	
Credit facilities	284,000	(284,000)	-	-	-
Payables and financial liabilities	328,167	126,729	-	(5,451)	449,445
Hedging derivatives - interest rate risk	468	760	288	-	1,516
Financial liabilities IFRS16	413	-	-	(413)	-
Intercompany financial payables	963,324	266,492	-	-	1,229,816
Short-term financial payables to subsidiaries	315,085	-	-	3,331	318,416
Intercompany financial receivables	(953,084)	(13,697)	-	534	(966,247)
Net liabilities from lending activities	**1,655,549**	**96,280**	**2,215**	**8,218**	**1,762,262**
Cash and cash equivalents	(13,062)	(108,485)	-	-	(121,547)
Net financial debt	**1,642,486**	**(12,205)**	**2,215**	**8,218**	**1,640,715**
Non-current financial liabilities:					
Non-hedging derivatives	7,452	-	(5,318)	-	2,135
Hedging derivatives - call options on shares	16,834	-	7,351	-	24,185
Current financial liabilities:					
Non-hedging derivatives	10,162	124,282	(127,911)	-	6,534
Hedging derivatives - call options on shares	2,152	9,744	(7,805)	-	4,092
Hedging derivatives - put collar on shares	-		2,673		2,673
Non-current financial assets:					
Non-hedging derivatives	(7,452)	-	5,318	-	(2,135)
Hedging derivatives - put options on shares	(39,880)	-	14,069	-	(25,811)
Current financial assets:					
Non-hedging derivatives	(10,160)	(124,297)	127,914	-	(6,542)
Hedging derivatives - call collar on shares	-		(29,139)		(29,139)
Hedging derivatives - put options on shares	(9,454)	3,073	(12,603)	-	(18,984)
Net liabilities not from lending activities	**(30,346)**	**12,803**	**(25,449)**	**-**	**(42,993)**

10.6 Other Financial Liabilities

	31/12/20	31/12/19
Financial liabilities for non-hedging derivatives		
Forward derivatives with third parties	5,233	1,544
Forward derivatives with subsidiaries	1,301	8,618
Total	**6,534**	**10,162**
Financial liabilities for hedging derivatives		
IRS derivatives with third parties	1,516	468
Derivatives for share options	6,764	2,152
Total	**8,281**	**2,621**
Other short-term financial debt		
Financial payables to subsidiaries	318,416	315,085
Total	**318,416**	**315,085**
Financial liabilities with third parties		413
Financial liabilities IFRS16 (current portion)	-	413
Total	**-**	**413**
Total	**333,231**	**328,281**

This item totals EUR 333,231 thousand, which is up by EUR 4,950 thousand on the previous year, as broken down below:

- *Financial liabilities for non-hedging derivatives*, equal to EUR 6,534 thousand (compared to EUR 10,162 thousand at 31 Decemver 2019), refer to the negative fair value on foreign exchange derivatives, entered into as part of the management of the hedging strategy for this risk for subsidiaries;
- *Financial liabilities for hedging derivatives* totalling EUR 8,281 thousand (EUR 2,621 thousand at 31 December 2019). The item refers to:
    - ✓ for EUR 1,516 thousand as the current portion of the fair value of the two interest rate swaps entered into in 2016 with UniCredit S.p.A. and four new swaps entered into with various credit institutions;
    - ✓ for EUR 4,092 thousand (EUR 2,152 thousand at 31 December 2019), to the current portion of the negative fair value of the call options entered into as part of a collar contract in 2019 with Credit Suisse International to hedge the risk deriving from changes in fair value of the equity investment in ProSiebeSat.1 Media SE;
    - ✓ for EUR 2,673 thousand to the current portion of the negative fair value put options entered into as part of a reverse collar contract in 2020 with BNP Paribas SA with the

aim of setting a maximum price for the future acquisition of an additional share of the share capital of ProSiebenSat 1 Media SE.

- the item *Financial payables to subsidiaries* for EUR 318,416 thousand (EUR 315,085 thousand at 31 December 2019) refers to the payable contracted with the direct subsidiary Mediaset Investment NV for EUR 315,000 thousand and aimed at increasing the capital resources of the subsidiary through a Share Premium Agreement which took place on 23 December 2019 and repayable on 30 June 2021. This agreement provided for an interest rate of Euribor 1-month plus a 1.50% spread. At 31 December 2020, interest expense accrued for EUR 3,416 thousand, of which EUR 3,331 thousand accrued during the year;
- The item *Financial liabilities IFRS 16* was zeroed during the year following the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A.

10.7 Other current liabilities

This item is broken down as follows:

	31/12/20	31/12/19
Payables to employees for wages and salaries, accrued holiday pay and expenses	37	1,722
Payables to insurance companies	7	31
Payables to shareholders for dividends approved	30	30
Payables to social security institutions	64	474
Payables to tax authorities	141	18,652
Payables to Directors	9,155	9,015
Payables to Statutory Auditors	219	285
Other payables to third parties	88	139
Sundry payables to subsidiaries	240,788	236,893
Sundry payables to affiliates and joint ventures	2,836	1,375
Accrued liabilities	3	3
Deferred income	1,223	2,094
Total	**254,591**	**270,713**

This item totals EUR 254,591 thousand, which is down by EUR 16,122 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 243,624 thousand, was up by EUR 5,356 thousand, broken down as follows:

- the IRES payable under the national tax consolidation scheme of EUR 225,542 thousand from subsidiaries and of EUR 2,767 thousand from joint ventures that participate in the Group's national tax consolidation scheme;
- the VAT payable of EUR 15,243 thousand transferred from subsidiaries to Mediaset S.p.A. as part of the Group's VAT procedure and of EUR 68 thousand from joint ventures.

Payables to Directors

This item, which amounts to EUR 9,155 thousand, which is up by EUR 140 thousand on the previous year, includes the payables accounted for in previous years for the EUR 8,500 thousand *severance indemnity* for the Chairman of the Company, which will be payable at the end of his current appointment.

Payables to tax authorities

This item is broken down as follows:

	31/12/2020	31/12/2019
Group VAT	-	17,859
Tax withholdings on salaries	6	412
Tax withholdings on self-employed income	22	222
Tax withholdings on income similar to employees' salaries	113	125
Other payables to tax authorities		34
Total	**141**	**18,652**

This item totals EUR 141 thousand, which is down by EUR 18,511 thousand on last year, mainly attributable to the item Group VAT, which closed the year with a positive balance.

Deferred income

This item, which totals EUR 1,223 thousand, was down by EUR 871 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 due to employees

The item, which amounts to EUR 37 thousand, has undergone a decrease compared to the previous year equal to EUR 1,685 thousand following the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A.. The item refers to payables relating to:

- EUR 30 thousand in ordinary and extraordinary remuneration, and contributions;
- EUR 7 thousand for 14th-month bonus salary payments.

Payables to social security institutions

This item, which amounts to EUR 64 thousand (EUR 474 thousand at 31 December 2019), 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:

	31/12/2020	31/12/2019
INPS	15	257
INAIL	49	46
INPDAI/INPGI	-	34
FPDAC	-	133
CASAGIT	-	5
Total	**64**	**474**

NOTES ON THE MAIN ITEMS IN THE STATEMENT OF INCOME

(values in EUR thousand)

12. Revenues

12.1 Revenues from sales and services

This line item decreased from a total of EUR 4,894 thousand in 2019 to EUR 1,689 thousand in 2020. The decrease in revenues, equal to EUR 3,205 thousand, is mainly attributable to the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A..

The revenue categories are as follows:

	2020	2019
Other services	1,577	4,769
Commissions and fees	112	125
Total	**1,689**	**4,894**

Other services

This line item totals EUR 1,577 thousand and refers to revenues from the supply of intercompany services in the areas of strategic planning, legal affairs, corporate affairs, institutional affairs, security services, personnel management and internal auditing during the first two months of 2020. Starting from 1 March 2020, the company provided intra-group services exclusively in the financial field. Specifically, revenue for staff services included EUR 792 thousand from indirect subsidiary R.T.I. S.p.A. and EUR 366 thousand from indirect subsidiary R.T.I. S.p.A. Publitalia ’80 S.p.A.

Commissions and fees

This item includes EUR 112 thousand in revenues for fees on bank sureties and guarantees granted in favour of subsidiaries, of which EUR 58 thousand to R.T.I. S.p.A.

All revenues were earned within Italy.

12.2 Other revenues and income

This item breaks down as follows:

	2020	2019
Other revenues	-	2
Capital gains	-	222
Contingent assets	47	7
Other proceeds	20	99
Out-of-period other income and expenses	3	4
Total	**70**	**334**

The item totals EUR 70 thousand, which is up EUR 264 thousand on the previous year.

Details of the main items are provided below.

Contingent assets

This item amounts to EUR 47 thousand and mainly consists of the elimination of expired contractual payables due to suppliers due during the year.

Other proceeds

This item amounts to EUR 20 thousand and refers to EUR 8 thousand in proceeds from trademark use from Mediaset España Comunicación S.A., and EUR 12 thousand in other proceeds.

13. Costs

13.1 Personnel expenses

The following table provides a comparison of the number of employees at 31 December 2020, at 31 December 2019 and the average for 2020:

	Employees at 31/12/20	Average 2020	Employees at 31/12/19
Executives	1	4	17
Middle managers	-	3	20
Office staff	-	3	18
Journalists	-	-	2
	1	**10**	**57**

Personnel expenses are broken down in the table below:

	2020	2019
Wages and salaries	1,584	9,080
Social security contributions	490	2,512
Other personnel expenses	452	3,288
Ancillary personnel expenses	98	404
Out-of-period personnel expenses		(88)
Recovery of personnel expenses	(34)	(156)
Total	**2,590**	**15,040**

The item amounts to a total of EUR 2,590 thousand and compared to the previous year has decreased by EUR 12,450 thousand due to the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A.. A total of 56 employees were transferred to subsidiary Mediaset Italia S.p.A.

Details of the main items are provided below.

Wages and salaries

This item totals EUR 1,584 thousand, of which:

- EUR 1,396 thousand in ordinary and extraordinary remuneration;
- EUR 186 thousand in other costs for allocations of 13th month and 14th month bonuses;
- EUR 2 thousand for attendance allowances.

Other personnel expenses

This item totals EUR 453 thousand, of which:

- EUR 187 thousand in remuneration for employed directors;
- EUR 183 thousand for employee incentive plans;
- EUR 83 thousand in employee leaving entitlement expenses due to realignment of uses;

Social security contributions

This item totals EUR 490 thousand, of which:

- EUR 432 thousand in contributions accrued on salaries and wages;
- EUR 58 thousand in other costs for contributions accrued on 13th-month and 14th-month bonuses, provisions for holidays, and INAIL (National Institute for Insurance against Accidents at Work).

13.2 Purchases

This item breaks down as follows:

	2020	2019
Miscellaneous consumables	7	82
Out-of-period purchases		1
Total	**7**	**83**

13.5 Services

This item breaks down as follows:

	2020	2019
Maintenance and repairs	27	31
Shipping and storage		9
Consultants and external staff	7,589	13,735
Utilities and logistics	20	139
Advertising, public relations and entertainment	109	339
Costs for insurance services	447	556
Travel and expense accounts	39	212
EDP and administrative service costs	1,241	1,973
Fees to Directors and Statutory Auditors	3,724	2,772
Bank charges and commissions	210	375
Other services	155	260
Out-of-period services	(55)	83
Recovery of service expenses	-	(39)
Total	**13,506**	**20,445**

The item amounts to a total of EUR 13,506 thousand and, compared to the previous year, has fallen by EUR 6,939 thousand mainly attributable to the transfer of the "Italia business unit" to the subsidiary Mediaset Italia S.p.A..

Details of the main items are provided below.

Consultants and external staff

This item amounts to EUR 7,589 thousand (compared to EUR 13,735 in 2019) and mainly refers to the following costs:

- EUR 4,203 thousand for legal and litigation assistance costs;
- EUR 2,523 thousand for other professional and consultancy services;
- EUR 631 thousand for expert appraisals and certifications;

EUR 567 thousand for auditing services. EUR 69 thousand for certification services for Income Tax Return, IRAP tax, 770 declaration and non-financial statements. It should be noted that services other than the audit totalling EUR 18 thousand were provided by the Independent Auditors and Companies belonging to its network.

EDP and administrative service costs

This item amounts to EUR 1,241 thousand (compared to EUR 1,973 in 2019) and mainly refers to the following costs:

- EUR 1,117 thousand for the supply of staff services governed by intercompany contracts, of which EUR 891 thousand to indirect subsidiary R.T.I. S.p.A.;
- EUR 121 thousand for EDP services;
- EUR 3 thousand for other costs.

Fees to Directors and Statutory Auditors

The item totals EUR 3,724 thousand, which is up by EUR 952 thousand on the previous year. The item includes fees to Directors of EUR 3,506 thousand (EUR 2,553 thousand in 2019) and to Statutory Auditors of EUR 218 thousand (EUR 218 thousand in 2019).

13.6 Leasing and rentals

The item breaks down as follows:

	2020	**2019**
Leases and rentals	129	896
Royalties	465	465
Contingent leases and rentals	5	(4)
Total	**599**	**1,357**

This item totals EUR 599 thousand, which is down EUR 758 thousand on the previous year as a consequence of the "Italia business unit" transfer to subsidiary Mediaset Italia S.p.A.

The item mainly comprises:

- EUR 129 thousand for leases and rentals, of which EUR 114 thousand relating to the subsidiary R.T.I. S.p.A.;
- EUR 465 thousand in royalties for the use of the Fininvest brand name.

13.7 Provisions

The item breaks down as follows:

	2020	**2019**
Provision for future risks	-	22
Total	**-**	**22**

No provisions were recognised during the year.

13.8 Other operating expenses

The item breaks down as follows:

	2020	2019
Sundry tax charges	2,756	5,024
Contingent and unsubstantiated liabilities	145	
Other operating expenses	1,925	1,117
Out-of-period other operating expenses	(3)	33
Total	**4,823**	**6,174**

This item totals EUR 4,823 thousand (compared to EUR 6,174 in 2019). Details of the main items are provided below:

Other tax expenses of EUR 2,756 thousand, mainly referring to EUR 2,653 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 1,925 thousand, which includes the following expenses:

- EUR 1,158 thousand in donations, of which EUR 1,000 thousand donated to the "Aiutiamo chi ci aiuta" fundraising campaign in support of the Italian Civil Protection Department's efforts to combat the Covid-19 public health emergency;
- EUR 642 thousand in membership fees;
- EUR 69 thousand in subscriptions and magazines;
- EUR 56 thousand in other operating costs.

13.9 Amortisation, depreciation and write-downs

This item refers to the depreciation of tangible assets and the impairment of receivables carried out during the year.

	2020	2019
Depreciation of property, plant and equipment	45	341
Write-downs of current assets	1,058	3,296
Total	**1,103**	**3,637**

The item Depreciation of property, plant and equipment, totalling EUR 45 thousand, mainly refers to EUR 39 thousand for the depreciation of real estate right-of-use assets under IFRS 16 and EUR 5 thousand for the for the depreciation of right-of-use vehicle assets under IFRS 16.

Write-downs of current assets totalled EUR 1,058 thousand, which is down EUR 2,238 thousand on the previous year. This item mainly refers to the impairment provisioning of EUR 526 thousand in financial receivables from joint venture Nessma S.A. and EUR 484 thousand from indirect subsidiary R.T.I. S.p.A. applying the expected credit loss estimated on the basis of the requirements of IFRS 9.

15. (Expenses)/income from financial assets

15.1 Financial expenses

This item is broken down as follows:

	2020	2019
Interest expense in Mediaset c/a to subsidiaries	3,331	85
Interest expense on short-term loans	21	22
Interest expense on IRS	760	613
Interest expense on IRR	6,827	6,595
Interest expense on corporate bond	-	1,326
Ancillary costs on loans	2,478	2,163
Financial expenses for share options	-	18,639
Other securities trading expenses	22	-
Exchange losses realised	124,309	86,152
Valuation exchange losses	81,404	71,894
Other charges	112	45
Out-of-period borrowing costs	-	(6)
Total	**219,264**	**187,528**

The item totals EUR 219,264 thousand, which is up by EUR 31,736 thousand on the previous year.

Details of the main items are provided below.

Interest expense on IRR

This item amounts to EUR 6,827 thousand, which is up EUR 232 thousand on the previous year. This item comprises interest on loans calculated at amortised cost, and is broken down as follows:

- EUR 1,371 thousand due to Mediobanca;
- EUR 1,003 thousand due to Intesa Sanpaolo;
- EUR 2,528 thousand due to UniCredit;
- EUR 718 thousand due to Ubi - Banca;
- EUR 835 thousand due to Credit Suisse International;
- EUR 372 thousand due to B.N.L.

Ancillary costs on loans

This item amounts to EUR 2,478 thousand, which is down by EUR 315 thousand on 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 800 thousand with Intesa Sanpaolo;
- EUR 259 thousand with Mediobanca;
- EUR 846 thousand with BNL;
- EUR 406 thousand with BPM;
- EUR 167 thousand with BBVA;

Interest expense on IRS

This item amounts to EUR 760 thousand (EUR 613 thousand in 2019) and refers to charges pertaining to the year in relation to three IRS contracts negotiated in 2016 and four IRS contracts negotiated in 2020.

Interest expense on short-term loans

This item amounts to EUR 21 thousand (EUR 22 thousand in 2019).

The item mainly consists of interest accrued on short-term loans with:

- EUR 2 thousand with Banca di Popolare di Sondrio;
- EUR 12 thousand with Banca Nazionale del Lavoro;
- EUR 7 thousand with UBI – Banca.

15.2 Financial income

This item is broken down as follows:

	2020	2019
Interest income on Mediaset c/a from subsidiaries	8,423	22,199
Interest income on Mediaset c/a from associates and joint ventures	86	74
Interest income on current accounts	3	19
Financial income from lending	871	502
Exchange gains realised	124,306	86,155
Valuation exchange gains	81,412	71,892
Other financial income	1,573	2
Total	**216,674**	**180,843**

The item totals EUR 216,674 thousand, which is up by EUR 35,831 thousand on the previous year.

Foreign exchange gains and losses

The overall balance for the year from foreign exchange gains and losses and from valuation was a gain of EUR 5 thousand (a loss of EUR 1 thousand was posted at 31 December 2019). 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.

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	31/12/20	31/12/19
Liabilities at amortised cost	(13,457)	(29,440)
Assets at amortised cost	9,383	22,794
FVTPL Assets/(Liabilities)	1,488	(13)
	(2,586)	**(6,659)**
Other financial income and charges	(4)	(25)
Total	**(2,590)**	**(6,684)**

15.3 Income (expenses) from equity investments

Dividends from subsidiaries

During the period under review, no dividends were approved by the subsidiaries.

	2020	2019
Mediaset Espana Comunicacion S.A.	-	53,351
Publitalia '80 S.p.A.	-	77,000
Total dividends from subsidiaries	**-**	**130,351**
Total	**-**	**130,351**

Dividends from associates

This item discloses the dividends received from associate EI Towers S.p.A., as shown below:

	2020	2019
EI Towers S.p.A.	34,800	16,731
Total	**34,800**	**16,731**

These dividends were fully collected during the year.

Dividends from other companies

The item included dividends collected by the German broadcaster ProSiebenSat.1 Media SE in 2019. As a result of contractual agreements relating to derivative instruments entered into as part of the acquisition of the equity investment, a portion of the same amounting to EUR 18,639 thousand was recognised to the financial counterparty of the transaction and accounted for in the income statement as Financial expenses.

Details are shown in the table below:

	2020	**2019**
ProSiebenSat.1 Media SA	-	26,028
Total	**-**	**26,028**

Other income (expenses) from equity investments

	2020	**2019**
Provision for write-down of equity investments in associates and joint ventures	-	(468)
Total	-	**(468)**

The item in the previous year included the write-down in the investee companies Nessma Broadcast S.a.r.l. and Nessma S.A..

During the period under review, no provisions were made to the provision for write-downs of equity investments.

16. Income taxes for the year

	2020	2019
IRES expense/(income) from tax consolidation	(5,387)	(4,175)
Deferred IRAP tax provision	-	(28)
Substitute tax	-	3,388
Total current taxes	**(5,387)**	**(814)**
Provision for deferred tax liabilities		4
Total deferred tax liabilities		**4**
Use of credit from deferred tax assets	118	348
Deferred tax assets	(397)	(1,137)
Total deferred tax assets	**(279)**	**(789)**
Total	**(5,666)**	**(1,599)**

The item Income taxes for the year is broken down as follows:

- EUR 5,387 thousand in IRES tax income from tax consolidation, made up of EUR 5,041 thousand in IRES tax income for the year and EUR 346 thousand in IRES tax income for previous years;
- EUR 279 thousand for the net provision of advances, consisting of a provision of EUR 397 thousand, net of EUR 118 thousand used.

During the period under review, the company had no tax base for IRAP purposes.

19. Investment commitments and guarantees

Bank guarantees given

The Company took out bank guarantees on behalf of subsidiaries and associates. Specifically, Mediaset S.p.A. guaranteed a total amount of EUR 13,638 thousand (EUR 20,099 thousand at 31 December 2019). Among the most significant bank guarantees issued are the EUR 9,600 thousand guarantee stipulated in favour of the subsidiary R.T.I. S.p.A., with the Union of European Football Associations (UEFA) as beneficiary.

Forward financial transactions

Mediaset S.p.A. works directly with financial counterparts to hedge its exchange rate risk and that of its subsidiaries, associates and joint ventures.

The Mediaset 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 films 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.

In the Mediaset Group, treasury activities are essentially centralised in Mediaset S.p.A. which operates with Italian and foreign financial counterparts.

The Board of Directors of Mediaset S.p.A. 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 counterparts.

The EUR 434,959 thousand in commitments (EUR 770,238 thousand at 31 December 2019) refer to exchange rate-hedging currency transactions.

Lastly, we note that the derivatives entered into with third parties to hedge exchange rate risk are to be considered par with those entered into with subsidiary R.T.I. S.p.A. and the joint venture company Boing S.p.A.

Other information

Interest rate hedging derivatives (IRS) include the two existing contracts entered into in 2016, as well as four new 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 acquisition of the equity investment in the company ProSiebenSat.1 Media SE during 2019, Mediaset S.p.A. took steps to hedge the risk of fluctuations in the fair value of this financial asset. On 30 March 2020, the Board of Directors of Mediaset S.p.A. approved the possibility of acquiring an additional portion of the share capital of the investee, equal to 20.71% of the voting rights, up to 24.9% through the subscription of new call and put options with the counterpart BNP Paribas SA. aimed at setting a maximum price for the future purchase of this additional portion. These new options entered into in 2020 were subject to realisation in January 2021, as the underlying conditions no longer existed.

20. 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 2020

	IFRS 9 categories				
BALANCE SHEET ITEM	**Derivative assets**	**FVTOCI financial assets**	**Financial assets at amortised cost**	**Carrying amount**	**Explanatory notes**
NON-CURRENT ASSETS					
Other financial assets					
Other equity investments	-	331,709	-	331,709	5.5
Hedge derivatives	25,811	-	-	25,811	5.6
Non-hedge derivatives with subsidiaries	456		-	456	5.6
Non-hedge 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 Mediaset Group companies	-	-	369	369	6.2
Current financial assets					
Hedge derivatives with third parties	48,123	-	-	48,123	6.6
Non-hedge derivatives with third parties	1,301	-	-	1,301	6.6
Non-hedge derivatives - subsidiaries	5,241	-	-	5,241	6.6
Non-hedge derivatives - joint ventures	-		-	-	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 - 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 Derivative liabilities	Financial liabilities at amortised cost	Carrying amount	Explanatory notes
NON-CURRENT LIABILITIES				
Payables and financial liabilities				
Payables to banks	-	727,285	727,285	9.3
Hedge derivatives	26,215	-	26,215	9.3
Non-hedge derivatives with third parties	456	-	456	9.3
Non-hedge 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 Mediaset Group companies	-	300	300	10.2
To Fininvest Group and Mediolanum Group companies	-	65	65	10.2
Other financial liabilities				
Hedge derivatives - third parties	8,281	-	8,281	10.6
Non-hedge derivatives with third parties	5,233	-	5,233	10.6
Non-Hedge derivatives - subsidiaries/joint ventures	1,301	-	1,301	10.6
Short-term financial payables - subsidiaries		318,416	318,416	10.6
Intercompany financial payables - subsidiaries/joint ventures	-	1,229,816	1,229,816	10.5
TOTAL FINANCIAL LIABILITIES	**43,164**	**2,727,530**	**2,770,694**	

BALANCE SHEET ITEM	IFRS 9 categories: Derivative assets	IFRS 9 categories: FVTOCI financial assets	IFRS 9 categories: Financial assets at amortised cost	Carrying amount	Explanatory notes
NON-CURRENT ASSETS					
Other financial assets					
Other equity investments	-	311,333	-	311,333	5.5
Hedge derivatives	39,880	-	-	39,880	5.6
Non-hedge derivatives with third parties	7,452	-	-	7,452	5.6
Financial receivables	-	-	6,158	6,158	5.6
CURRENT ASSETS					
Trade receivables					
From customers	-	-	11	11	6.2
From Mediaset Group companies	-	-	1,711	1,711	6.2
Current financial assets					
Hedge derivatives with third parties	9,454	-	-	9,454	6.6
Non-hedge derivatives with third parties	8,618	-	-	8,618	6.6
Non-hedge derivatives - subsidiaries	1,538	-	-	1,538	6.6
Non-hedge derivatives - joint ventures	5		-	5	6.6
Other financial assets	-	-	138	138	6.6
Cash and cash equivalents					
Bank and postal deposits	-	-	13,049	13,049	6.7
Cash and cash equivalents	-	-	13	13	6.7
Intercompany financial receivables - subsidiaries	-	-	942,608	942,608	6.5
Intercompany financial receivables - joint ventures	-	-	10,475	10,475	6.5
TOTAL FINANCIAL ASSETS	**66,947**	**311,333**	**974,163**	**1,352,443**	

	IFRS 9 categories			
BALANCE SHEET ITEM	**Derivative liabilities**	**Financial liabilities at amortised cost**	**Carrying amount**	**Explanatory notes**
NON-CURRENT LIABILITIES				
Payables and financial liabilities				
Payables to banks	-	715,365	715,365	9.3
Hedge derivatives	102	-	102	9.3
Non-hedge derivatives with subsidiaries	24,286	-	24,286	9.3
CURRENT LIABILITIES				
Payables to banks				
Payables to banks	-	612,171	612,171	10.1
Trade payables				
To suppliers	-	36,369	36,369	10.2
To Mediaset Group companies	-	682	682	10.2
To Fininvest Group and Mediolanum Group companies	-	104	104	10.2
Other financial liabilities				
Hedge derivatives - third parties	2,621	-	2,621	10.6
Non-hedge derivatives - third parties	1,544	-	1,544	10.6
Non-Hedge derivatives - subsidiaries/joint ventures	8,618	-	8,618	10.6
Short-term financial payables - subsidiaries		315,085	315,085	10.6
Intercompany financial payables - subsidiaries/joint ventures	-	963,324	963,324	10.5
TOTAL FINANCIAL LIABILITIES	**37,170**	**2,643,100**	**2,680,271**	

Fair value of financial assets and liabilities, and calculation models and input data used

Please see below an analysis of the fair value figures 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 recorded at amortised cost whose fair value is approximate to their carrying amount, and that the fair value of derivatives represents the net position between asset and liability values.

The input data used to measure fair value at the reporting date, obtained from news provider Bloomberg, 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);
- Mediaset S.p.A. credit spread.

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-Hedge derivatives							
Forward contracts with third parties	**(2,709)**	-	-	-	(2,709)	**(2,709)**	6.6/10.6
Forward contracts with subsidiaries/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

FY 2019

	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory notes
			Black & Scholes model	Binomial model	DCF model		
Payables to banks	**(1,043,532)**	-	-	-	(1,054,332)	**(1,054,332)**	9.3/10.1
Other equity investments	**311,333**	311,333	-	-	-	**311,333**	5.5
Non-Hedge derivatives							
Forward contracts with third parties	**14,527**	-	-	-	14,527	**14,527**	6.6/10.6
Forward contracts with subsidiaries/joint ventures	**(14,528)**	-	-	-	(14,528)	**(14,528)**	6.6/10.6
Cash flow hedging derivatives							
Interest Rate Swap	**(570)**	-	-	-	(570)	**(570)**	9.3/10.6
Fair value hedging derivatives							
Plain vanilla options							
Call options on shares	**(18,986)**	-	(18,986)	-	-	**(18,986)**	9.3/10.6
Put options on shares	**49,334**	-	49,334	-	-	**49,334**	5.6/6.6

The fair value of payables due to banks was calculated considering the credit spread of Mediaset S.p.A., which also included the short-term portion of medium/long-term loans.

The fair value of securities that are not listed on an active market and of trading derivatives was calculated by using the measurement models and techniques most widely adopted in the market, or by using the price supplied by several independent counterparties.

The fair value of trade receivables and payables due within the financial year was not calculated, since their carrying amount is approximate to 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 Mediaset S.p.A..

The fair value of financial payables due within the financial year has not been calculated, since their carrying amount is approximate to 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 posted in the financial statements at fair value have also been classified based on the fair value hierarchy established by the accounting standard:

a) **Level I**: listed prices on active markets for identical instruments;

b) **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);

c) **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	**331,709**	331,709			**331,709**	5.5
Non-cash flow hedging derivatives:						
- Forward contracts with third parties	**(2,709)**		(2,709)		**(2,709)**	6.6/10.6
- Forward contracts with subsidiaries/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 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 are shown below, broken down according to the categories established by IFRS 9.

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)**

FY 2019

IFRS 9 categories	From interest	At fair value	Exchange gains/(losses)	Net gains/(losses)
FVTPL assets/(liabilities)	-	(11)	(2)	(13)
Liabilities at amortised cost	(29,443)	-	3	(29,440)
Assets at amortised cost	22,794	-	-	22,794
Total IFRS 9 categories				**(6,659)**

Capital management

The capital management objectives of Mediaset S.p.A. 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 Mediaset S.p.A. 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 Mediaset S.p.A., 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, Mediaset S.p.A. 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

Mediaset S.p.A. acts as an intermediary in managing exchange rate risk for the purpose of eliminating the effects of exchange rate fluctuations which mainly impact the direct subsidiary R.T.I. S.p.A. as a result of purchases of television broadcasting rights that are mainly realised in US dollars.

Mediaset S.p.A. collects information pertaining to the positions of the 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 an intercompany contract under identical terms and conditions.

The type of derivatives mainly used are forward purchases.

Mediaset S.p.A. establishes the accounting treatment for these contracts (with the market and, for example, with the 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 from valuation", 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 Mediaset Group involves all financial resources being centralised within the parent company Mediaset S.p.A., 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 Mediaset S.p.A. 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.

Mediaset S.p.A. 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.

Mediaset S.p.A. 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 - UniCredit - EUR 50 million notional	-0.15%	Euribor 3M/365	-1.10%		
trade date 12/09/2016				31/01/2017	29/09/2021
Interest Rate Swap - UniCredit - EUR 25 million notional	-0.21%	Euribor 3M/365	-1.10%		
trade date 26/09/2016				31/01/2017	29/09/2021
Interest Rate Swap - BANCA 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 - UBI 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 2020:

Years	Change in bps	Profit/Loss	Shareholders' Equity Reserve	Total Shareholders' Equity
2020	50	-1,433.0	7,283.5	**5,850.5**
	-20	-3,893.3	1,043.8	**-2,849.5**
2019	50	-637.3	-389.0	**-1,026.3**
	-20	-1,251.6	-1,301.5	**-2,553.1**

Price risk sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of Prosieben, Mediaset 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 (120% maximum gain - i.e. 46.9 million) based on the strike price of the call options sold and, secondly, to set a minimum value (90% maximum loss - i.e. 33.2 million) based on the strike price of the put options bought.

At 31 December 2020, the share price was 13.755 and, therefore, only the 1-to-20 tranches of the call options sold with a strike rate of 13.56 were "in the money".

However, if we imagine a price of 12.45 (85% of the initial price of the 21-to-80 tranches of the collar), the put options - purchased with have a strike rate of 13.185 - would now be "in the money" and would therefore have an intrinsic value of 12.34 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.

However, if we imagine a price of 18.31 (125% of the initial price of the 21-to-80 tranches of the collar), all call options sold with a strike rate of 17.58 and a strike of 13.56 would now be "in the money" and would therefore have an intrinsic value of -38.8 million and 100% effectiveness.

This change in intrinsic value, too, would impact 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 natural maturity.

As already mentioned, the Group's treasury activities are centralised within Mediaset S.p.A., operating with domestic and foreign 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 Mediaset S.p.A., 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 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
IFRS 16 financial payables		**-**	-	-	-	-	-	**-**	10.2
Payables to Mediaset Group companies		**300**	300	-	-	-	-	**300**	10.2
Payables to Fininvest and Mediolanum Group companies		**65**	65	-	-	-	-	**65**	10.2
Intercompany financial payables - subsidiaries/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-hedge derivatives with third parties (currency acquisitions)	measured at contract exchange rate	**2,709**	174,689	-		41,266	-	**215,954**	6.6-10.6
Non-hedge derivatives with third parties (currency availability)	measured at year-end exchange rate	**-**	(170,977)	-		(42,921)	-	**(213,898)**	
Non-hedge 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-hedge 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**	**-**	**3,985**	

FY 2019

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		**1,327,536**	285,895	251,880	76,736	731,734	-	**1,346,245**	9.3/10.1
Payables to other suppliers		**36,369**	36,369	-	-	-	-	**36,369**	10.2
IFRS 16 financial payables		**2,117**	109	94	184	974	757	**2,117**	10.2
Payables to Mediaset Group companies		**682**	682	-	-	-	-	**682**	10.2
Payables to Fininvest and Mediolanum Group companies		**104**	104	-	-	-	-	**104**	10.2
Intercompany financial payables - subsidiaries/joint ventures		**963,324**	963,324	-	-	-	-	**963,324**	10.5
Short-term financial payables to subsidiaries		**315,085**	-	316,816	-	-	-	**316,816**	10.6
Total		**2,645,217**	**1,286,482**	**568,790**	**76,920**	**732,708**	**757**	**2,665,657**	
Derivatives									
Non-hedge derivatives with third parties (currency acquisitions)	measured at contract exchange rate	**(14,527)**	276,805	-		84,169	-	**360,974**	6.6-10.6
Non-hedge derivatives with third parties (currency availability)	measured at year-end exchange rate	**-**	(285,083)	-		(95,058)	-	**(380,141)**	
Non-hedge derivatives with subsidiaries/joint ventures (currency sales)	measured at contract exchange rate	**14,528**	(276,811)	-		(84,169)	-	**(360,980)**	6.6-10.6
Non-hedge derivatives with subsidiaries/joint ventures (currency transfers)	measured at year-end exchange rate	**-**	285,090	-		95,058	-	**380,148**	
Interest rate hedging derivatives with third parties		**570**	186	184	88	161		**619**	10.6
Total		**572**	**186**	**184**	**88**	**161**	**-**	**620**	

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 actual yield 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 Mediaset S.p.A., 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, Mediaset S.p.A. 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 write-downs recorded during the year are of an immaterial amount.

FY 2020

SITUATION OF RECEIVABLES

RISK CLASSES	Total receivables net	Past due					Write-down receivables
		0-30 days	30-60 days	60-90 days	More than	Total	
Trade receivables							
Other receivables	6	-	-	-	-	-	-
Receivables from Mediaset Group	365	1	-	-	32	33	,
Total	**371**	**1**	**-**	**-**	**32**	**33**	**-**
Financial receivables							
Other financial assets	8,642						
Bank deposits	121,548						
Hedge derivatives with third parties	73,934						
Non-hedge derivatives with third parties	2,980						
Non-hedge derivatives with subsidiaries and joint ventures	5,697						
Intercompany financial receivables from joint ventures	9,729						
Intercompany financial receivables from subsidiarie	956,518						
Total	**1,179,048**						

FY 2019

SITUATION OF RECEIVABLES

RISK CLASSES	Total receivables net	Past due					Write-down receivables
		0-30 days	30-60 days	60-90 days	Longer	Total	
Trade receivables							
Other receivables	39	-	-	-	154	154	152
Receivables from Fininvest Group	-	-	-	-	-	-	-
Receivables from Mediaset Group	1,683	-	-	4	64	68	1
Total	**1,721**	**-**	**-**	**4**	**218**	**222**	**153**
Financial receivables							
Other financial assets	6,296						
Bank deposits	13,049						
Hedge derivatives with third parties	49,334						
Non-hedge derivatives with third parties	16,070						
Non-hedge derivatives with subsidiaries and joint ventures	1,538						
Non-hedge derivatives with joint ventures	5						
Intercompany financial receivables from joint ventures	10,475						
Intercompany financial receivables from subsidiarie	942,608						
Total	**1,039,375**						

The tables below show the changes in the provision for doubtful accounts, both for the reporting year and for the previous year.

Allowance for doubtful accounts	31/12/20	31/12/19
Opening balance	153	157
Use for the year	-	(4)
Transfer of business unit	(153)	-
Closing balance	**-**	**153**

Provision for bad debts	31/12/20	31/12/19
Opening balance	4,599	1,303
Provision for the year	1,074	4,149
Use for the year	(15)	(853)
Closing balance	**5,658**	**4,599**

EVENTS OCCURRING AFTER 31 DECEMBER 2020

There were no significant events occurring after the end of the period. The company will continue its financial holding activities.

PROFIT FOR THE YEAR

The profit of Mediaset S.p.A for 2020 was EUR 17,006,880.42.

We propose that the entire profit for the year (EUR 17,006,880.42) be allocated to the extraordinary reserve.

Following the approval of this proposal, the extraordinary reserve will amount to Euro 1,497,911,389.78.

For the Board of Directors

The Chairman

ATTACHMENTS

The following attachments provide additional information with respect to that shown in the Explanatory Notes, of which they constitute an integral part.

- Table of derivative instruments at 31 December 2020;
- List of equity investments in subsidiaries and associates at 31 December 2020 (sect. 2427, para 5 of the Italian Civil Code);
- Disclosures pursuant to Article 149-duodecies of the Consob Issuer Regulation.

Table of derivative instruments at 31 December 2020

(values in EUR thousand)

Underlyings / Transaction type	Interest rates and debt securities			Exchange rates			Equity		
	Notional value	Fair Value		Notional value	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	-	-	-	263,341	2,926	5,689			
USD sales	-	-	-	(867)	53	-			
- intercompany forward contracts									
USD purchases	-	-	-	867	-	53			
USD sales	-	-	-	(263,346)	5,697	2,926			
- IRS on interest rates	525,000	-	3,546	-	-	-			
- Share options									
PUT sales							(93,760)		2,673
CALL purchase							96,857	29,139	
PUT purchases							278,236	44,795	
CALL sales							#########		28,277
Total	**525,000**	**-**	**3,546**	**(5)**	**8,676**	**8,668**	**(89,648)**	**73,934**	**30,950**

List of equity investments in subsidiaries and associates at 31 December 2020 (Art. 2427 (5) of the Italian Civil Code)

(values in EUR thousand)

Name	Registered off		Share capital	Carrying share shares	Shareholders' equity Pro-quota value	Shareholders' equity Pro-quota value A	Profit/Loss for the year Pro-quota value	Profit/Loss for the year Pro-quota value	wnership share	Number of price held	Carrying amount B	alue per sect. 2426(4) c.c. C	Differences B-A	Differences B-C
Subsidiaries														
Mediaset Italia S.p.A.	Milan	Euro	600,000	1.00	1,397,082	1,397,082	66,209	66,209	100%	600,000,000	1,330,000	-	(67,082)	-
Mediaset España Comunicacion S.A.	Madrid	Euro	168,359	0.50	976,014	519,825	142,506	75,899	53.26%	169,058,846	868,975	-	349,150	-
Medaiset Investment NV	Amsterdam	Euro	90	1.00	595,554	595,554	1,218	1,218	100%	90,000	595,245	-	(309)	-
Associates and joint ventures														
Nessma S.A. (*)	Luxembourg	Euro	14,194	100.00	(11,019)	(3,746)	(245)	(83)	34%	48,435	-	-	3,746	-
Nessma Broadcast S.a.r.l. (*)	Tunis	Euro	998	100.00	3,133	1,003	2,182	698	32%	9,490	468	-	(535)	-
El Towers S.p.A.	Milan	Euro	10,055	1.00	1,006,453	402,581	23,528	9,411	40%	4,022,100	465,329	-	62,748	-

(*) The data refer to the latest approved financial statements

Disclosures pursuant to Art. 149-duodecies of the Consob Issuer Regulation

(values in EUR thousand)

Activity type	Service provider	Provided to	2020 fees
Auditing of accounts	Deloitte & Touche S.p.A.	Parent company-Mediaset S.p.A.	**566**
Auditing of accounts	Deloitte & Touche S.p.A.	Subsidiaries	**1,024**
Auditing of accounts	Deloitte & Touche S.p.A. network	Subsidiaries	**381**
Certification services	Deloitte & Touche S.p.A.	Parent company-Mediaset S.p.A. (1)	**69**
Certification services	Deloitte & Touche S.p.A.	Subsidiaries (1)	**61**
Other services	Deloitte & Touche S.p.A.	Parent company-Mediaset S.p.A.	**18**
Other services	Deloitte & Touche S.p.A. network	Subsidiaries	**758**
Total			**2,877**

(1) *Certification of Modello Unico, Modello 770 and NFS returns*

2020

Certification on the Annual Financial Statements pursuant art. 154-bis of Legislative Decree 58/98

MEDIASET SPA

Attestation of the Yearly Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned persons Fedele Confalonieri, Chairman of the Board of Directors and Luca Marconcini, the Assigned Executive for the drafting of the company accounting documents of Mediaset S.p.A. attest, also taking into account what is laid down by article 154, part two, paragraphs 3 and 4, of the Legislative Decree of 24th February 1998, n° 58,

   • to the adequacy relative to the characteristics of the Company and

   • the effective application

   of the administrative and accounting procedures for building up the Yearly Financial Statements, during the financial year 2020.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Yearly Financial Statements at 31st December 2020 was carried out based on the rules and methodologies defined by Mediaset S.p.A. in line with the model *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission,* which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Yearly Financial Statements:

   a) Are drawn up in conformity with the applicable International Accounting Standards recognised within the European Community, pursuant to the regulation (EC) n° 1606/2002 of the European Parliament and Council, of 19th July 2002, as well as with the measures issued to actuate article 9 of the Legislative Decree n° 38/2005;

   b) reflect the balances in the books and the accounting postings;

   c) are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer;

3.2 The Board of Directors Report on Operations contains a trustworthy analysis of the progress and result of operations, as well as of the situation of the Issuer, together with the description of the main risks and uncertainties to which it is exposed.

26th April 2021

For the Board of Directors
The Chairman

(Fedele Confalonieri)

The Assigned Executive for the drafting
of the company accounting documents

(Luca Marconcini)

2020

Report of the External Auditors and the Statutory Auditors

MEDIASET SPA

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Mediaset S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mediaset S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of income, the statement of comprehensive income, the statement of cash flows and the statement of changes in shareholders' equity for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to be reported in this report.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, 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.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Mediaset S.p.A. has appointed us on June 28, 2017 as auditors of the Company for the years from January 1, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Mediaset S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Mediaset S.p.A. as at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Mediaset S.p.A. as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Mediaset S.p.A. as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
April 29, 2021

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

MEDIASET S.p.A.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(pursuant to Art. 153 of Legislative Decree No. 58/98)

To Shareholders,
The Board of Statutory Auditors is required to report on its supervisory activities performed during the year and on any omissions and censurable facts found to the Shareholders' Meeting, pursuant to Art. 153 of Italian Legislative Decree 58/1998 (the Consolidated Finance Act, hereinafter TUF from its Italian initials) and the Italian Civil Code. The Board of Statutory Auditors may also make comments and proposals regarding the financial statements, their approval, and the matters within its remit.

During 2020, the Board of Statutory Auditors performed its institutional tasks in compliance with the Italian Civil Code, Italian Legislative Decree 58/1998 (TUF), Italian Legislative Decree 39/2010 (Consolidated Law on statutory audits of annual accounts and consolidated accounts), as amended by Italian Legislative Decree No. 135/2016, the Bylaws and regulations issued by the Authorities that perform supervisory and control activities, those contained in the Corporate Governance Code for Listed Companies which the Company has formally adopted, also taking into account the standards of conduct recommended by the Italian National Board of Accountants and Accounting Experts as of 26 April 2018.

The Board of Statutory Auditors was appointed by the Shareholders’ Meeting on 26 June 2020 and comprises Giovanni Fiori, Chairman, and regular auditors Flavia Daunia Minutillo and Riccardo Perotta.

Giving the ongoing impact of the effects of the COVID 19 pandemic, the Board of Statutory Auditors carried out a considerable part of its activities remotely, without noting any impact on the effectiveness of the control activity.

In particular, the work of the Board of Statutory Auditors involved:

–constant oversight of compliance with the law, Bylaws and the principles of good governance;

–participating in all meetings of the Board of Directors, the Executive Committee and internal board committees set up in accordance with the Corporate Governance Code;

–periodic meetings with high level executives of the Company and its subsidiaries in order to acquire information regarding the progress and trend of general operations and the most significant operations in equity, financial and income terms;

–meetings with the Company's management aimed at examining specific issues (induction session) benefiting both the non-executive directors and the Board of Statutory Auditors;

–analysis of the main aspects of the organisational structure of the Company for the purpose of ascertaining its adequacy;

–examining the internal control and risk control system, as well as the administrative and accounting system, in order to ascertain whether it is appropriate and reliable in representing the accounting events correctly;

–examining the action plan and the results of the audits conducted by the Internal Audit function;

–oversight of the auditing of the accounts and independent of the independent auditors (Deloitte & Touche S.p.A.);

–checking the procedures put in place by the Board of Directors for evaluating the independence of the Independent Directors;

–checking the compliance with the independence criteria applied to the Board of Statutory Auditors in accordance with those set out for the directors in the Corporate Governance Code;

–oversight procedures regarding related-party transactions;
–examining the instructions given to subsidiaries, including for the purposes of fulfilling the communication obligations;
–periodic exchanges of information with the relevant control bodies of the main subsidiaries and the Supervisory Body referred to in Italian Legislative Decree 231/2001;
–maintaining relations with the Financial Reporting Manager and the independent auditors responsible for the external audit of the annual accounts and consolidated accounts, Deloitte & Touche S.p.A.;
–oversight of the financial reporting process pursuant to Art. 19 of Legislative Decree 39/2010 and the non-financial disclosures pursuant to Legislative Decree 254/2016;
– updating on the measures adopted by the company in response to the COVID 19 emergency through the information received from the Board of Directors, in particular from the Head of Human Resources

In view of the above, information is provided below as required by the provisions contained in the Consob Communication DEM 1025564/2001, according to the numbering indicated therein, as amended and supplemented by communication No. DEM/3021582 of 4 April 2003, and subsequently with communication No. DEM/6031329 of 7 April 2006.

1. Transactions having a significant impact on the company's profitability, assets and liabilities or financial position and their compliance with the law and with the Articles of Association.

During the meetings of the Board of Directors and the Executive Committee, during which the most significant economic, equity and financial transactions of Mediaset S.p.A. and its subsidiaries were examined, the Board of Statutory Auditors received the information referred to in Art. 150(1) of the Consolidated Finance Law.

These transactions are exhaustively represented in the Report on Operations to which reference should be made.

On the basis of the information obtained through its supervisory activities, the Board of Statutory Auditors is not aware of any transactions carried out during the year covered by this report, that were not executed in compliance with the law and the Company Bylaws, not in line with Mediaset S.p.A.’s interests, in conflict with resolutions passed by the Shareholders, manifestly imprudent or risky, lacking the necessary information in the event that the transactions were in the interest of Directors, or such as to compromise the integrity of company's assets.

2. and 3. Unusual, or non-recurring transactions, including intercompany or related party

transactions.

In this regard, the Board specifies that:

- Based on the analyses carried out no unusual or non-recurring transactions were carried out;
- the procedures adopted by the company with regard to transactions with related parties comply with the principles contained in Consob Regulation No. 17221 of 12 March 2010;
- intercompany transactions or transactions with related parties did not have any critical aspects, save for the customary request to management to pay attention at all times, as regards the effectiveness of internal support, control and audit procedures for transactions; moreover, the Board of Statutory Auditors always renews its suggestion to implement IT solutions to support the detection, management and reporting of transactions with related parties;
- these transactions have been adequately disclosed in the notes to the separate and consolidated financial statements, and they are fair and consistent with the Company’s interests;

- As regards transactions carried out by relevant parties and by persons closely related thereto (provisions on “Internal dealing”), the Board ascertained that the Company has adopted appropriate internal rules and procedures for the disclosure of such information.

4. Oversight of the financial reporting process. Observations and proposals concerning any findings and emphasis of matter contained in the independent auditor's report.

Participation in the Control, Risk and Sustainability Committee allowed the Board of Statutory Auditors for coordinating to carry out its duties as "Internal Control Committee and Accounting Audit" with this Committee. In this area as well, the Board of Statutory Auditors, identified under Art. 19 (2) of the Consolidated Law on statutory audits of annual accounts and consolidated accounts as the "Internal Control and Audit Committee" supervised the financial reporting process.

Moreover, the Board of Statutory Auditors, in a specific meeting with the Financial Reporting Manager, verified the existence of adequate rules and procedures to oversee the process of the “preparation" and “dissemination" of financial disclosures and deems this process to be adequate.

The Board of Statutory Auditors reviewed the process that allows the Financial Reporting Manager, appointed pursuant to Italian Law 262/2005, and the Chairman of the Board of Directors, to issue the certificates required by Art. 154-bis of the Consolidated Finance Law.

The administrative and accounting procedures for preparing the separate and consolidated financial statements and any other financial communication have been prepared under the responsibility of the Financial Reporting Manager who, together with the Chairman of the Board of Directors, certifies the adequacy and effective application of these procedures.

The Board of Statutory Auditors also reviewed the independent auditor reports prepared by Deloitte & Touche S.p.A, contracted by the shareholders of Mediaset, at their meeting held on 28 June 2017, to audit the separate and consolidated financial statements for 2017/2025.

These reports, issued on 29 April 2021, pursuant to Art. 14 of Legislative Decree 39/2010, indicate that the Group's separate financial statements and consolidated financial statements have been prepared in accordance with the IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board and adopted by the European Union and the measures adopted implementing Art. 9 of Legislative Decree No. 38/2005. Therefore, they represent a true and fair view of the equity and financial position, the economic performance, and the cash flows for the year ended 31 December 2020. Furthermore, in the opinion of the auditor, the Report on Operations and the information referred to in Art. 123-bis (4) of Italian Legislative Decree 58/1998 (TUF) presented in the Corporate Governance Report are consistent with the financial statements and comply with the law.

The Auditors, in their reports, did not present any findings.

The Auditors also issued an “Additional report for the internal control and audit committee" pursuant to Art. 11 of Regulation (EU) No. 537/2014 which presents the results of statutory auditing and includes the statement on independence referred to in Art. 6, paragraph 2, letter a) of Regulation (EU) No. 537 of 16 April 2014, besides the disclosure required by Art. 11 of said Regulation.

The auditor has not reported any information on events or circumstances that may cast significant doubt on the entity’s ability to continue as a going concern or report on any significant deficiencies in the internal financial control system, and/or in the accounting system, or any significant matters involving actual or suspected non-compliance with laws and regulations or Articles of Association in the course of the audit. In this context, the auditor did not prepare a letter of recommendations.

The Board of Statutory Auditors will inform the Company Board of audit findings, sending for this purpose its observations on the additional report referred to in Art. 11 of Regulation (EU) No 537/2014, pursuant to Art. 19 of Legislative Decree 39/2010, as updated by Legislative Decree 135/2016 implementing Directive 2014/56/EU amending Directive 2006/43/EC.

The Consolidated Declaration of a non-financial nature, prepared pursuant to Legislative Decree 254/16, was examined by the Auditor Deloitte & Touche S.p.A.,

which issued its limited audit report today without exception. On the basis of the work carried out, the auditor has confirmed that no evidence has been brought to their attention that would suggest that the Mediaset Group's Non-Financial Statement for the year ended 31 December 2020 has not been drafted, in all material aspects, in compliance with the provisions laid down in articles 3 and 4 of the Decree and the GRI Standards. The Board of Statutory Auditors, through specific meetings with the function responsible for preparing the Statement and with the Independent Auditor, supervised compliance with the provisions of Legislative Decree No. 254/2016, within the competences assigned to them by institutionally by law.

5. and 6. Information concerning any complaints pursuant to Art. 2408 of the Italian Civil Code and petitions During the 2020 financial year, no complaints were received pursuant to Art. 2408 of the Italian Civil Code.

7. and 8. Oversight of the independence of the audit firm. Information on the assignment of any additional engagements to the independent auditors or to parties tied by permanent relations with the independent auditors and the related costs.

The Board of Statutory Auditors supervised the independence of the independent auditor and, in particular, the auditor informed the Board of its other engagements for non-audit services during the 2020 financial year.

In compliance with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and amendments to Legislative Decree No. 39/2010 with the issue of Legislative Decree No. 135/16, in effect since 5 August 2016, the Company updated the Guidelines for appointing auditors on 19 April 2017, supervised by the Board of Statutory Auditors. These guidelines also set out the preliminary assessment and approval process to be followed by the Board of Statutory Auditors for non-audit services to be entrusted to the auditor, as well as monitoring the cap laid down in the EU Regulation at Group level.

The Board reviewed the report on the independence of the independent auditor, prepared in accordance with Art. 6 (2) letter a) of Regulation (EU) No. 537/2014 and Art. 17 of Italian Legislative Decree 39/2010, issued by the independent auditor on 29 April 2021. In this report the independent auditor certifies that on the basis of the information obtained and the verifications carried out for the purposes of paragraph 17 (a) of International Auditing Standard (ISA Italia) 260, taking into account the regulatory and professional principles regulating audit activities, until today's date, there were no situations that compromised the independence or grounds for incompatibility pursuant to articles 10 and 17 of Legislative Decree 39/2010 and its implementing provisions.

The Board of Statutory Auditors acted as Internal Control and Audit Committee (CCIRC) and authorised the non-audit services provided by the independent auditor, making sure that they were other than those referred to in Art. 5 (1) of Regulation (EU) No 537/2014 and that they did not affect independence from the Company in carrying out the independent statutory audit.

The Board of Statutory Auditors highlights the assignment by the Company of the following fees to Deloitte & Touche S.p.A., and to members of its global network, for the appointments specified below: €27,000 relating to certain certification activities (mainly the swearing of tax credits) provided to the Company and its direct subsidiaries, not subject to the approval of the Board of Statutory Auditors, as the unit amount is lower than the approval threshold provided for by the policy adopted by the Company.

9. Information on the existence of opinions issued pursuant to the provisions of law during the year.

The Board of Statutory Auditors reviewed and expressed its favourable opinion to the Board of Directors on the Diversity Policy of

Mediaset S.p.A.'s Board of Statutory Auditors. In this regard, the Board of Directors hoped that members of the Board of Statutory Auditors could offer diverse, complementary expertise and experience. As the Board of Statutory Auditors is composed of three regular auditors (and three alternate auditors), one of whom was elected by the minority shareholders, the Board identified the following elements of diversity: (i) an adequate level of experience and knowledge regarding the market in which the Company operates, the governance system, the accounting and financial analysis and the regulatory framework, or several years' experience with listed companies; (ii) gender diversity which ensures that the Board of Directors - even when legal provision on gender balance no longer have effect - has at least one regular auditor and one alternate auditor of the less represented gender, so that the Company may benefit from different viewpoints and experience that gender diversity can provide. For this purpose, the Board hopes that candidate lists presented by shareholders - apart from those which have less than three candidates - indicate (for both regular and alternate auditors), at least one candidate of the less represented gender; (iii) diversity in length of service, to balance the needs for continuity and renewal in control of the Company and benefit from different viewpoints and experience that come with a shorter or longer length of service.

The Board of Statutory Auditors did not issue further opinions during the year.

10. Information on the frequency and number of meetings held by the Board of Directors, the Executive Committee and the Board of Statutory Auditors.

During the year, the Board of Statutory Auditors performed its activities by holding 33 meetings of the Board of Statutory Auditors, lasting an average of approximately 3 hours. 29 meetings were held by the Board of Statutory Auditors in office until 26 June 2020 and 4 meetings were held by the Board of Statutory Auditors appointed on 26 June 2020.

The Board of Statutory Auditors also participated in all sixteen meetings of the Board of Directors, the two Shareholders' Meetings, the seven meetings of the Executive Committee, the sixteen meetings of the Control, Risks and Sustainability Committee, the six meetings of the Related Parties Committee, the six meetings of the Governance and Nomination Committee and the four meetings of the Remuneration Committee. The overall commitment of each member of the Board of Statutory Auditors increased during the year, above all due to the extraordinary transactions and resulting legal activities, and considering additional activities strictly in the Board's remit (activities prior to meetings, report on the financial statements, opinions and recording minutes).

11. and 12. Observations on compliance with the principles of sound governance and adequacy of the organisational structure.

On the basis of the information obtained through its oversight activities, the Board of Statutory Auditors is not aware of any transactions carried out during the year covered by this report which are not based on the principles of sound governance.
The Board of Statutory Auditors monitored the adequacy of the Company's organisational structure, for areas under its responsibility, and more in general of the Mediaset Group as a whole, obtaining information and receiving continual updates provided by the Company on organisational provisions. In view of the complexity of the Company's and Mediaset Group's organisational structure, which is constantly evolving, the Board of Statutory Auditors considered the organisational structure to be adequate.

13. Oversight of the adequacy of the internal control system
Based on the data and information obtained during the work carried out in 2020, the Mediaset Group's internal control and risk management system was deemed by the internal audit function to be working, with reference to its effectiveness, and adequate with reference to its suitability to achieve an acceptable overall risk profile, consistent with the internal control system and

risk management guidelines established by the Board of Directors. As regard these guidelines, the Board suggested their periodic monitoring and revision, in view of updates to the Group's organisational structure and relevant best practices.

The Board of Statutory Auditors, having taken note of the contents of the Corporate Governance Report regarding the adequacy and effective functioning of the internal control system, periodically met the head of the internal audit function of the Group and reviewed the function's 2020 report. With reference to the various Group-level reports by the internal audit function, improvement and corrective action plans have been set up that require a timely compliance with the timetables by all involved. In compliance with recommendations of international standards on auditing, the Internal Audit Function put in place actions to ensure and improve the quality of activities carried out.

Furthermore, the Board of Statutory Auditors has reviewed and obtained information on the organisational and procedural activities carried out, pursuant to and for the purposes of Italian Legislative Decree 231/2001, as amended, on the administrative liability of entities for offences covered under this decree. No major problems were revealed during the meetings and in the reports of the Supervisory Body on the activities performed in 2020.

The Board of Statutory Auditors also acknowledged the alignment of the Group's whistleblowing system pursuant to Law No. 179 of 30 November 2017.

In brief, the Board of Statutory Auditors did not identify any critical situations or facts that would make the internal control system as a whole inadequate.

14. *Observations on the adequacy of the administrative-accounting system and on its reliability in providing a true and fair view of the business operations.*

The Board of Statutory Auditors obtained information on and supervised, for the areas under their responsibility, the adequacy of the Company's administrative-accounting system in providing a true and fair view of business operations, on the effectiveness of the internal control and risk management system of the financial reporting process through: (i) collecting information from the heads of the various functions, the independent auditors and the Financial Reporting Manager; (ii) participation in the work of the Control, Risk and Sustainability Committee and the Related Parties Committee; (iii) reviewing the annual report on the activities carried out by Mediaset's Internal Control function; (iv) information about the news and notifications of inspections and procedures by bodies and authorities, including independent ones.

The Board also took note of the Statements, dated 26 April 2021, on the separate and consolidated financial statements as at 31 December 2020, pursuant to Art. 154-bis (5) of Legislative Decree No. 58/1998 and Art. 81-ter of the Consob Regulation No. 11971 of 14 May 1999, with which the Chairman of the Board of Directors and the Financial Reporting Manager certify, among other things, that the separate and consolidated financial statements:

- have been drawn up in accordance with the International Accounting standards applicable and recognised in the European Community, pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 and to the measures adopted in implementing of Art. 9 of Legislative Decree No. 38/2005;
- are consistent with the underlying accounting records;
- are able to provide a true and fair view of the assets and liabilities, operating results and cash flows of the issuer and of the group of companies included in the consolidation.

The Chairman of the Board of Directors and the Financial Reporting Manager also certify that the Report on Operations includes a reliable analysis of the financial performance and results of operations, as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

15. Observations on the adequacy of the instructions imparted by the company to its subsidiaries pursuant to Art. 11(2) of Legislative Decree No. 58/1998.

The Board of Statutory auditors supervised the instructions given to the Subsidiaries, which it deemed appropriate in light of the parent company's role of coordination and guidance, also at the international level. There was no need to implement corrective actions to improve the instructions given to subsidiaries pursuant to Art. 114(2) of the TUF.

Furthermore, the Board exchanged information and met with the relevant control bodies of the Group’s main subsidiaries. No important aspects worth reporting resulted from these meetings.

16. Oversight of the independent statutory audit of the separate and consolidated financial statements and comments on any material aspects that emerged during the meetings held with the auditors pursuant to Art. 150 (2) of Legislative Decree No. 58/1998.

The meetings with the independent auditors did not reveal any critical issues during the audit of the accounts, or significant deficiencies in the internal control system related to the financial disclosure process.

The independent auditors issued today the additional report pursuant to Art. 11 of Regulation (EU) No 537/14 of the European Parliament and of the Council. This report provides a clear description of the activities carried out and forms an integral part of the 2020 Audit Plan already explained by the independent auditors to the Board and to the Control, Risk and Sustainability Committee, which analysed its contents during joint meetings. The independent auditors did not issue a letter of recommendations.

No information has been reported on events or circumstances that may cast significant doubt on the entity’s ability to continue as a going concern or report on any significant deficiencies in the internal financial control system, and/or in the accounting system, or any significant matters involving actual or suspected non-compliance with laws and regulations or Articles of Association in the course of the audit.

17. Oversight of the company’s adherence to the corporate governance code of the Corporate Governance Committee of listed companies.

The Board of Statutory Auditors supervised the correct implementation of the corporate governance rules set out in the Corporate Governance Code adopted by the Company - in line with the code developed by the Corporate Governance Committee for listed companies on the initiative of Borsa Italiana S.p.A. - without any particular problems, as specified also in the Corporate Governance Report prepared by the Directors. The Board of Directors carried out an assessment on the size, composition and functioning of both itself and its committees, with the support of a leading consulting firm; the results of which are reported in the Corporate Governance Report.

In particular, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors; the assessment was made taking into account the suggestion of the Board of Statutory Auditors to make such assessments also on the basis of the information available to the issuer, with reference to possible economic/financial relationships and/or relations between the Mediaset Group companies, the Directors, and any related parties, in line with the independence requirements under Art. 3(1) letter c) of the Corporate Governance Code. The Board of Statutory Auditors also verified that its members fulfilled the same independence requirements as those required for the Directors; the verification of the fulfilment of such requirements, as required under both the Consolidated Law on Finance and by the Corporate Governance Code, was carried out also taking into account the findings reported by the issuer - as requested by the Board of Statutory Auditors- concerning any economic/financial relations and/or other relationships with Mediaset Group companies.

As regards activities required by the Corporate Governance Code, during the year the Board of Statutory Auditors met 26 times and attended all meetings of the Board of Directors, of the Executive committee and of all Board committees, as well as Shareholders' Meeting, for a grand total of 74 meetings.

Pursuant to the corporate governance code, over the course of 2020, the Board of Statutory Auditors was also heard by the Board of Directors on the following activities:

–definition of the 2020 audit plan;

–assessment of the results presented by the Independent auditor on the additional report pursuant to Art. 11 of Regulation EU 537/2014 on the 2019 financial statements;

–evaluation of the correct use of accounting standards and their homogeneity for the purpose of preparing the consolidated financial statements.

Lastly, the Board of Statutory Auditors, pursuant to provisions in the new code of conduct for Boards of Statutory Auditors of listed companies of April 2018, with reference to the 2020 financial year, carried out a self-assessment, the outcome of which was positive in terms of the qualitative/quantitative profile of the Board of Statutory Auditors and its effective functioning during its third year in office.

18. and 19 Final assessments on the oversight activity carried out and indication of any proposals to be submitted at the Shareholders’ meeting pursuant to Art. 153 (2) of Legislative Decree No. 58/1998.

In accordance with Consob rules, we hereby state that our activities did not reveal any omissions, facts worthy of censure, irregularities or instances of inadequacy of the organisational structure, of the internal control system or of the administration/accounting system.

As regards the separate financial statements for the year ended 31 December 2020, which recorded a net profit of €17,006,880.42, we verified compliance with applicable laws regulating their preparation and presentation.

In light of the foregoing, the Board of Statutory Auditors, given the content of the reports drawn up by the independent auditor, having taken note of the statements issued jointly by the Chairman of the Board of Directors and the Financial Reporting Manager, has no reason, with regard to the areas under its remit, to impede the approval of the draft individual financial statements at 31 December 2020.

Milan, 29 April 2021

The Board of Statutory Auditors

Giovanni Fiori **-** *Chairman*
Riccardo Perotta Flavia
Daunia Minutillo

Mediaset S.p.A.

Annual Report 2020

Summary tables of main economic and financial data of companies included in the consolidation area

MEDIASET SPA

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

ASSETS	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	R2 S.r.l.	Monradio S.r.l.	Elettronica Industriale S.p.A.	Mediaset Investment NV	Mediaset Italia S.p.A.
Non-current assets									
Property, plant and equipment	7,986	153	-	213,506	591	2,791	34,467	-	2,255
Television and movie rights	-	-	-	891,329	-	-	-	-	-
Goodwill and other intangible assets	1,132	-	-	33,958	613	34,880	130,616	-	-
Equity investments and other non-current financial assets	20,839		200	720,604	-	101	-	-	1,333,626
Other non-current assets	-	-	-	4,532	-	-	116	-	-
Deferred tax assets	5,041	490	-	89,341	411	58	18,127	100	486
Total non-current assets	**34,998**	**644**	**200**	**1,953,270**	**1,615**	**37,831**	**183,326**	**100**	**1,336,368**
Current Assets									
Inventories	1,355	25	-	33,216	143	-	299	-	-
Trade receivables	402,779	5,982	-	764,151	3,002	6,343	76,144	-	1,222
Tax receivables	674	274	-	527		-	1,137	-	-
Other receivables and current assets	112,615	1,447		243,914	165	4,328	22,054		2,613
Intercompany financial receivables	329,495	9,391	72	-	8,530	-	338,635	276,332	64,849
Current financial assets	390	-	-	3,845	-	-	-	318,416	-
Cash and cash equivalents	2,181	1	-	44	78	1	7	1,191	13
Total current assets	**849,489**	**17,118**	**73**	**1,045,696**	**11,917**	**10,673**	**438,277**	**595,939**	**68,697**
TOTAL ASSETS	**884,487**	**17,762**	**273**	**2,998,966**	**13,532**	**48,503**	**621,603**	**596,039**	**1,405,065**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	R2 S.r.l.	Monradio S.r.l.	Elettronica Industriale S.p.A.	Mediaset Investment NV	Mediaset Italia S.p.A.
Shareholders' equity									
Share capital	52,000	10,339	50	500,000	1,000	3,030	363,167	90	600,000
Share premium reserve	-	-	-	-	2,000	3,080	-	595,155	730,000
Treasury shares	-	-	-	-	-	-	-	-	-
Other reserves	33,315	181	376	1,040,822	1,121		216,029		-
Valuation reserve	(4,697)	(542)	-	(47,064)	3	(67)	(86)	-	883
Retained earnings	(12,080)	(15)	-	(75,138)	-	17,840	22,628	(909)	(10)
Losses covered during the year	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	12,586	(1,537)	(158)	3,296	4,692	(7,857)	(215)	1,218	66,209
TOTAL SHAREHOLDERS' EQUITY	**81,124**	**8,426**	**268**	**1,421,917**	**8,816**	**16,026**	**601,523**	**595,554**	**1,397,082**
Non-current liabilities									
Post-employment benefit plans	10,853	909	-	47,929	63	260	174	-	1,114
Deferred tax liabilities	674	47	-	5,972	2	6,920	139	-	385
Financial payables and liabilities	3,465	101	-	79,655	-	21	23	-	1,814
Provisions for risk and charges	4,763	470	-	20,987	-	110	1,009	-	13
Total non-current liabilities	**19,755**	**1,526**	**-**	**154,543**	**66**	**7,312**	**1,345**	**-**	**3,326**
Current liabilities									
Payables to banks	3			15				-	
Trade payables	750,378	6,464	-	452,683	1,765	7,598	3,204	72	1,328
Provisions for risk and charges	-		-	29,359	1,500	-	-	-	49
Current tax payables	-	-	-	-	178	-	-	77	-
Intercompany financial payables	-	-	-	861,122	-	17,360	-	-	-
Other financial liabilities	7,788	65	-	16,831	7	15	21	-	464
Other current liabilities	25,439	1,280	4	62,496	1,200	193	15,510	337	2,815
Total current liabilities	**783,608**	**7,810**	**4**	**1,422,506**	**4,650**	**25,167**	**18,735**	**485**	**4,656**
TOTAL LIABILITIES	**803,363**	**9,336**	**4**	**1,577,049**	**4,716**	**32,478**	**20,080**	**485**	**7,982**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**884,487**	**17,762**	**273**	**2,998,966**	**13,532**	**48,504**	**621,603**	**596,039**	**1,405,065**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

INCOME STATEMENT	Publitalia '80 S.p.A.	Digitalia '08 S.r.l.	Adtech Ventures S.p.A.	R.T.I. S.p.A.	R2 S.r.l.	Monradio S.r.l.	Elettronica Industriale S.p.A.	Mediaset Investment NV	Mediaset Italia S.p.A.
Revenues									
Revenues from sales of goods and services	1,419,146	11,954	-	1,376,846	12,506	8,899	202,285	-	2,798
Other revenues and income	713	1	-	38,354	394	281	377	-	55
Total revenues	**1,419,859**	**11,956**	**-**	**1,415,201**	**12,900**	**9,181**	**202,662**	**-**	**2,853**
Costs									
Personnel expenses	62,618	1,465	-	252,586	727	900	1,808	-	10,923
Purchases, services, other costs	1,324,435	12,498	11	766,837	5,156	16,175	179,944	1,435	3,241
Amortisation, depreciation and write-downs	10,569	28	-	365,958	1,200	2,316	21,503	347	291
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-	-
Total costs	**1,397,621**	**13,992**	**11**	**1,385,381**	**7,082**	**19,391**	**203,255**	**1,782**	**14,455**
EBIT	**22,238**	**(2,036)**	**(11)**	**29,820**	**5,818**	**(10,210)**	**(593)**	**(1,782)**	**(11,602)**
(Expenses)/income from financial investments									
Financial expenses	(186)	(2)	-	(53,938)	(1)	(164)	(1)	()	(34)
Financial income	131	2	-	52,011		1	197	3,331	3
(Expenses)/Income from equity investments	(2,920)	-	(147)	(11,097)	-	-	-	-	76,000
Total (expenses)/income from financial investments	**(2,975)**		**(147)**	**(13,025)**	**()**	**(163)**	**196**	**3,331**	**75,968**
EBT	**19,263**	**(2,036)**	**(158)**	**16,795**	**5,818**	**(10,373)**	**(397)**	**1,549**	**64,366**
Income taxes	6,676	(499)	-	13,499	1,126	(2,516)	(182)	330	(1,843)
Net profit from continuing operations	**12,586**	**(1,537)**	**(158)**	**3,296**	**4,692**	**(7,857)**	**(215)**	**1,218**	**66,209**
Profit (loss) for the year	**12,586**	**(1,537)**	**(158)**	**3,296**	**4,692**	**(7,857)**	**(215)**	**1,218**	**66,209**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

ASSETS	RMC Italia S.p.A.	Medusa Film S.p.A.	Taodue S.r.l.	Radiomediaset S.p.A.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Non-current assets								
Property, plant and equipment	1,792	97	932	5,730	2,744	3,416	69	2,416
Television and movie rights	-	23,216	298	-	-	-	-	-
Goodwill and other intangible assets	8,298	8,024	1,722	110	10,057	1,059	115	9,544
Equity investments and other non-current financial assets	24	40	545	138,484	33	12	7	33
Other non-current assets	-	-	17	-	-	-	-	-
Deferred tax assets	409	4,802	3,647	327	317	277	3	214
Total non-current assets	**10,523**	**36,180**	**7,162**	**144,652**	**13,151**	**4,764**	**194**	**12,208**
Current Assets								
Inventories	-	-	401	-	-	-	-	-
Trade receivables	5,577	23,073	25,155	40,140	18,721	4,810	92	6,635
Tax receivables	18		461	457	11	87	-	62
Other receivables and current assets	2,072	1,776	1,640	3,624	613	685	147	1,702
Intercompany financial receivables	-	118,124	-	-	6,516	2,518	1,803	12,307
Current financial assets	-	2,595	2,252	-	-	-	-	-
Cash and cash equivalents	-	39	3	1	-	3		-
Total current assets	**7,667**	**145,606**	**29,911**	**44,222**	**25,860**	**8,103**	**2,042**	**20,706**
TOTAL ASSETS	**18,190**	**181,787**	**37,074**	**188,874**	**39,012**	**12,867**	**2,236**	**32,914**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	RMC Italia S.p.A.	Medusa Film S.p.A.	Taodue S.r.l.	Radiomediaset S.p.A.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Shareholders' equity								
Share capital	1,100	120,000	51	7,378	780	260	10	10,063
Share premium reserve	1,567	-	2,056	10,851	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-
Other reserves	20,891	23,011	4,735	51,732	17,173	9,667	2,021	20,770
Valuation reserve	26	87	(8)	(270)	(291)	-	-	(18)
Retained earnings	(7,729)	(128)	(17)	459	7,302	-	-	(2,086)
Losses covered during the year	-	-	-	-	-	-	-	-
Profit (loss) for the year	(3,080)	12,839	7,929	(991)	4,834	(288)	(155)	(2,429)
TOTAL SHAREHOLDERS' EQUITY	**12,774**	**155,810**	**14,745**	**69,159**	**29,799**	**9,639**	**1,876**	**26,302**
Non-current liabilities								
Post-employment benefit plans	460	380	26	2,020	1,402	485	15	90
Deferred tax liabilities	28	-	2	-	80	263	156	363
Financial payables and liabilities	-	133	829	1,696	-	-	-	10
Provisions for risk and charges	209	540	80	189	248	45	-	60
Total non-current liabilities	**697**	**1,053**	**936**	**3,905**	**1,730**	**793**	**171**	**524**
Current liabilities								
Payables to banks		5						
Trade payables	3,683	19,367	2,671	46,584	5,614	1,550	82	5,699
Provisions for risk and charges	-	745	-	-	-	-	-	-
Current tax payables	-	-	-	-	-	-	-	-
Intercompany financial payables	794	-	12,960	64,952	-	-	-	-
Other financial liabilities	-	350	70	915	-	-	-	6
Other current liabilities	242	4,457	5,691	3,359	1,868	884	106	384
Total current liabilities	**4,719**	**24,924**	**21,393**	**115,810**	**7,483**	**2,435**	**189**	**6,088**
TOTAL LIABILITIES	**5,416**	**25,977**	**22,329**	**119,715**	**9,213**	**3,228**	**359**	**6,612**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,190**	**181,787**	**37,074**	**188,874**	**39,012**	**12,867**	**2,236**	**32,914**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

INCOME STATEMENT	RMC Italia S.p.A.	Medusa Film S.p.A.	Taodue S.r.l.	Radiomediaset S.p.A.	Radio Studio 105 S.r.l.	Radio Subasio S.r.l.	Radio Aut S.r.l.	Virgin Radio Italy S.p.A.
Revenues								
Revenues from sales of goods and services	6,296	73,515	44,046	22,062	25,125	5,919	28	9,487
Other revenues and income	201	4,827	330	3,027	185	992	22	272
Total revenues	**6,497**	**78,342**	**44,375**	**25,089**	**25,310**	**6,911**	**50**	**9,759**
Costs								
Personnel expenses	1,018	3,401	2,269	4,618	1,699	1,025	93	871
Purchases, services, other costs	8,871	32,061	10,787	16,897	16,066	5,207	163	11,191
Amortisation, depreciation and write-downs	783	26,274	20,651	1,499	1,081	641	4	857
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-
Total costs	**10,672**	**61,737**	**33,707**	**23,014**	**18,846**	**6,873**	**261**	**12,920**
EBIT	**(4,175)**	**16,605**	**10,668**	**2,074**	**6,464**	**38**	**(210)**	**(3,161)**
(Expenses)/income from financial investments								
Financial expenses	(82)	(18)	(249)	(499)	(6)	(12)	-	(52)
Financial income	1	36		7	5	-	-	
(Expenses)/Income from equity investments	-	()	-	(2,223)	-	-	-	-
Total (expenses)/income from financial investments	**(81)**	**18**	**(249)**	**(2,715)**	**(1)**	**(12)**	**-**	**(52)**
EBT	**(4,255)**	**16,623**	**10,420**	**(641)**	**6,463**	**25**	**(210)**	**(3,213)**
Income taxes	(1,176)	3,784	2,491	350	1,629	314	(56)	(784)
Net profit from continuing operations	**(3,080)**	**12,839**	**7,929**	**(991)**	**4,834**	**(288)**	**(155)**	**(2,429)**
Profit (loss) for the year	**(3,080)**	**12,839**	**7,929**	**(991)**	**4,834**	**(288)**	**(155)**	**(2,429)**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

ASSETS	Advertisement 4 Adventures SLU	Aninpro Creative S.L.	Conecta 5 Telecinco S.A.U.	El Desmarque Portal Deportivo SL	Grupo Audiovisual Mediaset (già Concursos Multiplataforma S.A.)	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.
Non current assets	-	-	-	-	-	-	-	-	-
Land, plants, equipment and other tangible fixed assets	-	361	328	3	-	-	-	-	47,787
Television and cinema rights	-	-	-	-	-	-	-	-	110,017
Goodwill and other intangible fixed assets	-	60	1,467	-	-	-	392	-	269,485
Equity investments and other financial non current assets	11,450	51	-	0	-	-	1	-	470,588
Tax assets	321	-	-	-	-	-	-	-	79,440
Total non current assets	**11,772**	**472**	**1,794**	**3**	**-**	**-**	**393**	**-**	**977,318**
Current assets	-	-	-	-	-	-	-	-	-
Inventories	-	-	0	-	-	-	22	-	12,986
Trade receivables	-	5,068	185	2,272	-	4,776	273	-	7,397
Other receivables and current assets	424	19	88	143	0	-	14	-	32,464
Intercompany current receivables	-	148	6,567	227	-	-	-	-	205,065
Current Financial Assets	462	-	4,940	-	2,048	4,140	-	35,918	101,066
Cash and cash equivalent	73	430	443	2,018	61	195	862	1	175,937
Total current assets	**959**	**5,665**	**12,222**	**4,660**	**2,110**	**9,112**	**1,170**	**35,919**	**534,914**
	-	-	-	-	-	-	-	-	-
Non current assets available for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	**12,730**	**6,137**	**14,016**	**4,664**	**2,110**	**9,112**	**1,563**	**35,919**	**1,512,231**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Advertisement 4 Adventures SLU	Aninpro Creative S.L.	Conecta 5 Telecinco S.A.U.	El Desmarque Portal Deportivo SL	Grupo Audiovisual Mediaset (già Concursos Multiplataforma S.A.)	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.
Shareholders' Equity	-	-	-	-	-	-	-	-	-
Share Capital	55	3	62	11	60	120	545	50	163,718
Share premium reserve	10,941	-	1,301	95	-	-	-	189,953	313,235
Treasury shares	-	-	-	-	-	-	-	-	(94,038)
Profit/(loss) brought forward and other reserves	(8,489)	447	555	1,019	1,877	2,823	160	(154,083)	422,968
Evaluation reserves	2,168	-	-	-	-	-	-	-	27,625
Profit/(loss) for the year	(55)	451	1,552	1,873	62	4,204	(242)	(1)	142,507
TOTAL SHAREHOLDERS' EQUITY	**4,620**	**900**	**3,470**	**2,998**	**1,999**	**7,147**	**463**	**35,919**	**976,014**
Non Current Liabilities	-	-	-	-	-	-	-	-	-
Post-employment benefit plans	-	-	-	-	-	-	-	-	-
Non Current Tax Liabilities	237	-	-	-	-	-	-	-	1,317
Loan and financial liabilities	-	-	6,000	-	-	-	-	-	296,772
Non Current Provision for risk and charges	-	-	8	-	-	-	-	-	11,996
Other Non Current Liabilities	-	-	-	-	-	-	-	-	-
Total Non Current Liabilities	**237**	**-**	**6,008**	**-**	**-**	**-**	**-**	**-**	**310,084**
Current Liabilities	-	-	-	-	-	-	-	-	-
Due to banks	-	198	-	2	-	-	548	-	40
Trade payables	47	3,266	3,440	730	47	49	54	-	117,301
Current Provision for Risk and Charges	-	1,220	-	8	-	-	-	-	-
Tax liabilities	0	281	51	919	-	505	-	-	20,501
Intecompany Current Liabilities	199	1	(105)	-	64	1,411	-	-	32,031
Other current financial liabilities	-	-	-	-	-	-	-	-	-
Other current liabilities	7,626	272	1,153	7	-	-	497	-	56,260
Total Current Liabilities	**7,873**	**5,237**	**4,539**	**1,666**	**111**	**1,965**	**1,100**	**-**	**226,133**
	-	-	-	-	-	-	-	-	-
Non current liabilities related to current assets available for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**8,110**	**5,237**	**10,547**	**1,666**	**111**	**1,965**	**1,100**	**-**	**536,217**
	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**12,730**	**6,137**	**14,016**	**4,664**	**2,110**	**9,112**	**1,563**	**35,919**	**1,512,231**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

STATEMENT OF INCOME	Advertisement 4 Adventures SLU	Aninpro Creative S.L.	Conecta 5 Telecinco S.A.U.	El Desmarque Portal Deportivo SL	Grupo Audiovisual Mediaset (già Concursos Multiplataforma S.A.)	Grupo Editorial Tele 5 SAU	Medset Film Sas	Mediacinco Cartera SL	Mediaset Espana Comunicacion S.A.
Revenues	-	-	-	-	-	-	-	-	-
Revenues from the sale of goods and services	-	6,840	29,301	4,936	-	0	1,292	-	634,887
Other revenues and income	-	16	696	42	-	5,929	-	-	33,852
Total Revenues	**-**	**6,856**	**29,997**	**4,978**	**-**	**5,929**	**1,292**	**-**	**668,740**
Costs	-	-	-	-	-	-	-	-	-
Personnel expenses	-	1,070	915	976	-	-	71	-	86,974
Purchases, services, other costs	49	5,150	26,151	1,502	(28)	271	1,171	2	311,955
Amortisation, depreciation and write-downs	-	26	1,013	2	(55)	53	299	-	172,750
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-	-
TOTAL COSTS	**49**	**6,246**	**28,079**	**2,480**	**(83)**	**324**	**1,541**	**2**	**571,678**
Gains/(Losses) from disposal of non current assets	-	-	-	-	-	-	-	-	-
EBIT	**(49)**	**611**	**1,917**	**2,499**	**83**	**5,605**	**(249)**	**(2)**	**97,062**
Income/(losses) from financing activity	-	-	-	-	-	-	-	-	-
Financial losses	(200)	(10)	(245)	(1)	(0)	(0)	-	-	(665)
Financial income	-	-	2	-	-	-	7	-	61,581
Income/(losses) from equity investments	-	-	-	-	-	-	-	-	3,361
Other income/(losses) from financing activity	131	-	4	-	-	-	-	-	101
Total Income/(Losses) from financing activity	**(68)**	**(10)**	**(239)**	**(1)**	**(0)**	**(0)**	**7**	**-**	**64,378**
	-	-	-	-	-	-	-	-	-
EBT	**(117)**	**601**	**1,678**	**2,497**	**83**	**5,605**	**(242)**	**(2)**	**161,440**
Income taxes	(62)	150	126	624	21	1,401	-	(0)	18,933
NET RESULT FROM CONTINUING OPERATIONS	**(55)**	**451**	**1,552**	**1,873**	**62**	**4,204**	**(242)**	**(1)**	**142,507**
Gains/(Losses) from disposal of assets available for sale	-	-	-	-	-	-	-	-	-
NET RESULT FOR THE YEAR	**(55)**	**451**	**1,552**	**1,873**	**62**	**4,204**	**(242)**	**(1)**	**142,507**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

ASSETS	MegaMedia Television SL	Netsonic SL	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Produccion y distribucion de contenidos audiovisuales Mediterraneo S.L.U.	Supersport Television SL	Telecinco Cinema SAU
Non current assets	-	-	-	-	-	-	-	-
Land, plants, equipment and other tangible fixed assets	7	-	1	3,193	-	-	117	-
Television and cinema rights	-	-	-	-	-	-	-	20,796
Goodwill and other intangible fixed assets	-	-	376	-	-	-	0	0
Equity investments and other financial non current assets	-	-	8,528	-	-	19,626	25	-
Tax assets	1	-	47	-	-	-	25	-
Total non current assets	**7**	**-**	**8,952**	**3,193**	**-**	**19,626**	**167**	**20,796**
Current assets	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	0
Trade receivables	652	2	201,473	1,550	-	26,887	1,353	2,748
Other receivables and current assets	84	-	117	742	-	5,863	148	8
Intercompany current receivables	3,364	-	1,179	3,931	-	-	(134)	436
Current Financial Assets	-	718	1,886	18,425	669	-	-	627
Cash and cash equivalent	593	146	101,459	1,022	7	3,088	2,268	34,464
Total current assets	**4,692**	**865**	**306,114**	**25,670**	**676**	**35,838**	**3,636**	**38,282**
	-	-	-	-	-	-	-	-
Non current assets available for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
TOTAL ASSETS	**4,700**	**865**	**315,066**	**28,863**	**676**	**55,464**	**3,803**	**59,078**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	MegaMedia Television SL	Netsonic SL	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Produccion y distribucion de contenidos audiovisuales Mediterraneo S.L.U.	Supersport Television SL	Telecinco Cinema SAU
Shareholders' Equity	-	-	-	-	-	-	-	-
Share Capital	70	10	601	7,697	61	341	70	400
Share premium reserve	-	1,689	-	-	-	5,258	-	11,637
Treasury shares	-	-	-	-	-	-	-	-
Profit/(loss) brought forward and other reserves	1,112	(4,008)	(34,626)	13,203	617	6,386	(510)	(4,437)
Evaluation reserves	-	-	-	-	-	-	-	-
Profit/(loss) for the year	1,426	410	56,959	2,018	(2)	11,845	2,125	1,922
TOTAL SHAREHOLDERS' EQUITY	**2,607**	**(1,899)**	**22,933**	**22,918**	**676**	**23,830**	**1,685**	**9,522**
Non Current Liabilities	-	-	-	-	-	-	-	-
Post-employment benefit plans	-	-	-	-	-	-	-	-
Non Current Tax Liabilities	-	-	-	30	-	-	-	0
Loan and financial liabilities	-	2,711	-	2,373	-	-	-	21,500
Non Current Provision for risk and charges	-	-	2,008	-	-	610	358	21
Other Non Current Liabilities	-	-	1,100	-	-	-	-	-
Total Non Current Liabilities	**-**	**2,711**	**3,108**	**2,403**	**-**	**610**	**358**	**21,521**
Current Liabilities	-	-	-	-	-	-	-	-
Due to banks	-	-	240	-	-	-	-	-
Trade payables	1,277	44	6,135	385	-	288	1,003	2,871
Current Provision for Risk and Charges	-	-	26,337	-	-	-	-	-
Tax liabilities	396	(5)	646	250	-	27	512	50
Intecompany Current Liabilities	166	0	226,345	565	-	8,546	109	309
Other current financial liabilities	-	-	-	462	-	-	-	-
Other current liabilities	253	14	29,322	1,880	-	22,163	135	24,806
Total Current Liabilities	**2,093**	**53**	**289,025**	**3,542**	**-**	**31,024**	**1,759**	**28,036**
	-	-	-	-	-	-	-	-
Non current liabilities related to current assets available for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**2,093**	**2,764**	**292,133**	**5,946**	**-**	**31,634**	**2,117**	**49,557**
	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,700**	**865**	**315,066**	**28,863**	**676**	**55,464**	**3,803**	**59,078**

MEDIASET S.P.A.

Summary tables of main economic and financial data of companies included in the consolidation area

(values in EUR thousands)

STATEMENT OF INCOME	MegaMedia Television SL	Netsonic SL	Publiespaña SAU	Publieurope Ltd	Publimedia Gestion SAU	Produccion y distribucion de contenidos audiovisuales Mediterraneo S.L.U.	Supersport Television SL	Telecinco Cinema SAU
Revenues	-	-	-	-	-	-	-	-
Revenues from the sale of goods and services	14,191	18	725,965	11,145	-	34,251	13,797	18,496
Other revenues and income	143	-	739	-	-	0	6	52
Total Revenues	**14,334**	**18**	**726,705**	**11,145**	**-**	**34,251**	**13,802**	**18,547**
Costs	-	-	-	-	-	-	-	-
Personnel expenses	8,284	(2)	16,662	2,872	-	698	7,602	1,090
Purchases, services, other costs	4,115	26	634,581	5,361	3	29,042	3,185	3,070
Amortisation, depreciation and write-downs	34	8	(124)	522	-	(27)	59	12,038
Impairment losses and reversal of impairment on fixed assets	-	-	-	-	-	-	-	-
TOTAL COSTS	**12,433**	**32**	**651,120**	**8,755**	**3**	**29,714**	**10,846**	**16,198**
Gains/(Losses) from disposal of non current assets	-	-	-	-	-	-	-	-
EBIT	**1,900**	**(15)**	**75,585**	**2,390**	**(3)**	**4,537**	**2,956**	**2,349**
Income/(losses) from financing activity	-	-	-	-	-	-	-	-
Financial losses	(0)	(1,422)	(44)	(46)	(0)	(426)	(1)	(637)
Financial income	1	54	26	164	-	8,675	0	0
Income/(losses) from equity investments	-	1,020	330	-	-	-	-	-
Other income/(losses) from financing activity	(0)	59	0	-	-	86	(0)	(0)
Total Income/(Losses) from financing activity	**1**	**(288)**	**313**	**118**	**(0)**	**8,335**	**(1)**	**(638)**
	-	-	-	-	-	-	-	-
EBT	**1,901**	**(303)**	**75,897**	**2,508**	**(3)**	**12,872**	**2,956**	**1,711**
Income taxes	475	(713)	18,939	490	(1)	1,026	830	(211)
NET RESULT FROM CONTINUING OPERATIONS	**1,426**	**410**	**56,959**	**2,018**	**(2)**	**11,845**	**2,125**	**1,922**
Gains/(Losses) from disposal of assets available for sale	-	-	-	-	-	-	-	-
NET RESULT FOR THE YEAR	**1,426**	**410**	**56,959**	**2,018**	**(2)**	**11,845**	**2,125**	**1,922**

Mediaset Group

Report on corporate governance and ownership structure

The report, written pursuant to art. 123-bis of TUF [Consolidated Law on Finance] is made available at the registered office, published in the Company's website, and available on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the methods and terms required by the regulations in effect.
Issuer: Mediaset S.p.A..
Website: https://corporate.mediaset.it
Financial year to which the report refers: ending on 31 December 2020
Date of approval of the report: 26 April 2021

MEDIASET

Contents

GLOSSARY

Internal Control and Risk Management System Director: the Director appointed to oversee the functioning of the internal control and risk management system of Mediaset S.p.A..

Shareholders' Meeting: the Meeting of the Shareholders of Mediaset S.p.A..

Corporate Governance Code/Code: the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A. and published on 31 January 2020, available on the page: https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm

Borsa Italiana Committee for Corporate Governance/Corporate Governance Committee: the Corporate Governance Committee made up of senior management from listed companies and asset management companies, as well as representatives of the promoters (ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria).

Civ. Co./ c.c.: Italian Civil Code.

Board of Statutory Auditors/Board: the Board of Statutory Auditors of Mediaset S.p.A.

Related Parties Committee: the Related Parties Committee of Mediaset S.p.A.

Board of Directors/Board: The Board of Directors of Mediaset S.p.A.

Consob: the Italian Securities and Exchange Commission.

Non-Financial Statement: the Consolidated Non-Financial Statement in implementation of European directive No. 2014/95/EU, transposed into national law with Legislative Decree No. 254/2016.

Financial Reporting Officer: the Financial Reporting Officer with responsibility for producing the Company's accounting documents of Mediaset S.p.A.

Issuer/Company/Mediaset: Mediaset S.p.A..

Financial Year/Financial Year 2020: the 2020 financial year.

Group: the Mediaset Group.

MAR/Market Abuse Regulation: Regulation No. 596/2014 of the European Parliament and related Implementing Regulations.

Compliance Programme: Mediaset S.p.A. Organisation, management and control model in accordance with Italian Legislative Decree 231/2001, which is available on the Company's website.

Supervisory and Control Body: the Supervisory and Control Body appointed by the Board of Directors of Mediaset S.p.A., pursuant to Art. 6 of Legislative Decree 231/01.

Diversity Policy/Policy: the Diversity Policy for the Board of Directors and the Board of Statutory Auditors pursuant to paragraph 2, d-bis of art. 123 of the T.U.F.

Inside Information Procedure: the Procedure for the management and disclosure of inside information of Mediaset S.p.A. which regulates, pursuant to the Market Abuse Regulation, the internal management and disclosure of inside information.

Internal Dealing Procedure: the Mediaset S.p.A. Internal Dealing Procedure which, in accordance with the Market Abuse Regulation, governs operations carried out by relevant parties and persons closely related to them, which is available on the Company's website.

Related party procedure: the Procedure for transactions with related parties of Mediaset S.p.A., available on the Company's website.

Shareholders' Meeting Regulations: the Shareholders' Meeting Regulations approved by the Mediaset Shareholders' Meeting of 9 April 2001, available on the Company's website.

Consob Issuers' Regulations: the Regulation issued by CONSOB with resolution No. 11971 of 1999 (subsequently amended) regarding Issuers.

Consob Markets Regulation: the Regulation issued by Consob with resolution No. 20249/2017 regarding the markets.

Consob Related Party Regulation: the regulation issued by Consob with resolution No.17221 of 12 March 2010 concerning transactions with related parties (as amended).

Report: the report on Corporate Governance and Ownership Structures pursuant to Art. 123-bis of the Consolidated Finance Law.

System: the internal control and risk management system.

Company Bylaws: the Company Bylaws adopted by Mediaset S.p.A., available on the Company's website.

Finance Consolidation Act/TUF: Italian legislative decree No. 58 of 24 February 1998.

The information in this Report refers to the 2020 financial year, and some specific matters were updated to 26 April 2021, the date the Report was approved by the Board of Directors, together with the Financial Statements.

1. PROFILE OF THE ISSUER[1]

Mediaset is a multinational media group listed on the Milan Stock Exchange since 1996, operating mainly in the television sector in Italy and Spain.

In Italy, Mediaset operates in the *Integrated television operations* sector, which includes commercial television broadcasting over three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels (linear, non-linear and OTTV), and a broad range of content also exclusively centred on football, cinema, TV series, documentaries and children's television channels. Over the past three years, Mediaset has also set up a radio broadcasting segment, which brings together four of Italy's major radio stations.

In Spain, Mediaset is the main shareholder of Mediaset España Comunicación S.A., with a share as at 31 December 2020 of 53.26% and an interest net of treasury shares of 55.69%. Mediaset España Communication S.A. is the leading Spanish commercial television broadcaster, with two main general interest channels (Telecinco and Cuatro) and a bouquet of free-to-air thematic channels. Mediaset España is listed on the Madrid stock exchange.

In Germany, the Mediaset Group is the largest shareholder of ProSiebenSat.1.Media SE with with an overall stake of 23.5% of the share capital (24.92% of the voting rights.). ProSiebenSat.1 Media SE is the holding company at the head of one of the largest television groups in Europe with leadership positions in Germany, Austria and Switzerland, has a widespread shareholder base and is listed on the Frankfurt Stock Exchange.

The evolving advertising market requires an increasingly integrated offer, among all media and broadcasting platforms. With specific regard to television, the competitive scenario is now seeing a

[1] Refer also to the financial statements and to the Company's website for the Issuer's profile.

proliferation of broadcasters, with a multichannel, multiplatform offer. This has an impact on advertising, and also on production and publishing.

In terms of advertising, the various media channels need to be managed collectively, to maximise contact and to target the diverse audience profiles. In production and publishing on the other hand, there is a need to coordinate the scheduling and content acquisition strategies in a coordinated, synergic way.

In this environment, the Mediaset Group has developed a model of integrated free / pay TV offering, including linear and non-linear content that builds synergies and exploits the know-how accrued internally from the creation of entertainment, news and investigative programmes as well as the specific expertise developed by the subsidiaries Medusa and Taodue in the movie distribution and the production of films and television drama series. It also includes the acquisition of sports content, films and serials from third parties.

The development of web campaigns is also consistent with this model; campaigns are increasingly moving towards free online videos, television-style. This approach creates interplay and amplifies content, while also fuelling the launch of original products, and the offer of on-demand pay video streaming.

The integrated television model consists of the following main activities:

- content production and third-party acquisition;

- content distribution in linear and non-linear, and free-to-air and pay-per-view format;

- other activities: radio broadcasting, film production and distribution, teleshopping, publishing, licensing and merchandising, and foreign advertising concessions handled by the subsidiary Publieurope.

***

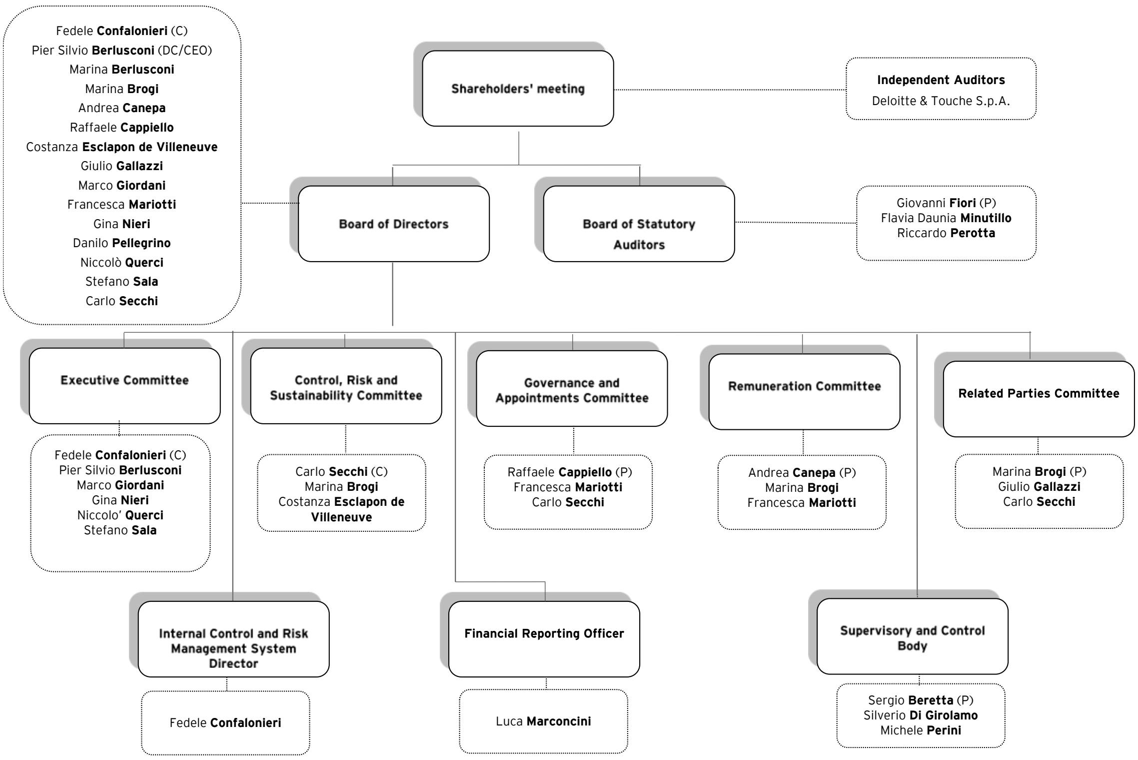
Mediaset has adopted a traditional administration and control system consisting of the following company bodies: the Shareholders' Meeting, the Board of Directors, the Executive Committee and the Board of Statutory Auditors. In accordance with relative laws in force, accounts are audited by independent auditors listed in the register held by CONSOB.

The Board of Directors has established, from among its members, three committees with advisory functions: the Compensation Committee, the Control, Risk and Sustainability Committee and the Governance and Appointments Committee.

The powers and functioning of the company bodies and committees are governed by law, by the Articles of Association, and by the resolutions of the company bodies, as well as by the principles and criteria in the Corporate Governance Code for Listed Companies to which the Company is a party.

The Board has also appointed a Financial Reporting Officer[2], a Designated Director, a Supervisory and Control Body[3] and the Related Parties Committee[4].

[2] Pursuant to Art. 154a of the TUF and Article 29 of the Bylaws.
[3] Pursuant to Legislative Decree 231/2001.
[4] Pursuant to Consob Resolution no. 17221 of 12 March 2010 as amended.



Following the change in the composition of FTSE-Mib, the Company was listed on the FTSE Italia Mid Cap Index.

2. INFORMATION ON OWNERSHIP STRUCTURE AS AT 26 APRIL 2021

Structure of share capital

The share capital of Mediaset S.p.A. is EUR 614,238,333.28 fully paid up and subscribed; it consists of common shares, as shown below:

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURES

STRUCTURE OF SHARE CAPITAL				
	Number of shares	Percentage of Share Capital	Listed / non-listed	Rights and obligations
Ordinary shares	1,181,227,564* (nominal amount EUR 0.52 each)	100%	Borsa Italiana - Italia Mid Cap segment -	Pursuant to Law and and the Bylaws

* As of 26/04/2021 the company held 42,034,775.00 treasury shares, or 3.55% of the share capital, the voting rights of which are suspended in accordance with Art. 2357 ter of the Italian Civil Code.

No other financial instruments have been issued with the right to subscribe to new share issues.

No share-based incentive plans have been established that would increase share capital, even without any consideration[5].

American Depositary Receipts programme

The American Depositary Receipts (ADR) programme launched in 2005 ended in November 2020 on its natural expiry.

[5] The Shareholders' Meeting of 27 June 2018 approved a medium-long term bonus and retention plan for the three-year period 2018-2020, pursuant to Article 114-bis of the TUF based on the Company's own shares. Additional information on the plan is available on the Company's website.

Restrictions on the transfer of securities

Pursuant to the Company Bylaws, shares are registered, indivisible and freely transferable. Provisions regarding representation, legitimisation and the circulation of equity investments for securities that are traded on regulated markets are applied.

Relevant shareholdings

On 26 April 2021, according to the notices received from the Consob website as required by Art. 120 TUF, the material holdings in the share capital of Mediaset S.p.A. were as follows:

RELEVANT SHAREHOLDINGS		
Declarer	Direct Shareholder	% ownership of voting capital
Berlusconi Silvio	Fininvest S.p.A.	44,175
Vivendi S.A. (*)	Vivendi S.A.	28,804
Ersel SIM S.p.A. (*)	Simon Fiduciaria S.p.A.	19,193
Mediaset S.p.A. (**)	Mediaset S.p.A..	3,550

(*) In implementation of the measures to comply with Resolution of the Italian Media Authority No. 178/17/CONS, Vivendi S.A. (communication of 12 April 2018 pursuant to Art. 120 of the TUF) signed a consulting agreement with Simon Fiduciaria S.p.A. and its sole shareholder Ersel Sim S.p.A., concerning the exercise of voting rights attached to the shares held by the trust company based on instructions given to it by Ersel Sim, through its Chairman. Vivendi S.A. has retained the right to give instructions to the trust company on the exercise of voting rights in the shareholders' meeting of Mediaset S.p.A. on topics in relation to which the shareholders who did not take part in the resolution are entitled to exercise the right to withdraw.

Securities with special rights

No securities with any special control rights have been issued.

On 18 April 2019, the shareholders' meeting approved the proposal to amend Art. 7 of the Bylaws (introduction of the increased voting rights mentioned in Art. 127-Quinquies of Legislative Decree 58/98). The Bylaws thus provide for shares with increased voting rights.

Employee shareholdings: mechanism for exercising voting rights

There is no employee shareholding system with a mechanism for exercising voting rights, other than that established for all other shareholders of the Company.

Restrictions on the right to vote

All ordinary shares that are currently in circulation have voting rights, with the exception of treasury shares held by the Company for which voting rights are suspended pursuant to Art. 2357-ter of the Italian Civil Code[6].

Agreements between shareholders

There are no shareholders' agreements concerning the Company, pursuant to Art. 122 of the TUF.

[6] Additional information is available in the press releases of 26 and of 29 October 2018, 27 November 2018, 25 January 2019, 18 April 2019, 31 August 2019, 2 September 2019, 10 January 2020, and 26 June 2020, published on the Company's website.

Change of control clauses and provisions of Company Bylaws regarding Public Purchase Offers

The Company, as part of its normal business operations, has loan agreements which provide, as is usual financial markets practice, for specific conditions if there is a "change of control" (such as immediate reimbursement and cancellation of the credit line if there is a change in control of the Company). However, none of these contracts may be considered significant by itself[7].

Agreements between the Company and Directors

No agreements exist between the Company and Directors, as of Art. 123-bis, paragraph one, letter i) of the TUF.

Legislation and regulations applicable to the appointment and replacement of Directors and changes to the Company Bylaws

As regards regulations applicable to the appointment and replacement of Directors, reference is made to paragraph 4) relative to the Board of Directors. Pursuant to the Company Bylaws and without prejudice to the areas of responsibility of the Extraordinary Shareholders' Meeting, which maintains powers to pass resolutions thereon, the Board of Directors has the power to pass resolutions regarding mergers and demergers in cases established by articles 2505, 2505-bis and 2506-ter of the Italian Civil Code, the establishment or closure of secondary sites, the appointment of Directors to represent the Company, the reduction of share capital in the case of withdrawal of a shareholder and amendments to the Company Bylaws to legal provisions.

Powers to increase share capital and authorisation to purchase treasury shares

No powers to increase share capital pursuant to Art. 2443 of the Italian Civil Code, or to issue any financial instruments that would constitute equity investments, have been granted.

The Shareholders' Meeting of 26 June 2020 passed a resolution to grant the Board of Directors the power, also through trading in options or financial instruments, including derivatives, relative to the Mediaset share, to buy up to a maximum number of 118,122,756 ordinary shares of a nominal value of EUR 0.52 each – amounting to 10% of the share capital – in one or more lots, until the approval of the Financial Statements at 31 December 2020 and, in any case, for a period of no longer than 18 months from the date of the relative resolution of the Shareholders' Meeting. The above amount is covered by available reserves as shown in the last approved Financial Statements[8]. Purchase transactions are carried out in compliance with articles 2357 et seq. of the Italian Civil Code, Art. 132 of Italian Legislative Decree No. 58/98, Art. 144-bis of the Consob Issuers' Regulation, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, and any other applicable regulations and the related EU and Italian rules on execution[9].

From the date of the Shareholders' Meeting to date, no treasury shares have been purchased.

[7] The Company Bylaws do not provide for any departures from provisions concerning Public Purchase Offers and the passivity rule pursuant to Art. 104, paragraph 1 and 1-bis of the TUF, or the application of neutralisation rules pursuant to Art. 104-bis, paragraphs 2 and 3 of the TUF.

[8] If derivatives are used – within the limits of the authorisation of 10% of the share capital - the shares underlying the derivatives must not exceed the limit of 5% of the share capital, or the limit of 1%, if those shares are used to service the incentive plans.

[9] Further information is available on the Company's website.

In execution of the medium and long-term loyalty and incentive plan for 2015-2017, the Company transferred the ordinary shares allocated in the Plan, resulting from the accrued rights for 2017, as permitted by current laws[10].

Therefore, on 26 April 2021, the Company held 42,034,775 treasury shares, amounting to 3.55% of the share capital.

Management and coordination activities (pursuant to Art. 2497 et seq. of the Italian Civil Code

Mediaset S.p.A. is subject to the de facto control of Fininvest S.p.A., as the latter owns 44.175 % of the share capital. On 4 May 2004 Fininvest S.p.A. informed Mediaset that it does not carry out any management and coordination activities, pursuant to Art. 2497 et seq. of the Italian Civil Code, regarding Mediaset. The Company acknowledged the notice of Fininvest S.p.A. in the meeting of the Board of Directors of 11 May 2004.

The Board ascertained, in the meeting of 10 March 2020 and again in the meeting of 26 April 2021, after consulting the Board of Statutory Auditors, that Mediaset is not subject to any management and coordination activity by Fininvest S.p.A.. Mediaset autonomously defines its own strategic guidelines and is endowed with full organisational, managerial and negotiating autonomy, as it is not subject to any guidance or coordination of its business activities by Fininvest. Specifically, Fininvest does not issue any directives to Mediaset nor does it provide assistance or technical, administrative or financial coordination on behalf of Mediaset and its subsidiaries.

Mediaset currently performs direction and coordination of the Mediaset Group companies[11], within the meaning of Art. 2497 et seq of the Italian Civil Code.

3. COMPLIANCE

Mediaset abides by the Corporate Governance Code. In January 2020, the Corporate Governance Committee adopted the new version of the Code.

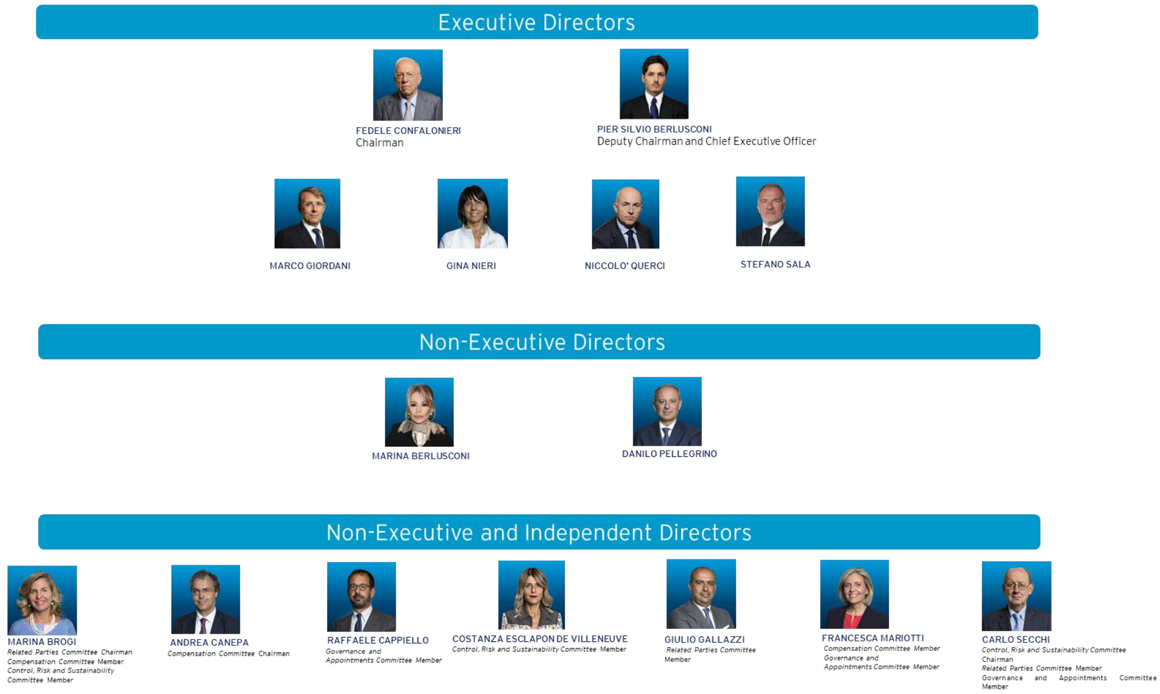
In line with what is indicated in the introduction of the new Corporate Governance Code, during the year, the Company began activities to adapt the Corporate Governance Code illustrated below.

The subsidiary Mediaset España Comunicación S.A., listed on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges and on the Spanish electronic stock market – Ibex 35 and its subsidiaries are subject to Spanish Law and to the Spanish corporate governance system. As of June 22, 2020, the stock came out of the Ibex 35 and was admitted to the IBEX Medium Cap index.

[10] Further information is available on the Company's website.

[11] More specifically with regard to the following companies: Digitalia '08 S.r.l., Elettronica Industriale S.p.A., Medusa Film S.p.A., Monradio S.r.l., Publitalia '80 S.p.A., R.T.I. S.p.A., Mediaset Italia S.p.A., Radio Aut S.r.l., RadioMediaset S.p.A., RMC Italia S.p.A., Radio Studio 105 S.p.A., Radio Subasio S.r.l., Taodue S.r.l. Virgin Radio Italy S.p.A. and Beintoo S.p.A.

4. BOARD OF DIRECTORS



Current composition

4.1 APPOINTMENT AND REPLACEMENT

The appointment and replacement of Directors are regulated by Art. 17 of the Company Bylaws, included in Attachment A to this Report[12].

Based on the Company Bylaws, lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent at least the percentage of subscribed share capital at the time of presenting the list as, from time to time, specified in the notice of Shareholders' Meeting called to resolve on the appointment of the Board of Directors[13].

No other rules apply to Mediaset with regard to the composition of the Board, besides those set out in the TUF, the Issuers' Regulation, the Corporate Governance Code for Listed Companies and the provisions of law.

Succession Plans

At this stage, the Board does not deem it necessary to adopt a succession plan for Executive Directors, given the stable shareholding structure that can ensure swift appointments and the current delegation of powers; the company can count on Directors with a long and established experience in running the company and on first-line managers with reliable experience and management skills who can ensure continuity in the company management. Therefore, no succession plans for Directors exist.

[12] The Bylaws were last amended by the Extraordinary Shareholders' Meeting of 18 April 2019.
[13] In compliance with Consob's provisions dated 24 January 2018 with Resolution no. 20273, for 2018 the minimum shareholding required for submitting candidate lists is 1%. Consob Resolution No. 44 of 29 January 2021 also provides for a participation percentage equal to 1% for the presentation of lists of candidates.

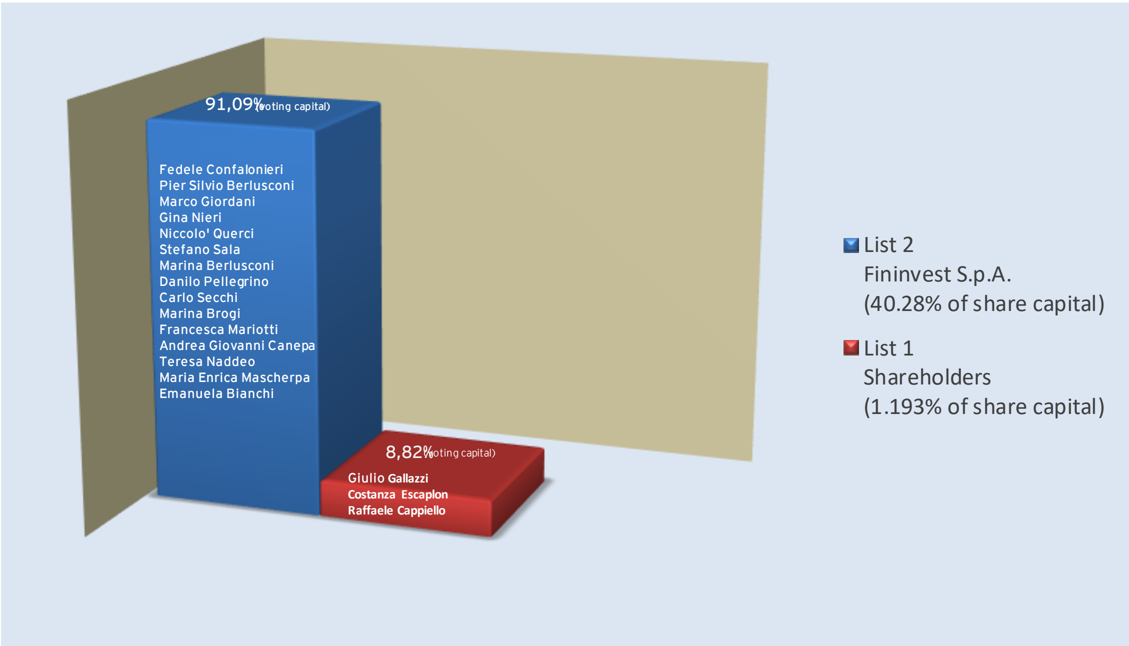
4.2 COMPOSITION

Art. 17 of the Bylaws provides for the Company to be managed by a Board of Directors composed of seven to fifteen Directors.

At the Shareholders' Meeting of 27 June 2018 (564,061,021 shares, equal to 47.75% of the share capital) two lists were presented[14].

As of today, the members of the Board of Directors are:

Fedele Confalonieri, Pier Silvio Berlusconi, Marco Giordani, Gina Nieri, Niccolo' Querci, Stefano Sala, Marina Berlusconi, Marina Brogi, Andrea Canepa, Francesca Mariotti, Danilo Pellegrino, Carlo Secchi, (chosen from majority list No. 2); Raffaele Cappiello, Costanza Esclapon de Villeneuve and Giulio Gallazzi (chosen from minority list No.1).



The curricula vitae of the members of the Board may be consulted on the Company's website and are also shown in Attachment B to this report.

DIVERSITY CRITERIA AND POLICIES

The Board of 19 April 2021, approved the changes to the Diversity Policy, adopted on 24 April 2018. The amendments to the Policy take into account the changes introduced by Law No. 160 of 27 December 2019, which amended paragraph 1-*ter* of Art. 147-ter and paragraph 1-*bis* of Art. 148 of the

[14] The first list was presented by the following shareholders:
ANIMA SGR S.p.A. (Fund manager: Anima Geo Italia, Anima Iniziativa Italia, Anima Crescita Italia and Anima Star Italia Alto Potenziale), ARCA FONDI S.G.R. S.p.A. (Manager Arca Azioni Italia fund), EURIZON CAPITAL SGR S.p.A. (Fund manager: Eurizon Progetto Italia 40, Eurizon Azioni Italia, Eurizon Progetto Italia 70 and Eurizon PIR Azioni Italia, Eurizon Investment SICAV - PB Equity EUR; EURIZON CAPITAL SA (Eurizon Fund - Equity Italy), FIDEURAM ASSET MANAGEMENT (Ireland): (Fonditalia Equity Italy and Fideuram Fund Equity Italy), FIDEURAM INVESTIMENTI SGR S.p.A. (Manager of the Fideuram Italia e Piano Azioni Italia), INTERFUND SICAV (Interfund Equity Italy), KAIROS PARTNERS SGR S.p.A. (as the management company of Kairos, International Sicav sub-funds: Target Italy Alpha, Risorgimento e Italia funds), LEGAL & GENERAL ASSURANCE (Pension Management) Limited, MEDIOLANUM GESTIONE FONDI SGR S.P.A. (Manager of the: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Globale and Mediolanum Flessibile Sviluppo Italia funds) MEDIOLANUM INTERNATIONAL FUNDS (Challenge Funds – Challenge Italian Equity), PLANETARIUM FUND ANTHILIA SILVER, AMBER CAPITAL UK LLP (Manager of the fund Amber Active Investors Ltd).
The first list was presented by the shareholder Fininvest S.p.A.

TUF, which dictate the provisions on gender balance, in the management and control bodies respectively of listed companies.

The Governance and Appointments Committee was involved in the adoption of the Policy and expressed a preliminary favourable opinion to the Board on the Policy. The Policy is contained in Attachment C to this Report.

Taking into account the assessments made after the previous self-assessment, the Board meeting of 26 April 2021, produced its own guidelines on the size and composition of the executive body, in line with the Policy. This was indicated to the shareholders, ahead of the re-election of the Board by the Shareholders' Meeting on 23 June 2021[15] and published on the Company's website.

Maximum number of positions held in other companies

On 19 April 2021, on the proposal of the Governance and Appointments Committee, the Board updated its guidance on the maximum number of Director or auditor positions considered compatible with an effective performance of the office itself. In particular:

- an Executive Director should not hold:
  I. the position of Executive Director in any other listed company, either Italian or foreign, or in a finance, banking or insurance company, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion);
  II. the position of Non-Executive Director or statutory auditor, or member of another control body, in more than three listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion);
- a Non-Executive Director should not hold:
  I. the position of Executive Director in more than one listed company, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion) and the position of Non-Executive Director or statutory auditor, or member of another control body, in more than three listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion)
  II. the position of Non-Executive Director or statutory auditor, or member of another control body in more than five listed companies, either Italian or foreign, or in finance, banking or insurance companies, or in large-sized companies (with shareholders' equity of more than EUR 10 Billion). Furthermore, if a Director holds offices in several companies belonging to the same group, only one office held within that group is taken into account for the purpose of calculating the number of offices; this calculation method is allowed only with reference to a single group.

The acceptance of a position, for all Directors of the Company, requires their prior evaluation as to the possibility of being able to dedicate the time needed to diligently carry out the high-level duties entrusted to them and undertake consequent responsibilities. This means taking into account, among other things, the number of positions held as Director and/or statutory Director in other companies listed on regulated markets (including foreign markets), and in finance, banking or insurance companies, or in large-sized companies.

[15] Further information is available on the Company's website and in the following chapter 17.

Positions held in Mediaset and companies of the Mediaset Group are excluded from limits on the number of positions held.

If the above limits are exceeded, Directors shall promptly inform the Board, which will evaluate the situation in the light of the Company's interests and request the Director involved to take ensuing decisions.

Each year, based on information received from each Director, the Board of Directors identifies the positions they hold as Director and/or statutory auditor in other companies, as per Attachment D to this Report.

Induction Programme

Consistently with Company practice, in order to enhance the awareness of all Directors and statutory auditors of the Company's dynamics and reality and encourage greater knowledge of the Company's sector of activity, and of the regulatory and self-regulatory framework, several meetings were held during the financial year, aimed at discussing in depth specific business and corporate governance topics, through a structured Induction programme also with the support of external consultants.

During 2020, the Directors participated in Induction sessions with the involvement of management and the following departments: Legal Affairs, Central Administration, Finance, Control & Business Development, Strategic Marketing, Administration, Finance & Business Development, Consolidated Accounts, Accounting Principles and Risk Officer, Corporate Affairs, Group Planning and Control, Internal Audit, General Marketing and Operations Publitalia '80. The sessions are dedicated to governance issues and the in-depth analysis of ongoing disputes, as well as the business, aimed at illustrating the business sector in which the company operates, the controls, the company dynamics and, to facilitate the entry of new Statutory Auditors, the corporate and organisational structure of the Group.

In addition, for the benefit of the Independent Directors, "Question time" sessions were organised to investigate the transaction to increase the Company's stake in ProSiebenSat.1 Media SE and the preliminary activities for the financial statements.

The statutory auditors of the company were invited to attend all the above meetings.

The Company has already planned further Induction and question time sessions for 2021, focusing in particular on the evolution of the TV and video market, on the in-depth analysis of the target making up the Mediaset audience that accesses the various devices and information services offered by the Issuer. As usual, Induction and "Question time" sessions have been organised on the investigation of the financial statements.

4.3. THE ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the collective body of the Company responsible for its management. The Board plays a key role in the Company's organisation; the functions and responsibilities for strategic and organisational guidelines fall under its supervision as well as the controls necessary to monitor the Company's and the Group's performance. The system of delegation of powers is such that the central role of the Board is maintained within the Company's organisation. The powers provided by the law and by art. 23 of the Bylaws belong to the Board[16]. In addition, the Board performs the activities assigned to it by the Code.

[16] The Board of Directors may, pursuant to the Company Bylaws, appoint one or more Deputy Chairmen and delegate all or part of its powers to one or more of its members, including the Chief Executive Officer, without prejudice to the provisions in Article 2381 of the

The Board meets on a regular basis, observing the deadlines established by law and a working calendar. It is organised and operates in such a way as to guarantee it perform its functions effectively and efficiently.

The Board met sixteen times during the financial year. The average duration of each meeting was about 1.5 hours. The overall percentage of Directors attending the meetings during the financial year was approximately 94%, while the overall percentage of Independent Directors was approximately 97%[17].

The Board devoted to the topics in the agenda the time required to allow a constructive debate, encouraging the input of the individual Directors.

Six Board meetings were held in 2021 and four more have been scheduled and notified to the market, to approve the financial statements for the respective periods[18].

The Chairman ensures timely and complete information is given to Directors prior to Board meetings; parties concerned receive documents about items on the agenda, in the days immediately before the scheduled date of the Board Meeting (usually 4 days before), so they have useful elements enabling them to participate effectively in the proceedings of the Meeting. This documentation is made available through electronic media provided to the Directors and Statutory Auditors at each meeting, enabling the use of documents in electronic format. For this purpose, the Chairman is assisted by the Secretary of the Board of Directors. For the meetings held in 2020, the 4-day deadline was complied with, except in cases of urgency or when special confidentiality requirements were to be met. In these circumstances, the Chairman made sure that adequate and detailed analyses were carried out during Board meetings, encouraging the Directors to take part in the discussion and the Committees to contribute to the decisions.

The Board has taken appropriate measures regarding the organisation of Board meetings, also in light of the additional measures to ensure confidentiality of inside information introduced by the European regulatory provisions on market abuse.

Information to the Board was facilitated by the establishment of the “Mediaset BoD Portal” on which the documents related to the meetings of the Board and its committees can be made available to the Directors and the statutory auditors through secure access by browser from a device connected to the internet. The "Mediaset BoD Portal" also provides access to the document kit, the Group press review, the Communication Library and the Info Stock section, dedicated to the performance of Mediaset shares, and Info Advertising, dedicated to Strategic Market with a focus on competition in the Total Video and in Total Audience.

The Chairman encourages the involvement of company executives responsible for company departments in Board Meetings, so they may give Board members appropriate in-depth information to fully understand items on the agenda. In 2020, the following company executives took part in Board meetings: the Financial Reporting Officer and the Head of Consolidated Accounts, Accounting Principles and Risk Officer, the Head of the Communication and Image Department, the Head of the Legal Affairs Department and the Head of the Corporate Affairs Department (who also acts as Secretary of the Board). Pre-Board sessions were organised, to allow the Directors to attend the Board meetings with full information.

During the year, in accordance with the Code requirements, the Board:

Italian Civil Code and Article 23 of the Company Bylaws, and may also appoint an Executive Committee to which its powers can be delegated, except those falling within the exclusive responsibility of the Board. The Board of Directors may also establish other Committees, comprising persons that are not necessarily Board members, defining their duties, powers, compensation, if any, composition and operating procedures.

[17] The percentage of each director attending Board Meetings is shown in Attachment D to this Report.

[18] In this regard, Mediaset has published a calendar, which is available on the Company's website.

- examined and approved the strategic, industrial and financial plans of the Company and the Group, and periodically monitored their implementation;
- defined strategic objectives, the nature and level of risk compatible with them, and monitored their implementation during the year; based on the above, it examined and approved the three-year economic/financial forecasts of the Group; reviewed the adequacy of the organisational, administrative and general accounting arrangements of the Company and subsidiaries with strategic relevance, with particular reference to the internal control system and risk management. This review, with a positive outcome, was supported by specific explanatory reports, relative to the different operational and control structures of the companies, drawn up by delegated bodies;
- positively assessed the general trend in business, specifically taking into account information from the Executive Committee, Chairman, Deputy Chairman and Chief Executive Officer and Risk and Control Committee, and periodically comparing the actual and planned results;
- examined and pre-approved all transactions that were significant from a strategic, economic and financial viewpoint for the Company and its subsidiaries and, specifically, the related-party transactions;
- approved the transfer of the business unit, substantially inclusive of all the business and some of the investments of Mediaset S.p.A., to Mediaset Italia S.p.A., an Italian company wholly and directly controlled by Mediaset;
- authorised the purchase of a further equity investment in ProSiebenSat.1 Media SE up to gaining 24.9% of the voting rights;
- defined the Company's Policy for the compensation of Directors and key managers, on the proposal of the Remuneration Committee;
- reviewed the functioning of the Board and its committees;
- defined the guidelines for the internal control and risk management system, with the support of the relevant Committee; it determined to what extent these risks are compatible with the identified strategic objectives, and its assessment included those risks that may be significant in terms of the medium-long term sustainability of the business:
- in the light of reports received from the roles appointed to supervise the internal control and risk management system, the Supervisory and Control Body and after consulting with the Control, Risk and Sustainability Committee, it reviewed the internal control and risk management system, which overall is adequate and effective, considering the Company's business and risk profile;
- after consulting with the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and Internal Control and Risk Management System Director, approved the work plan prepared by the Internal Audit Function; it also reviewed the Internal Audit Function's Report on its activities carried out during the financial year and considered the resources assigned to the Function as appropriate;
- after consulting the Board and with the opinion of the Control, Risk and Sustainability Committee, it acknowledged the supplementary report by the independent auditors in favour of the Board of Statutory Auditors in its capacity as Accounts Auditing Committee,;
- it approved the interim financial reports. On these occasions, the Board was given information on the results achieved, compared with historical data and budget objectives;
- it took note of the non-feasibility of the cross-border merger of Mediaset and Mediaset España Comunicación into Mediaset Investment N.V.,
- monitored, with the support of the Control, Risks and Sustainability Committee, throughout the year the evolution of the Covid-19 health emergency in relation to Management performance and on the correct application of the safety measures adopted by the Mediaset Group to protect occupational health and safety.

In 2021, the Board also in line with the indications of the Code:

- updated the provisions on Board meetings, adopting, with the favourable opinion of the Governance and Appointments Committee, a regulation of the Board of Directors governing the organisation and functioning of the Company's Board of Directors in compliance with applicable laws, regulations and statutory provisions, also taking into account the provisions of the Code. This regulation provides for the organisation of Board meetings, the provision of information and related documentation to the Directors, as well as the management of information flows to the Board of Directors. Supporting documentation is made available, where possible, through the IT platform by the fourth day prior to the day set for the meeting, except in cases of urgency when the documentation is made available as soon as possible and in any event before the start of the Board meeting. For reasons of confidentiality, the documentation is only made available on the platform which is accessed with personal login details;
- adopted a policy, with the favourable opinion of the Governance and Appointments Committee, for managing dialogue with shareholders[19];
- adhered, with the favourable opinion of the Governance and Appointments Committee, to the provisions of the Code on the subject of independence, defining the criteria for assessing the significance of the relations and remuneration of the directors for the purpose of ascertaining the independence of the directors themselves, in compliance with letters c) and d) of recommendation 7 of the Code[20];
- updated, on the proposal of the Governance and Appointments Committee, its guidance regarding the maximum number of offices that a Director can hold in the management or control bodies in other listed or large companies[21].

Self-assessment of the Board of Directors

Since 2006, the Board has annually carried out the self-assessment process in accordance with the provisions of the Code. In this process, the composition, number of Board members and operation of the Board and its committees are assessed, as well as the Directors' contributions to Board activities. As in prior years, in 2020 the Board carried out the self-assessment process.

The Governance and Nomination Committee, in continuity and in line with best practices, decided to make use of a qualified external advisor and proposed to the Board to continue this activity with the help of the advisor Spencer Stuart (a company specialised in the sector with no further professional or commercial with the Company and other Group companies) to give continuity to the work carried out. The 2020 financial year is the last year of the mandate of the Board in office, appointed by the Shareholders' Meeting on 27 June 2018. Given the ongoing health emergency, the Governance and Appointments Committee deemed it necessary to adapt the methods for carrying out the self-assessment; Directors were provided with the possibility to have individual interviews with the advisor, on the basis of a framework aimed at gathering the Directors' reflections, adopting an effective one-to-one interview system held before the usual Board meeting on 30 March 2021, which, for the reasons described above, was held exclusively through audio and video conference links through the IT platform.

As noted, the self-assessment is based on aspects relating to the size, composition and functioning of the Board of Directors. In the framework, some areas of interest for the Mediaset Board were kept in mind, and there was a specific section on crisis management with specific reference to Covid-19 and issues related to sustainability (ESG) in general. This third year, and the mandate as a whole, was a very intense period and the Board of Directors was called upon to carry out extraordinary work, firstly in

[19] See chapter 15.
[20] See paragraph 4.6.
[21] See paragraph 4.2.

relation to the well-known events of the dispute with Vivendi and the challenges related to the implementation of the development strategy at an international level and also due to the health emergency situation caused by the pandemic.

The results of the self-assessment process are summarised below.

An overall positive assessment emerged regarding the effectiveness of the actions carried out by the Board during the mandate. The quality of the discussion and openness to listening to different opinions, to enable factual contributions to be made to the work of the Board, was appreciated. It was highlighted that the Board, also due to the diversified professionalism and skills present on it, has consistently shown significant proactivity. The current mix of skills is considered adequate and during the course of their mandate, the Directors had the opportunity to contribute to improving their areas of specific competence taking decisions on the issues which the Administrative Body was called upon to resolve. There has been a gradual increase in the awareness of the role and knowledge of specific issues by non-Executive Directors.

All the Directors felt fully involved in the strategies and received regular and comprehensive updates regarding extraordinary transactions. With reference to the strategic decisions relating to the MFE-MEDIAFOREUROPE extraordinary transaction and a further acquisition of an equity investment in ProSiebenSat.1, MFE and the decisions relating to the pending disputes with Vivendi were extensively discussed.

There was general consensus that the size ensured the right balance between executives and independents.

From a future perspective, the Directors were asked to provide indications on the "Guidelines for an ideal composition" for the next Board that will be made available to the Shareholders for the presentation of lists for renewal. All the Directors agreed on the need to indicate complementary professional skills for the next mandate to ensure the effective functioning of the Board Body. Above all, it was hoped there would be continuity to some extent in the composition of the Administrative Body, so as not to waste the wealth of knowledge acquired by some in relation to Mediaset and the reference market. It was considered important to provide for the integration of skills and the mix of gender, age, experience; but also refer to the availability of time that each Director must devote to the position on the Board.

It was hoped that all the Board members would have authority, personal standing and strong communication skills. In relation to the skills to be included in the next Board, managerial skills gained at top level, experience in digital innovation and strong international awareness emerged as particular priorities. In relation to international awareness, the Directors hoped the next Board would include figures with experience gained in multinational contexts operating abroad who could usefully contribute to the strengthening of Mediaset's internationalisation strategy.

It was also noted that the Directors, especially the independents, expressed appreciation for the content, frequency and in-depth analysis of the induction activities organised by the Company. Similar appreciation was noted for the contribution provided by the committees.

In light of the forthcoming renewal of the Board, it was proposed:

- to begin planning an onBoarding plan that is as structured as possible, to cover relevant matters such as the governance model, the responsibilities of Directors, compliance, risk management and the control system, and above all sessions relating to knowledge of the Group and market scenarios. With reference to the latter issue, based on the appreciation noted, not only from Independent Directors, the planning of training activities is to continue during the mandate for the benefit of all Directors to give a broader understanding of business and also greater exposure of the company's management (not only the executives present on the Board), with consequent clearer mutual knowledge and interaction;

- resume organisation of the "Strategy Day" in person (as soon as possible), as an effective opportunity for the Board to reflect on corporate strategy and the future, and as an opportunity for Directors to socialise with the support of management at Group level;
- push digital evolution and continue with in-depth analysis on all relevant ESG issues to integrate sustainability issues into the corporate strategy. Progressively share reflections on the matter with the entire Board, so it can take a proactive role in defining and monitoring initiatives and projects;
- provide for informal initiatives and occasions, aimed at developing greater harmony between members and stimulating active participation not only by building on the skills and personal experiences of individuals but also their mutual knowledge. The entire Board expressed regret that the emergency situation, had not allowed for close interpersonal relationships between the Directors starting in 2019, which have become unattainable due to the pandemic.

Art. 2390 of the Italian Civil Code

The Shareholders' Meeting has not authorised any departures from the prohibition on competition established by Art. 2390 of the Italian Civil Code.

4.4 DELEGATED BODIES

Chairman

Traditionally, the Chairman is appointed by the Shareholders' Meeting. The Shareholders' Meeting of 27 June 2018 confirmed Fedele Confalonieri as Chairman of the Company.

At its meeting of 28 June 2018, the Board of Directors assigned to the Chairman[22]all ordinary and extraordinary administration powers within a maximum limit of EUR 15,000,000 for an individual transaction, except those under the exclusive jurisdiction of the Board of Directors and Executive Committee.

Pursuant to the Company Bylaws, the Chairman represents the Company.

Board members are required to know the duties and responsibilities of their position. The Chairman ensures that the Board is constantly kept informed on the main changes in laws and regulations that concern the Company, also in collaboration with the Corporate Affairs manager and the Board's secretary.

The Chairman coordinates the activities of the Board of Directors and chairs the Board Meetings. The Chairman, or person acting on his behalf, convenes Board Meetings.

Deputy Chairman and Chief Executive Officer

At the meeting of 28 June 2018, the Board of Directors appointed Pier Silvio Berlusconi as Deputy Chairman and Chief Executive Officer, giving him full powers of ordinary and extraordinary administration up to a maximum of EUR 15,000,000 per transaction, except those under the exclusive

[22] On 27 July 2018, the Board of Directors approved the recommendation by Chairman Fedele Confalonieri to terminate his management contract on 31 July 2018, while retaining his position, and without affecting the organisational structures or powers delegated in the contract.

jurisdiction of the Board of Directors and Executive Committee. Pursuant to the Bylaws, the Deputy Chairman and Chief Executive Officer has the power to represent the Company[23].

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The Board of Directors unanimously considered that the above delegation of powers to the Chairman and the Deputy Chairman and Chief Executive Officer best meets the needs of organisational efficiency, as evidenced by the historical collaboration between the two roles which has not generated any conflict.

Executive Committee

At its meeting on 28 June 2018, the Board of Directors appointed an Executive Committee which consists of six members, who will remain in office for the duration of the mandate of the Board; besides the Chairman Fedele Confalonieri and the Deputy Chairman and Chief Executive Officer Pier Silvio Berlusconi, who are members by right, the Directors Marco Giordani, Gina Nieri, Niccolo' Querci, and Stefano Sala were also called.

The Board assigned to the Executive Committee all powers of ordinary and extraordinary administration within the maximum limit of EUR 130,000,000.00 for an individual transaction, excluding the matters under the exclusive jurisdiction of the Board.

In 2020, the Executive Committee met seven times and systematically involved the Company's executives responsible for the pertinent departments. The average duration of the meetings was half an hour.

As a rule, all members of the Board of Statutory Auditors participate in Executive Committee meetings.

The percentage of each Director attending Executive Committee meetings is shown in Attachment D to this Report.

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Reporting to the Board of Directors

In compliance with laws and the Company Bylaws, the Board of Directors and Board of Statutory Auditors are informed of the activities carried out, operations, their outlook, and the most important strategic, economic, balance sheet, and financial operations carried out by the Company or subsidiaries.

During Board Meetings, each item is reviewed thoroughly, to enable the Directors to make an informed decision on the matters under discussion.

Information on the delegated activities is constantly reported by the delegated bodies to the Board of Directors and the Board of Statutory Auditors during Board meetings, in accordance with the methods provided by the Bylaws and by the legislation in effect. At the first available Board meeting, the Chairman, Deputy Chairman and Chief Executive Officer, the Executive Committee, the Directors with special assignments, and the other delegated bodies report to the Board of Directors and Board of Statutory Auditors on the progress of their allocated projects and on the work done in the exercise of their mandates, as provided by the Bylaws.

[23] In accordance with the Bylaws, the Deputy Chairman replaces the Chairman if the latter is absent or incapacitated. The actual exercising of the power of representation by the Deputy Chairman indicates per se the absence or impediment of the Chairman and exonerates third parties from any verification or responsibility thereof.

4.5. OTHER EXECUTIVE DIRECTORS

In addition to the Chairman, the Deputy Chairman and Chief Executive Officer, the following four executive directors are members of the Board:

Marco Giordani	Central Manager of Administration, Finance, Control, and Business Development of Mediaset S.p.A., Chief Executive Officer of RTI S.p.A., Chairman of Monradio S.r.l., Chairman of RadioMediaset S.p.A, Chairman of Radio Virgin Italy S.p.A and Chairman of Mediaset Investment N.V.
Gina Nieri	Manager Institutional and Legal Affairs and Strategic Analysis Department of Mediaset S.p.A. and Deputy Chairman of RTI S.p.A.
Niccolo' Querci	Central Manager of Human Resources & Operations of Mediaset S.p.A., Deputy Chairman of RTI S.p.A., and Deputy Chairman of Publitalia '80 S.p.A.
Stefano Sala	Chief Executive Officer of Publitalia '80 S.p.A., Chairman of Digitalia '08 S.r.l., Chief Executive Officer of Pulieurope Limited, Deputy Chairman of Mediamond S.p.A. and Chairman of Videowall S.r.l.

4.6. INDEPENDENT DIRECTORS

Seven Independent Directors were appointed by the Shareholders' Meeting of 27 June 2018: Marina Brogi, Andrea Canepa, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Francesca Mariotti and Carlo Secchi.

At its meeting on 12 May 2020, the Board assessed the independence of its Directors pursuant to Art. 147 ter T.U.F. and of the Code, on the basis of the statements provided by the interested parties. The Board considered that the Directors Marina Brogi, Andrea Canepa, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Francesca Mariotti and Carlo Secchi meet the independence requirements set forth in art. 148, paragraph 3 of the TUF, as well as the independence requirements envisaged by the Code. The Board assesses the independence of its non-executive members paying attention more to the substance than to form and taking into account that normally a Director does not appear independent in the cases contemplated by the Code.

Each Independent Director is obligated to inform the Board promptly if there are any situations that affect their independence.

The Board of Directors periodically reviews the independence of the Directors, also assisted by the Governance and Appointments Committee.

The Board of Statutory Auditors has verified the correct application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of the Directors during the financial year.

The Board of Directors of 19 April 2021, after obtaining the favourable opinion of the Governance Appointments Committee, adhered to the provisions of the Code on the subject of independence, defined the criteria for assessing the significance of the relations and remuneration of the directors for the purpose of ascertaining independence of the directors themselves, in compliance with letters c) and d) of recommendation 7 of the Corporate Governance Code. These criteria are set out in Attachment E of this Report.

The number of Independent Directors and their expertise are appropriate for the size of the Board and operations carried out by Mediaset, and allow internal committees to be set up, as described in full in this report.

The Chairman operates so that the Board, as a whole, is updated on an ongoing basis and during Board meetings on main legal and regulatory developments concerning the Company; this occurs regularly during the Board meetings. It is a consolidated practice for the Independent Directors to periodically meet with the Chief Financial Officer and management of the Company and its subsidiaries to provide an overview of the Group's structure and knowledge of its business operations, in order to further investigate specific economic, financial and corporate governance issues. As a rule, all members of the Board of Statutory Auditors participate in these initiatives.

Independent Directors' Meeting

Two Independent Directors' meetings were held without the other Directors, on 27 May 2020 and 14 December 2020.

4.7 LEAD INDEPENDENT DIRECTOR

The Board decided not to implement the recommendation of the Code that provides for the office of "lead Independent Director," as the prerequisites for this office are not in place. At their meeting of 27 May 2020, the Independent Directors deemed the appointment of a Lead Independent Director unnecessary in consideration of the current arrangement of delegated powers. At present, the current corporate governance structure guarantees not only constant information flows to all executive and non-Executive Directors, both independent and non-independent, but also the broad-ranging and proactive involvement of all Directors in the operations of the Company.

5. THE PROCESSING OF COMPANY INFORMATION

On 3 July 2016, the provisions on market abuse entered into force. The provisions constitute a structured regulatory framework on the abuse of inside information and market manipulation.

The Board has been constantly updated on the new provisions and on the changes in legislation, and has taken measures to protect the areas affected by the MAR, by adopting specific procedures.

Inside information

The Inside Information Procedure was adopted pursuant to the Market Abuse Regulation, to comply with the laws and regulations in force, also at European level, on the abuse of inside information.

On 13 November 2018, with the approval of the Control, Risk and Sustainability Committee, the Board approved the updated Inside Information Procedure[24], which had been amended to include the Significant Information management process in line with the Consob guidelines issued in October 2017. This has formalised the Significant Information practice already in use and monitored by the relevant departments.

The Inside Information Procedure governs the internal management and disclosure to the public of inside information regarding the Company and its subsidiaries, as well as the functioning of the "Register of persons having access to inside information". The Inside Information Procedure is an essential component of the internal control and risk management system of Mediaset and forms part of the rules and regulations adopted by Mediaset pursuant to Legislative Decree 231/01 with the aim of preventing the commission of offences.

[24] The Company conducted its assessment, gap analysis and mapping of significant information flows, in order to identify any areas for improving the process used to manage this type of data. The analysis showed that there was effective control of the process used to manage and communicate inside information, which has been formalised in a procedure that clearly identifies the roles and responsibilities, as required by the EU Regulation and the Consob Issuers' Regulation.

The Inside Information Procedure applies to the Directors, statutory auditors and employees of the Company 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 subsidiaries and Mediaset España Comunicación S.A., which are required to keep their own Insider Register, the related obligations and disclosures to the relevant market.

The Directors and statutory auditors of the Company and, in general, all other recipients of the aforesaid Inside Information Procedure are required to keep all documents and information that come to their knowledge when carrying out their duties strictly confidential, with particular reference to inside information. Disclosure to the authorities and public takes place according to the deadlines and procedures set forth by the laws in force, in compliance with information parity and the above procedure.

The Company has distributed the Inside Information Procedure to the personnel of the Company and its subsidiaries, including through publication on the company Intranet. It has also continued to provide training to the relevant departments on the process of managing inside or privileged information.

The Company's Chief Financial Officer, on the instructions of the Board and using the relevant internal departments, will regularly monitor the application of the Inside Information Procedure, and its updates, reporting periodically to the Control, Risk and Sustainability Committee.

Internal dealing

On 28 February 2017, on the proposal of the Control and Risk Committee, the Board approved the new institutional "Internal Dealing" Procedure pursuant to the Market Abuse Regulation. The Internal Dealing Procedure is intended to regulate the transactions carried out, including through third parties, by relevant persons and closely related persons, as identified by the aforementioned regulations, as well as the obligations, terms and methods of publication of transactions performed by the said parties on the Company's financial instruments.

More specifically, the "Internal Dealing Officer" was appointed, within the Corporate Affairs Department of Mediaset; their role is to receive, manage and disclose communications to the market.

Relevant persons are required to forward to the Internal Dealing Officer, according to a specific procedure, the information on transactions carried out in order to comply with the obligations established by the legislation in force.

On the instructions of the Board, the Chief Financial Officer of the Company constantly monitors the application of the Internal Dealing Procedure, periodically reporting on the procedure and its updates to the Control and Risks Committee, with the assistance of the relevant internal departments and taking into account the relevant best practices, in order to ascertain its effectiveness.

Finally, in compliance with the Market Abuse Regulation and the Internal Dealing Procedure, the relevant persons were prohibited from carrying out transactions within the 30 calendar days preceding the announcement of the annual financial statements and the half-yearly financial report published by the company pursuant to law or on a voluntary basis (Black Out Periods).

In compliance with CONSOB recommendations, the Company has created a specific section "Internal dealing" on its website, where the Internal Dealing Procedure is also available.

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS

The Board of Directors[25] established the following internal committees, all with proposal and consulting functions:

- Control, Risk and Sustainability Committee which was assigned responsibility for Code matters by the Board on 28 June 2018; this committee was also assigned responsibility for "supervising sustainability issues related to the company's operations and its interaction with shareholders";
- Remuneration Committee which, at the Board meeting on 28 June 2018, was assigned the responsibilities previously assigned on 20 December 2011;
- Governance and Appointments Committee retained its existing responsibility for updating the governance rules and for their adequacy, implementation, and enforcement; it was also given responsibility for the rules contemplated by the Code, for the Appointments Committee.

The Committees established within the Board have investigative, propositional and/or consultative duties assigned by the Board including in consideration of the recommendations of the Code in relation to the matters for which the need for further study is deemed necessary, so that they can have an effective and informed comparison of opinions. The establishment and operation of the Board of Director's internal committees satisfy the Code's criteria.

In carrying out their functions, the Committees may access the information and company functions necessary to perform their duties, and may be assisted by external consultants at the Company's expense, within the limits of the budget approved by the Board of Directors.

The Committees have their own operating regulations and a calendar of meetings scheduled for each year. The regulations of the Committees were approved by the Board. The Committee meetings are chaired by the Head of Corporate Affairs, who was given the position of Committee Secretary. They are attended by the Chair of the Board of Statutory Auditors and other statutory auditors. The managers of other company departments may be invited, to explain specific issues. In the days leading up to the meetings, with sufficient advance notice, the Secretary and the Committee Chairman will send the Governance Committee members all the available documents and information about the agenda items.

The Chairmen of the Governance and Appointments Committee, the Remuneration Committee and of the Control, Risk and Sustainability Committee will inform the first available Board meeting about the matters discussed at their respective meetings.

The Board, when adopting the procedure to regulate transactions with related parties (addressing Consob's requirements) established within itself the Related Parties Committee[26]; the latter is asked to express specific opinions regarding transactions with related parties carried out by the Company, either directly or through subsidiaries, in the cases indicated and in accordance with the methods required by the above-mentioned procedure.

7. GOVERNANCE AND APPOINTMENTS COMMITTEE

The Governance and Appointments Committee includes three non-executive and Independent Directors whose term in office lasts until the expiry of the mandate of the entire Board of Directors.

[25] Pursuant to the Company Bylaws, the Board of Directors may establish Committees, also comprising persons who are not Board members, identifying their duties, powers, compensation and number. The Committees, if comprising persons who are not Board members, only have advisory powers.

[26] Previously known as the Committee of Independent Directors for Related-Party Transactions. See Chapter 12, Interests of Directors and related party transactions, in the paragraph "Committee of Independent Directors for Related Party Transactions".

Raffaele Cappiello	Presidente – Consigliere Indipendente
Francesca Mariotti	Consigliere Indipendente
Carlo Secchi	Consigliere Indipendente

The Committee met six times in 2020. Minutes were taken of all meetings. The average duration of each meeting is about one hour. The percentage of each Director attending Committee meetings is shown in Attachment D to this Report. During 2021, five meetings were held.

Functions and activities of the Governance and Appointments Committee

The Board has assigned the Committee the responsibilities of the Governance Committee and those specified in the Code for the Appointments Committee; specifically, it fulfils these tasks:

- Oversees compliance and the periodic updating of the corporate governance rules, and compliance with the principles of conduct adopted by the Company, reporting to the Board of Directors;
- Proposes procedures and deadlines for the annual self-assessment of the Board of Directors;
- Reviews the contents of the Annual Report on Corporate Governance and Ownership Structures;
- Assists the Board in evaluating whether Independent Directors meet requirements for independence, on an ongoing basis.
- Gives the Board of Directors opinions on the size and composition of the Board, and recommendations on the types of professional positions considered appropriate to sit on the Board, as well as the maximum number of positions as Director or statutory auditor compatible with being able to effectively fulfil the mandate of Director of the issuer, and on any departures from the prohibition on competition established by Art. 2390 of the Italian Civil Code;
- Proposes to the Board candidates for the office of Director, in the case that Directors need to be co-opted, or when it becomes necessary to replace Independent Directors.

During 2020, the Committee:

- examined the Board Performance Evaluation for the 2019 financial year, and the letter of 19 December 2019 from the Chairman of the Corporate Governance Committee Borsa Italiana;
- examined the "2019 Report on corporate governance and ownership structure";
- checked that the Independent Directors continued to meet the independence requirements, in support of the Board's assessment;
- checked the criteria used to identify the strategic subsidiaries;
- examined the contents of the Corporate Governance Code, assessing its potential impact on the Company's governance system, identifying the areas of most specific interest and analysing the Q&A formulated by the Corporate Governance Committee;
- Started the annual Board Performance Evaluation with the support of the specialised advisor, Spencer Stuart.

During 2021, the Committee:

- examined, in a joint session with the Remuneration Committee, the main innovations and opportunities for adapting the Report on the Remuneration Policy in relation to the provisions of Art . 5 of the Code;

- examined the Report on the Board Performance Evaluation for the 2020 financial year and the letter of 22 December 2020 from the Chairman of the Corporate Governance Committee of the Borsa Italiana;
- expressed a favourable opinion on the adoption by the Board of the diversity policy of the Board of Directors and the Board of Statutory Auditors;
- expressed a favourable opinion on the policy for managing dialogue with shareholders;
- expressed a favourable opinion on the criteria for assessing the significance of the relationships and remuneration (referred to in letters c) and d) of Recommendation 7 of the Corporate Governance Code) of the Directors for the purpose of ascertaining the independence of the Directors themselves;
- proposed the update of the guidance regarding the maximum number of offices that a Director can hold in the administrative or control bodies in other listed or large companies;
- expressed a favourable opinion on the regulation of the Board of Directors which updated its operating rules and defined the professionalism requirements and the powers of the Secretary of the Board of Directors;
- examined the "2020 Report on corporate governance and ownership structure".

The Committee is given funding of EUR 100 thousand per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

8. REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent non-Executive Directors who remain in office until the term of office of the entire Board expires; experts in accounting and financial matters are among them.

REMUNERATION COMMITTEE	
Andrea Canepa	Chairman - Independent Director
Marina Brogi	Independent Director
Francesca Mariotti	Independent Director

Directors were not present at meetings of the Remuneration Committee, when proposals to the Board of Directors concerning their personal compensation were discussed.

The Committee met four times in 2020. Minutes were taken of all meetings. The average duration of each meeting is about one hour. The percentage of each Director attending Committee meetings is shown in Attachment D to this Report. During 2021, the Board of Statutory Auditors met four times.

Functions and activities of the Remuneration Committee

The Board assigned the following responsibilities to the Remuneration Committee:

- periodic review of the adequacy, overall cohesion and actual application of the policy adopted for the compensation of the Chairman, Deputy Chairman and Chief Executive Officer, and key management personnel, using, as regards the latter, the information supplied by the Chairman, Deputy Chairman and Chief Executive Officer, and submitting the related proposals to the Board of Directors;

- give a prior opinion on proposals of the Board of Directors, and for the Board, of the Chairman and/or Deputy Chairman, relative to the compensation of the Chairman, Deputy Chairman and Chief Executive Officer, and on establishing performance goals related to the variable part of the compensation package; to monitor the application of decisions taken by the Board;
- providing opinions on the proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the definition by Mediaset S.p.A.'s delegated bodies on the compensation of the key management personnel and of the other key executives of the Mediaset Group;
- providing opinions on the proposals of the Board of Directors, and on its behalf, of the Chairman and/or Deputy Chairman and Chief Executive Officer concerning the general rules on allocating compensation (allocation, rejection or reversal) to employees of the companies of the Mediaset Group designated to fill positions in administrative and control bodies and/or in committees appointed by the administrative bodies of Italian or foreign subsidiaries or investee companies;
- to make proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

During 2020, the Committee carried out the activities under its responsibility; among other things, it:

- in relation to the Medium-long term Incentive Plan for 2018/2020, it formulated a proposal regarding the objectives and categories of recipients for the 2019 financial year;
- approved the recognition of the variable component for the key management personnel, as proposed by the Vice Chairman and Chief Executive Officer;
- expressed a favourable opinion regarding the performance objectives set for the 2020 financial year in connection with the variable pay component for Directors in specific positions (Chairman and Deputy Chief Executive Officer);
- approved the proposal for the Report on Remuneration Policy and Compensation Paid;
- approved the adjustments to the "target" values of the LTI Plan for 2015-2017, in accordance with the Plan provisions (Art. 10.3);
- in light of the failure to complete the cross-border merger by incorporation of Mediaset S.p.A. and Mediaset España Comunicación SA in Mediaset Investment NV, expressed a favourable opinion on the revocation of the suspension of the medium/long-term incentive and loyalty plan for the years 2018-2020, the regular continuation of the 2018 and 2019 cycles and the non-compliance implementation of the third three-year cycle of the same plan;
- acknowledged the completion of the process of assessing the conditions of the LTI 2015-2017 Plan for 2017.

In 2020, the Committee, using the information exchanged with the central Human Resources, Procurement and Services Department, found that the Remuneration Policy approved by the Shareholders' Meeting on 26 June 2020 had been consistently applied.

During 2021, the Committee:

- -examined, in a joint session with the Governance and Appointments Committee, the main innovations and opportunities for adapting the Report on the Remuneration Policy in relation to the provisions of Art. 5 of the Code;

- monitored the continued engagement of the Proxy Advisers and Stakeholders, by the relevant departments;
- granted Willis Towers Watson the mandate for assessment activities in support of the opinion on the Remuneration Policy and benchmarking to support the definition of the remuneration of Chief Executive Officer, of the Chairmen, of the non executive directors and of the Statutory Auditors as well as activities aimed at identifying adequate non-financial indicators to assess their introduction in the next Remuneration Policy Report, to be published in 2022;
- assessed the achievement of the SIA performances for the 2020 financial year of the Deputy Chairman and Chief Executive Officer;
- approved the proposal for the Report on Remuneration Policy and Compensation Paid;
- approved the proposal to set up a three-year medium/long-term incentive and loyalty plan, with purposes and characteristics similar to the previous one

The Committee is given funding of EUR 200 thousand per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

9. COMPENSATION OF DIRECTORS

The Shareholders' Meeting of 26 June 2020 approved the first section of the Report on the remuneration policy and remuneration paid, pursuant to Art. 123-ter of Legislative Decree No. 58/1998 with 82.42% of the votes in favour and voted in favour of the report on the remuneration paid during the year 2019 for Executives with Strategic Responsibilities with 82.34% of the votes in favour.

On 12 May 2020, the Board of Directors established a general policy for the compensation of executives and Directors with special duties and key management personnel.

In the meeting of 26 April 2021, the Board of Directors approved a medium/long-term loyalty and incentive plan for the three-year period 2020/2022 pursuant to Art. 114-bis of the TUF, which will be submitted for approval by the Shareholders' Meeting of 23 June 2021.

More information on the plan will be reported in the Information Document - prepared pursuant to the combined provisions of Art. 114 - bis of the TUF and 84 bis of the Issuers' Regulations - and in the Report on the remuneration policy and remuneration paid, published pursuant to Art. 123-ter of the TUF, documents that will be available in accordance with the law.

10. CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Risk and Control Committee consists of three independent non-Executive Directors who remain in office until the term of office of the entire Board expires; experts in accounting and financial matters are among them.

CONTROL, RISK AND SUSTAINABILITY COMMITTEE	
Carlo Secchi	Chairman - Independent Director
Marina Brogi	Independent Director
Costanza Escaplon	Independent Director

During 2020, 16 meetings of the Control, Risk and Sustainability Committee were held. The Committee requested the following non-members to attend meetings, concerning individual items on the agenda and related to their area of responsibility, the Financial Reporting Officer, the head of Internal Audit Department, the head of the Corporate Affairs Department, representatives of the auditing company, the heads of specific corporate departments of the Company and/or the Group, as well as external consultants where deemed appropriate. On some occasions, again at the invitation of the Committee, all Independent Directors also took part in meetings dealing with issues of common interest. Minutes were taken of all meetings.

On average, each meeting lasted approximately two hours. The percentage of each Director attending Committee meetings is shown in Attachment D to this Report. During 2021, the Board of Statutory Auditors met four times.

Functions and activities of the Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee, besides assisting the Board in fulfilling the tasks assigned to it on matters of internal control, fulfils the functions in line with those indicated in the Code.

On 20 December 2016, the Board identified the Control and Risk Committee (now the Control, Risk and Sustainability Committee) as the Committee responsible, in accordance with the Code, for supervising the sustainability issues related to the exercise of the business activity and its interaction with the stakeholders; the Board confirmed these powers again, on 28 June 2018.

To enable the Board of Directors to provide guidelines and evaluate the adequacy of the Internal Control and Risk Management System, the Committee systematically provided assistance during the year, carrying out preparatory activities concerning evaluations and decisions of the Board (and the Internal Control and Risk Management System) with regard to the approval of financial data, including the Financial Statements.

During the year, the Committee examines, usually every six months, the periodic reports prepared by the Supervisory and Control Body of Mediaset on audit outcomes and on the actions taken pursuant to Legislative Decree 231/01, which are subsequently presented to the Board of Directors.

The Committee annually reviews activities carried out by the Financial Reporting Officer, pursuant to Law 262/2005 on the Protection of Savings, for the purposes of issuing certification relative to the Financial Statements and Consolidated Financial Statements, and the Risk Officer’s update on the assessment and procedures for the management of main company, strategic and process risks, of the Mediaset Group, carried out on an “Enterprise Risk Management” basis; this annual update is also done by the head of the listed subsidiary Mediaset España Comunicación S.A. Each quarter, based on the report by Internal Auditing, the Committee will check that there have been no significant changes compared to the contents of the annual Audit Plan.

Throughout the year, the Committee monitored the adequacy of the safety measures adopted by the Mediaset Group to protect occupational health and safety, with reference to the current legislation on the Covid-19 health emergency and was constantly updated on the subject by the Internal Audit Director.

During the year, the Committee's actions included the following:

- it examined and acknowledged the 2019 audit plan prepared by Deloitte & Touche S.p.A;
- it took note of the summary reports issued by Internal Auditing and of the Final 2019 Report, as well as the findings for 2019 of the “Quality Assurance and Improvement Plan”. The Committee monitored the work of the Internal Audit Function, also through periodic audit reports, and the implementation of action plans on corrective measures necessary to ensure continual improvement of the system;

- it approved the "2020 Audit Plan", and also examined and took note of the Report on the Internal Control and Risk Management System as of 31 December 2019, prepared by the Internal Audit Function;
- it examined and took note of the 2020 Audit Plan and ERM of the subsidiary Mediaset España Comunicación S.A.;
- it acknowledged and approved the materiality grid for the Non-Financial Statement to 31 December 2019, in accordance with Legislative Decree 254/2016;
- it evaluated, together with the Financial Reporting Officer, the independent auditors Deloitte& Touche S.p.A. and the Board of Statutory Auditors, the accounting standards adopted by the Mediaset Group and their uniformity for the purposes of preparing the 2019 Consolidated Financial Statements, and found them to have been correctly applied; it also launched the preliminary activity in view of the approval of the 2019 financial statements;
- it took note and discussed the methodology adopted and the different plan configurations supporting evaluations relative to the annual and half-yearly impairment testing;
- it carried out preliminary activities relating to the preparation of the Non-Financial Statement relating to the 2019 financial year drawn up pursuant to Legislative Decree 254/2016, expressing its positive assessment to the Board regarding the analysis and contents of the document with reference to the sustainability issues materials for the Mediaset Group, taking into account the related activities and characteristics, and, overall, on the data and information collection process;
- it approved Sections 10 and 11 of the 2019 Corporate Governance Report relative to the Internal Control and Risk Management System.
- it acknowledged and shared the supplementary report, pursuant to Art. 11 of Regulation (EU) No. 537/2014, drawn up by Deloitte & Touche S.p.A., and the conclusions contained therein; the Committee also found that the independent auditors had not issued any letter recommendations to management;
- it shared, as part of the final assessment of the performance objectives of the Financial Reporting Officer provided for by the Annual Incentive System for Group Executives, the assessment of the Activity Plan pursuant to Law 262/2005;
- it acknowledged the results of the monitoring and application of the Institutional Procedure "Management and communication of privileged information";
- it acknowledged the "Summary of the main results of the audits for January - September 2020" prepared by the Internal Auditing Department;
- took note of periodic updates to the "List of broadcasting rights suppliers", prepared by the Rights Department, to complete the company procedure for the planning, acquisition and management of rights, and gave it a positive rating;
- it took note of the 2020 Audit Plan of Mediaset España Comunicación S.A. and the related updates;
- it examined and acknowledged the 2020 audit plan prepared by Deloitte & Touche S.p.A;
- it acknowledged the updates of the ongoing stakeholder engagement activities as part of the preparation of the Group's 2020 Sustainability Report.

During 2021, the Committee also:

- took note of the summary reports issued by Internal Auditing and of the Final 2020 Report, as well as the findings for 2020 of the "Quality Assurance and Improvement Plan". The Committee monitored the work of the Internal Audit Function, also through periodic audit reports, and the implementation of action plans on corrective measures necessary to ensure continual improvement of the system;

- approved the "2021 Audit Plan", and also examined and took note of the Report on the Internal Control and Risk Management System as of 31 December 2020, prepared by the Internal Audit Function;
- examined and took note of the 2021 Audit Plan and ERM of the subsidiary Mediaset España Comunicación S.A.
- acknowledged and approved the materiality grid for the Non-Financial Statement to 31 December 2020, in accordance with Legislative Decree 254/2016;
- evaluated, together with the Financial Reporting Officer, the independent auditors Deloitte & Touche S.p.A. and the Board of Statutory Auditors, the accounting standards adopted by the Mediaset Group and their uniformity for the purposes of preparing the 2020 Consolidated Financial Statements, and found them to have been correctly applied; it also launched the examination activity in view of the approval of the 2020 financial statements;
- took note and discussed the methodology adopted and the different plan configurations supporting evaluations relative to the annual impairment testing;
- carried out preliminary activities relating to the preparation of the Non-Financial Statement relating to the 2020 financial year drawn up pursuant to Legislative Decree 254/2016, expressing its positive assessment to the Board regarding the analysis and contents of the document with reference to the sustainability issues materials for the Mediaset Group, taking into account the related activities and characteristics, and, overall, on the data and information collection process;
- approved Sections 10 and 11 of this Report relative to the Internal Control and Risk Management System.

When the half-yearly financial statements and full-year reports are approved, the Committee reports to the Board on the adequacy of the internal control system. During the activity described above, and also in view of the policy for managing the control system, adopted by the Internal Control and Risk Management System Director on the basis of the guidelines of the Internal Control and Risk Management System of the Mediaset Group, last issued by the Board of Directors' meeting on 20 December 2016, the Committee recommended that the Board consider the Internal Control and Risk Management System as adequate and effective overall, with respect to the profile and characteristics of the Company and its risk profile.

The Committee is given funding of EUR 350,000 per annum for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

11. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system comprises all the rules, procedures and organisational structures designed to allow the conduct of the business in a way that is consistent with the set objectives, by adequately identifying, measuring, managing and monitoring the main risks.

The Board exercises the functions listed by the Code, with the assistance of the Control, Risk and Sustainability Committee.

The Board of Directors carries out its functions related to the internal control and risk management system taking into consideration reference models and existing best practices at the national and international level and in compliance with the organisation and management models adopted pursuant to Legislative Decree 231/2001.

On 10 March 2020, the Board, with the favourable opinion of the Control, Risks and Sustainability Committee, examined the results of the annual update by the Risk Officer on the assessment and management methods of the main corporate, strategic, process and sustainability (ESG) risks, assessing the nature and level of risk compatible with the strategic guidelines, defined during the previous meeting of 28 January 2020.

During the meeting of 25 February 2020, the Board, based on the Control, Risk and Sustainability Committee's Reports and after consulting with the Board of Statutory Auditors and the Financial Reporting Officer, acknowledged (without raising any findings) the final data of the Audit Plan updated to 31 December 2019, and approved the 2020 Audit Plan prepared by the Internal Audit Function Manager.

On 28 January 2020, the Board of Directors, with the approval of the Risk and Control Committee and as part of its monitoring of objectives and results, reviewed the main actions taken by the Group during the year as regards the previous strategic objectives and accepted risk level; it also updated the strategic objectives for the subsequent annual assessment of related risks.

The Guidelines of the Internal Control and Risk Management System of the Group, which identify the Enterprise Risk Management Framework as the reference methodology[27] for monitoring the internal control system, are implemented, by the Internal Control and Risk Management System Director, through the "Enterprise Risk Management Policy", which defines the main methodological aspects of the risk management process, as well as the roles, responsibilities and main activities involved in risk management.

The internal control and risk management system of the Mediaset Group is able to identify and measure the main company risks, including those that may be relevant for medium-long term sustainability, that could undermine the achievement of established objectives, taking into account the characteristics of activities carried out by Mediaset and its subsidiaries, based on the following criteria:

- the nature of the risk, with reference to strategic and operating risks and risks concerning reporting and compliance with laws in force;
- the possibility of risk affecting the ability to achieve company objectives;
- the organisation's ability to properly manage identified risk;
- the correct monitoring of company risks, by checking the suitability of the internal control and risk management system to provide an acceptable profile of overall risk. Specifically, the internal control and risk management system of the Mediaset Group establishes the following:
  - the systematic monitoring by management of main company risks, in order to identify and implement any corrective actions for existing control processes;
  - periodic independent checks of the adequacy and effectiveness of the internal control system, as well as the timely adoption of specific corrective actions if weaknesses are identified;
  - rules for reporting on the adequacy and effectiveness of the internal control and risk management system.

For this purpose, the Internal Control and Risk Management System Director supervises the management of the Internal Control and Risk Management System of the Mediaset Group, to ensure the system can:

- promptly react to significant risk situations, establishing adequate control mechanisms;

[27] According to the Enterprise Risk Management methodology, the internal control system starts from the definition of the Company's strategy. The Company's objectives are taken into consideration by the methodology according to the following categories:
- strategic objectives: high level objectives, aligned with and supporting the Company's mission;
- operational objectives: objectives related to the efficient and effective use of resources;
- reporting objectives: objectives related to the reliability of reporting external and internal to the Company;
- compliance objectives: objectives related to compliance with applicable laws and regulations.

- guarantee, within the context of company processes, an adequate level of separation between operating and control functions, thus preventing conflicts of interest arising regarding assigned responsibilities;
- guarantee, within the context of operating and administrative/accounting activities, the use of systems and procedures that ensure the accurate recording of company events and operations, as well as the production of reliable, timely information flows, both in and outside the Group;
- establish methodologies for the timely communication of significant risks and control anomalies identified in relation to appropriate Group levels, allowing for the identification and timely adoption of corrective actions.

This model is adopted for listed subsidiaries, also in line with the management and coordination activities of the parent company, giving them Guidelines and related polices for implementation.

With particular reference to financial reporting processes, the main characteristics of the Internal Control and Risk Management System relative to such risks pursuant to Art. 123-bis, paragraph 2, letter b) of the TUF are described below.

Main characteristics of risk management and internal control systems in relation to the financial reporting system process

1. Introduction

The risk management and internal control system in relation to the financial reporting process[28], developed within the Mediaset Group, aims to guarantee the dependability, accuracy, reliability and timeliness of financial reporting.

Mediaset, in defining its own system, has aligned it with laws and regulations currently in force.

As reference standards do not explicitly establish specific criteria for the design, implementation, evaluation and monitoring of the Risk Management and Internal Control System relative to financial reporting, Mediaset has opted for the application of a model that is universally recognised as one of the most accredited: the CoSO (Committee of Sponsoring Organisations) Framework. Furthermore, implementation of the System takes into account the guidelines of some industry organisations regarding the activities of the Financial Reporting Officer (the Italian Confederation of Industry, Confindustria, and the National Association of Finance and Administration Managers, Andaf).

Art. 154-bis of the TUF has established the position of Financial Reporting Office for issuers with shares listed on regulated markets. This Officer is responsible, among others, in conjunction with relevant functions, for developing adequate administrative and accounting procedures for the production of financial statements, consolidated financial statements and interim reports, as well as all other information disclosed to the market and relative to accounting disclosure and the issue of specific certification.

1. Description of the main characteristics of the Internal Control and Risk Management System in relation to the financial reporting system process

Roles and Functions involved

The Financial Reporting Officer is assisted by a specifically established company structure for the purpose and by the Organisation Department: these structures support the Financial Reporting Officer in designing, implementing and maintaining adequate administrative and accounting procedures to draft

[28] Financial reporting means, for example, the periodic accounting information, annual and interim financial reports and additional financial interim disclosures – including, with reference to consolidation – the ongoing disclosures and press releases.

the financial statements and the consolidated financial statements and supply the Financial Reporting Officer with elements to evaluate their adequacy and effective functioning.

The team assisting the Financial Reporting Officer works with the process owners to promptly identify events that may impact or change the reference framework, and to update administrative accounting procedures, implement new controls and carry out any improvement plans within their own processes.

The Internal Audit Function periodically carries out independent checks on the adequacy and actual functioning of the control model adopted by the Company to ensure compliance with the requirements of the Law on the Protection of Savings in relation to obligations of the Financial Reporting Officer.

Stages of the Internal Control and Risk Management System in relation to the financial reporting process

The risk management and internal control system, relative to the financial reporting process, basically comprises a number of administrative accounting procedures and tools to evaluate the adequacy and actual functioning of procedures, which contribute to establishing an internal control model that is maintained, updated and, where concrete opportunities for rationalisation and optimisation are identified, is further developed.

The model is structured in three main stages:

a) definition of the scope of analysis with the identification and evaluation of risks;

b) identification and documentation of controls;

c) evaluation of the adequacy and actual application of administrative and accounting procedures and relative controls.

a) Definition of the scope of analysis, with the identification and evaluation of risks

To determine and plan activities to check the adequacy and actual application of the Group's administrative and accounting procedures, the definition of the scope of analysis describes the process to adopt when determining the level of complexity, identifying and assessing risks and assessing the materiality of financial statement areas. This process aims to assess controls of transactions generated from company processes that supply accounting data and record them in financial reporting.

Significant processes that are representative of the business are identified based on the quantitative analysis of financial statement items, applying the concept of materiality to aggregate items contained in the Consolidated Financial Statements of the Mediaset Group, and on a qualitative analysis of processes based on their level of complexity.

For each process identified as significant, the "generic" risks of the unreliability of financial reporting inherent in the process itself are determined, referring to financial statement assertions (existence and occurrence, completeness, rights and obligations valuation and recognition, presentation and reporting), which constitute control objectives.

The Financial Reporting Officer defines the reference context, at least annually and whenever elements occur that may considerably change the analysis carried out.

To complete scope analysis, a summary and overall analysis at a Group level is also carried out on the internal control system at a functional and/or organisational level (entity level control). This analysis breaks down each component of the CoSO framework in supervisory areas that, based on the Risk Assessment carried out, should be covered by the Group and monitored by management.

For each of the identified supervisory areas, actual risk coverage connected with it is tested, checking the existence of company procedures and practices adopted by the Group.

b) Identification and documentation of controls

Controls are defined by a process that identifies administrative and accounting procedures that meet various control assertions[29].

The controls identified and specifically applied when carrying out activities are formalised in a specific matrix (the "Risk and Control Matrix") and, in this matrix are related to the "generic" risks of the unreliability of financial reporting.

Administrative and accounting procedures and relative controls are periodically monitored and updated through a process that involves the Financial Reporting Officer, his/her support structure and process owners. Specifically, process owners inform the Financial Reporting Officer, on a regular basis, of events that may impact and change the frame of reference of significant procedures, and on an annual basis, the support structure of the Financial Reporting Officer reviews and validates the entire control model, involving all process owners in reviewing processes in their area of responsibility.

c) Evaluation of the adequacy and actual application of administrative and accounting procedures and relative controls

The adequacy and actual application of administrative and accounting procedures is evaluated by specific testing, and aims to guarantee the design and operational ability of identified controls.

The Group has adopted a testing strategy which basically involves defining the approach and criteria used for testing: the frequency of analysis, sizing of the sample, types of tests to carry out, formalisation of tests carried out and information flows to notify test outcomes.

The purpose of testing is to guarantee the actual application of controls in compliance with the defined testing strategy. On a six-monthly basis, the support structure of the Financial Reporting Officer prepares a report indicating activities carried out and test outcomes.

Based on testing results, the Financial Reporting Officer, assisted by his/her support structure, defines a plan to remedy any deficiencies that may have a negative impact on the effectiveness of the risk management and internal control system relative to financial reporting.

The Financial Reporting Officer's support team, in conjunction with the relevant process owners, will coordinate the improvement plans and guarantee their implementation.

At least once a year, the Financial Reporting Officer reports to the Control, Risk and Sustainability Committee, to the Board of Statutory Auditors and to the Supervisory Bodies of Group companies, on the procedures used to evaluate the adequacy and actual application of controls and administrative/accounting procedures, as well as on compliance with remedial plans defined, and rates the adequacy of the accounting and administrative control system.

11.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM DIRECTOR

During its meeting of 27 June 2018, the Board appointed the Chairman as Internal Control and Risk Management System Director.

During 2020 and in the first few months of 2021, the Internal Control and Risk Management System Officer:

[29] Reference control assertions are the following:
accuracy: this control ensures that all details of the individual transaction have been correctly processed;
completeness: this control ensures that all transactions are processed and are only processed once;
validity: this control ensures that the processed transaction has passed adequate authorisation levels and is effectively referable to company operations;
restricted access: this control ensures that access to information and transactions is adequately configured according to the roles and responsibilities recognised by the Company.

- implemented the guidelines issued by the Board and verified the system's adequacy and effectiveness;
- supervised amendments to the system concerning the dynamics of operating conditions and the legal and regulatory framework;
- oversaw the identification of the main business risks (strategic, operational, financial and compliance-related), taking into account the type of activity performed by the Company and its subsidiaries, and based on the Board of Directors' guidelines for the Internal Control and Risk Management System.

The main business and support processes, which were analysed with the assistance of the Group's management, Internal Auditing and the Risk Officer, made it possible to give an overall evaluation of the Internal Control and Risk Management System (which ended with the presentation of the Report by the Internal Control and Risk Management System Officer to the Board of Directors during the meeting of 10 March 2020).

11.2. INTERNAL AUDIT FUNCTION MANAGER

The Issuer has established an Internal Audit Function to ensure that the internal control and risk management system is both functioning and adequate.

The Board of Directors, following the proposal of the Risk and Control Committee and after consulting with the Board of Statutory Auditors, confirmed Angelo Iacobbi as the Internal Audit department manager, defining his compensation as being consistent with company policies and ensuring he has adequate resources to undertake his responsibilities. The Board found the incentive mechanisms for the Financial Reporting Officer to be commensurate to the tasks assigned.

To ensure an adequate level of independence and objectivity in internal audit activities, the Internal Audit Function Manager is not responsible for any operational area.

The Internal Auditing department reports to the Chairman, who informs the Board..

In compliance with international reference standards on auditing, the Internal Audit Function checks, both on an ongoing basis and in relation to specific needs, the functioning and adequacy of the internal control and risk management system, implementing an Audit Plan approved by the Board of Directors, based on a structured process, analysing and prioritising the main company risks.

The scope of the activities carried out by the Internal Audit Function[30] includes Mediaset and all the Group Companies directly or indirectly controlled by it, with the exception of Mediaset España Comunicación S.A. and its subsidiaries or investee companies. In addition, for the Group's investee companies and joint ventures, the Internal Audit activities can be carried out at the specific request of the Board of Directors of these companies.

In 2020, the Internal Audit Function carried out mandates of:

- Assurance, which consists in an objective review of evidence and findings, through analyses, assessments, recommendations and qualified comments, in order to obtain an independent evaluation of the internal control and risk management system;
- advice, which consists of methodological support and assistance to provide added value and improve governance, risk management and control processes.

[30] In accordance with the Mandate granted to it by the Board of Directors on 17 December 2013.

In its activities carried out during 2020, the Internal Audit Function had free and direct access to data, documents, information and personnel useful to carrying out its duties.

During the reporting period, the Internal Audit Function Manager prepared periodic reports[31] 1containing information on: the activities carried out, including activities relating to the reliability of the company information systems, including the accounting systems, the methods used to manage risks as well as compliance with plans to limit risks; the reports also contained an assessment of the suitability (adequacy and effective functioning) of the internal control and risk management system.

For this financial year, the Internal Audit department considered the internal control and risk management system to be functional and adequate.

The Internal Audit Function Manager also reported periodically to the other company bodies and units with responsibility for monitoring the internal control and risk management system, such as the Financial Reporting Officer, the Risk Officer and the Supervisory and Control Bodies of the Group.

In compliance with the recommendations of international standards on auditing, the Internal Audit Function has taken steps to improve the quality of its activities, also by taking into account the contents of the last Quality Assurance Review of Internal Auditing, which was conducted in 2017 by a qualified, independent, external assessor. Along with the results of the internal assessments, this confirmed the overall conformity of the Department, and that the internal audits were conducted in accordance with the international standards and professional Code of Ethics, issued by the Institute of Internal Auditors.

11.3. ORGANISATIONAL MODEL

The internal control system was further strengthened by adopting an Organisational Model, the first draft of which was approved by the Board of Directors' meeting of 29 July 2003, and was later repeatedly amended to reach its current version approved on 23 February 2021 [33].

The progressive updates of the Compliance Programme took into account mostly (among other things) the legislative changes that occurred from time to time, the ensuing broadening of the range of so-called "*predicate offences*", internal organisational changes and ongoing case law precedents being established regarding Compliance Programmes.

With the adoption of its Compliance Programme, Mediaset has set itself the goal of adopting a structured and organic system of rules of a general, behavioural and operational nature (which are expressed in the organisational structure of the Company, in the system for the attribution of and powers, in organisational guidelines and operating practices, in the disciplinary system and so on), which responds to the purposes and requirements of Legislative Decree 231/01 both in terms of prevention of crimes and administrative offences (preventive controls) and in terms of control over the effective implementation of the same and the possible imposition of sanctions (ex post controls).

The Compliance Programme comprises principles, company rules and provisions relative to the management and control of the Company's activities and includes a summary document, explaining the

[31] Sent to the Chairmen of the Board of Statutory Auditors, the Control, Risk and Sustainability Committee and the Chairman of the Board of Directors, as well as to the Internal Control and Risk Management System Director of Mediaset S.p.A..

[33] The Compliance Programme pursuant to Legislative Decree 231/2001, recently approved by Mediaset modified the previous version - adopted on 5 February 2019 - not only to include the updates regarding the new types of predicate offences (with particular reference to tax offences), but also in consideration of the different organisational structure assumed by the Company as of 1 March 2020. As an integral part of the Mediaset Compliance Programme - in addition to the "General Guidelines on Anti-Corruption", the Group policy was adopted in 2014 to align the Mediaset Group with best practices developed over time at international level to combat corruption - the new version has an added document on the "Prevention of the commission of tax crimes pursuant to Art. 25 quinquiesdecies of Legislative Decree 231/01 ", with the aim of providing an overall picture of the preventive control measures adopted by the Mediaset Group to mitigate the so-called tax risk, with specific reference to the offences referred to in Art. 25 quinquiesdecies, improving the already existing internal control systems in administrative-accounting matters and in terms of financial reporting, placed in the broader context of corporate risk prevention policies.

general regulations that are appropriate for preventing the commission of offences indicated in Legislative Decree 231/01 and a number of attachments (including, among others, the updated wording of Legislative Decree 231/01, a description of all criminal offences envisaged by the decree, a summary of so-called "*areas of activities at risk of offences being committed*" concerning the Company and relative organisational oversight and controls of a general nature, as well as those specifically assigned to the individual areas).

The new version of the Company's Compliance Programme was adopted following the outcome of the assessments carried out in 2020 aimed at verifying the need for a new update of the same. Following the completion of the risk assessment activity, which took into account, in particular, the introduction of tax crimes in the category of so-called "Predicate offences", the Compliance Programme was therefore updated, placing emphasis on matters related to tax risks and the necessary preventive measures, in terms of internal control and procedures. During 2021, the other Italian subsidiaries of the Group will also update their Compliance Programmes. On 5 February 2019, the company's Board of Directors approved the latest version of the Mediaset Group Code of Ethics, replacing the code adopted in 2012. During the year, in view of the growing focus on corporate governance, and taking into account the complex nature of the areas in which Mediaset operates on a daily basis, an analysis was done in order to investigate whether a revision of the previous version of the code was necessary. The objective was to clearly confirm and in certain cases update the values and responsibilities that the Mediaset Group recognises, accepts, approves and adopts. In the new version, in addition to the rewording of certain articles, new ones have been introduced (for example on anti-corruption, the use of social media networks, internal controls and risk management, the protection of public safety, and adaptation to the laws on whistleblowing). In 2019, the Italian subsidiaries adopted the Group's Code of Ethics.

The Supervisory and Control Body

The Organisational Model requires that the Supervisory and Control Body is a collective entity and that it is appointed by the Board, after checking the requirements for integrity (which are the same as those for the Directors), the requirements concerning adequate professional competence, and after ensuring the absence of incompatibility and conflicts of interest with other company functions and/or positions that would undermine its independence, freedom of action and judgement.

The Supervisory and Control Body, appointed by the Board of Directors on 28 June 2018, after ensuring that it met the same requirements concerning integrity that apply to the Directors of the Company, and the requirements concerning adequate professional competence and the absence of incompatibility and conflicts of interest with other company functions and/or positions that would undermine its independence, will end its term of office with the approval of the Financial Statements to 31 December 2020. The Committee comprises three members:

Sergio Beretta	Chairman - Consultant
Silverio Di Girolamo	Consultant
Michele Perini	Consultant

The composition of the Supervisory and Control Body was considered appropriate to satisfy the requirement that this role and the ensuing responsibility must be assigned to persons that can wholly guarantee the necessary autonomy and independence that such body must possess.

Mediaset decided not to assign the Supervisory and Control Body functions to the Board of Statutory Auditors, as it considered it appropriate to keep a Body with specific responsibilities for compliance with Legislative Decree 231/01 and entirely dedicated to this activity.

In carrying out its activities, the Supervisory and Control Body is supported mainly by the Internal Audit department and - where necessary - it may be assisted by other company departments or outside consultants.

The Supervisory and Control Body carries out the duties and has the powers established in the Compliance Programme. To undertake its responsibilities, the Supervisory and Control Body may, at any time whatsoever, at its own discretion and independently, verify the application of the Compliance Programme and procedures relative to it, also regarding each member separately.

As a result of the audits conducted (on specific company operations and the procedures/rules of conduct adopted), and in relation to legal and/or organisational developments, or to the identification of new areas of activities at risk of serious infringements of provisions of the Compliance Programme, and/or of company procedures that refer to it, the Supervisory and Control Body also informs the Company of the advisability of making changes and updates to the Compliance Programme and/or relative procedures. With subsequent follow-up activities, the Supervisory and Control Body ensures that any corrective actions recommended to the Company have been adopted by relative company functions.

During 2020, the Supervisory and Control Body met seven times and reported every six months to the Board of Directors, the Control, Risk and Sustainability Committee and to the Board of Statutory Auditors.

11.4. INDEPENDENT AUDITORS

The Shareholders' Meeting of 28 June 2017, having examined the recommendation made by the Board of Statutory Auditors, appointed Deloitte & Touche S.p.A. as independent auditors in charge of auditing the annual and consolidated financial statements and of performing the limited audit of the half year report for the financial years 2017/2025, pursuant to law. The Financial Statements of the subsidiaries are audited.

Subsequently, on 27 June 2018 the shareholders' meeting decided to supplement the remuneration for the accounting services of Deloitte & Touche S.p.A. on the recommendation of the Board of Statutory Auditors, considering the work done as a result of application of the new accounting standards IFRS 9 and 15, and in view of some of the changes made to the scope of audit.

On 26 September 2017, the Board of Directors appointed Deloitte & Touche S.p.A. as independent auditors to issue the limited audit report of the Non-Financial Statement for the period 2017-2025.

11.5. THE FINANCIAL REPORTING OFFICER

The Board of Directors, during its meeting of 28 June 2018, upon favourable recommendation of the Board of Statutory Auditors, confirmed Mr Luca Marconcini, manager of the Consolidation, Accounting Standards and Risk Office department, as Mediaset's Financial Reporting Officer. All powers and responsibilities needed to fulfil the assignment and related tasks were attributed to the Financial Reporting Officer[34].

For the financial year, the Financial Reporting Officer, assisted by the Risk Office and Organisation departments, implemented, in relation to main company processes within the operating companies of

[34] pursuant to art. 154-bis of Legislative Decree No. 58 of 24 February 1998 and to art. 28 of the Bylaws.

the Group[35], the activities[36] required to assess, adapt, and document the Internal Control System as required by Law 262/05.

The 2020 Financial Statements and Consolidated Financial Statements of the Company include statements issued based on the programme established according to CONSOB regulations on the adequacy and actual application of procedures, as well as their consistency with accounts and adequacy in giving a true and fair view of the equity, economic and financial standing of the Company and of companies included in the scope of consolidation, signed by the Financial Reporting Office and Chairman of the Company.

The Financial Reporting Officer, together with the Risk and Control Committee and the independent auditors, assesses the correct use of the accounting standards and, in the case of the Group, their uniformity for the purpose of preparing the Consolidated Financial Statements; this activity is performed during the first few months of each financial year.

In its meeting of 10 March 2020, the Board of Directors allocated funding of EUR 350 per annum to the Financial Reporting Officer for expenses related to his duties.

The Board found the incentive mechanisms for the Financial Reporting Officer to be commensurate to the tasks assigned to him.

11.6. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The coordination between parties involved in the internal control and risk management system is ensured by a steady flow of information between those parties, on an ongoing and timely basis through:

- participation of the Board of Statutory Auditors at the meetings of the Control, Risk and Sustainability Committee;
- frequent participation of the Financial Reporting Officer and Risk Officer in the meetings of the Control, Risk and Sustainability Committee; periodic information to the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Head of Internal Audit, regarding the activities performed within the internal control and risk management system;
- the exchange of information between the Control, Risk and Sustainability Committee, the independent auditors and the Financial Reporting Officer with regard to the accounting standards applied in the Mediaset Group and their uniformity for the purposes of preparing the consolidated financial statements;
- the periodic reporting by the Supervisory Body to the Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors.

[35] With reference to listed subsidiaries, the Financial Reporting Officer of the Mediaset Group coordinates with the financial reporting officers of these companies, in order to have appropriate evidence of the activities they perform to evaluate the adequacy of controls.
[36] Specifically, the following activities were carried out:
the identification and evaluation of company processes and relative risks;
the updating of identified processes and controls;
the analysis of the adequacy of controls adopted relative to administrative/accounting and financial aspects;
testing and relative documentation of controls to check the actual application of administrative/accounting procedures;
formalisation of the remedial plan to eliminate any deficiencies identified during controls;
monitoring of the status of remedial activities and testing of the controls implemented.

12. INTERESTS OF THE DIRECTORS AND RELATED-PARTY TRANSACTIONS

Procedure for related-party transactions

The Board meeting of 9 November 2010, with the favourable opinion of the Governance Committee, approved the "Procedure for transactions with related parties" and established the Committee of Independents (now the Related Parties Committee)[37].

Subsequently, the Board of 17 December 2013, having acknowledged the favourable opinion of the Committee, amended Art. 7 letter a) of the Related Party Procedure, with effect from 1 January 2014[38]. In 2017, the Committee carried out the three-year analysis certifying the effectiveness and suitability of the Procedure to guarantee the substantial and procedural correctness of Mediaset's transactions with related parties and expressed a favourable opinion with regard to the decision not to proceed with any changes to the current Procedure. In 2020, the Committee launched an analysis of the changes made to the CONSOB regulation in transposition of Directive (EU) 2017/828 (Shareholder Rights Directive II). This analysis continues in the current year and is aimed at revising the current Related Party Procedure. The Board, with the favourable opinion of the Related Parties Committee, will adopt the new updated Procedure by 30 June 2021, the deadline established by Consob for the update.

Related Parties Committee

The Related Parties Committee, appointed on 28 June 2018, consists of three Independent Directors who will remain in office until the term of office of the entire Board expires.

Marina Brogi	Chairman - Independent Director
Giulio Gallazzi	Independent Director
Carlo Secchi	Independent Director

The Related Parties Committee met six times in 2020. The Committee has its own operating regulations and minutes are taken of all meetings. The Manager of the Company's Affairs Department, appointed as Committee Secretary, attends the meetings. In the days preceding meetings, sufficiently in advance of the meeting, the Secretary, as agreed with the Committee Chairman, sends to the Governance Committee members all available documents and information on items on the agenda.

The percentage of each Director attending Committee meetings is shown in Attachment D to this Report.

As a rule, all members of the Board of Statutory Auditors take part in the meetings, and the managers of specific company departments and external consultants were invited to attend by the Committee Secretary, to explain particular issues.

The Related Parties Committee performs the duties established by the Regulation on Related-Party Transactions and the Related-Party Procedure. Specifically, as regards non-material transactions, its opinions are non-binding; as regards material transactions, its opinions are binding.

The Committee also carries out periodic analyses and controls based on reports prepared by the Corporate Affairs Department, pursuant to Art. 8.5 of the Related-Party Procedure.

[37] Implementing the provisions of the "Regulations on transactions with related parties," adopted by Consob with resolution No. 17221 of 12 March 2010, and later amended by resolution No.17389 of 23 June 2010, the procedure, which can be consulted on the website, sets forth the rules to identify, approve, perform, and publish transactions with related parties conducted by Mediaset S.p.A., either directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of said transactions, as well as the cases of exclusion from the implementation of said rules.

[38] The amendment concerned the introduction of the threshold for transactions of low value if the counterparty is a natural person. Specifically, the Procedure identifies transactions of high and low significance, establishing the rules for carrying them out and identifying transactions to which the foregoing regulations do not apply. Excluded transactions include, in particular, non-material transactions (of a total value not above EUR 300,000.00 if the counterpart is a natural person and not above EUR 500,000.00 if the counterpart is a corporate body), transactions with, or between, subsidiaries and affiliated companies, and normal transactions.

At its meeting of 28 June 2018, the Board of Directors allocated funding of EUR 100,000 per annum to the Related Parties Committee, for expenses related to its duties.

The Committee members are given a fee for attending each meeting, in the amount set by the Shareholders' Meeting of 27 June 2018.

Directors with interests

Before dealing with transactions, the Directors shall give exhaustive information to other Directors and to the Board of Statutory Auditors of all interests, even potential, which they have in a specific transaction of the Company, on their own behalf or that of third parties, independently of any situation of conflict; they shall also specify the nature, terms, origin, and scale of said interests; if the Director involved is the Chief Executive Officer, he shall also refrain from carrying out the transaction.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment of Statutory Auditors is regulated by Art. 28 of the Company Bylaws given in Attachment F to this Report.

The Shareholders' Meeting elects the Board of Statutory Auditors, consisting of three regular auditors and three alternate auditors, who remain in office for three financial years until the date of the Shareholders' Meeting convened to approve the Financial Statements of the third financial year. The auditors may be re-elected.

All Statutory Auditors shall be included in the Register of Auditors established by the Ministry of Justice and have carried out auditing for a minimum of three years. In addition, the Statutory Auditors must satisfy the requirements of the laws and regulations in effect and the Board makes sure that said requirements are satisfied.

Based on the Company Bylaws, lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, hold the amount of share capital required by the Company Bylaws to present lists for the appointment of members of the Board of Directors. Pursuant to executive resolution No. 28 of 30 January 2020, the percentage of participation for the presentation of lists of candidates for the Board at the date of the Shareholders' Meeting of 26 June 2020 was equal to 1%.

14. STATUTORY AUDITORS

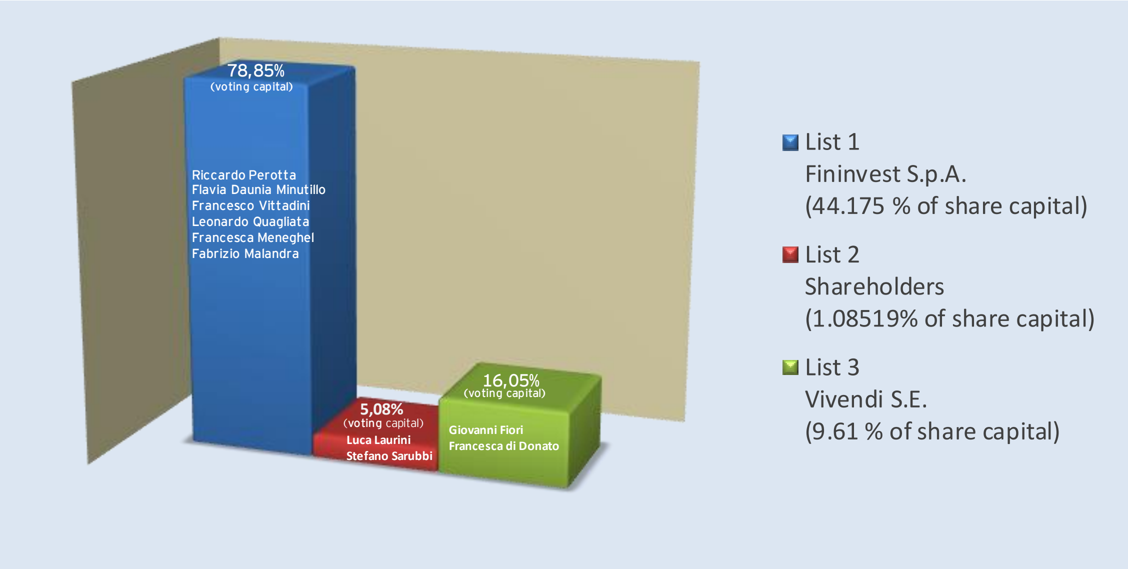
Pursuant to the legal provisions in force, the Board of Statutory Auditors supervises: compliance with law and Company Bylaws, compliance with the principles of fair and proper administration, the adequacy of the Company's organisational structure for areas under its responsibility, the internal control system, the administrative/accounting system, as well as the reliability of the latter in correctly representing operating data, the procedures to implement corporate governance regulations required by governance codes prepared by companies managing regulated markets or trade associations, which the Company, through disclosure to the public, declares it adopts, and the adequacy of provisions issued by the Company to subsidiaries.

The members of the Board of Statutory Auditors, whose mandate will expire at the Shareholders' Meeting called to approve the financial statements as at 31 December 2022, are currently:

Giovanni Fiori, Riccardo Perotta, Flavia Daunia Minutillo, Regular Auditors; Francesca di Donato, Leonardo Quagliata e Francesca Meneghel, Alternate Auditors. Attachment G to this report shows the composition of the Board of Statutory Auditors.

The Chairman of the Board of Statutory Auditors is Giovanni Fiori, who was first in the third minority list.

At the Shareholders' Meeting of 26 June 2020 (707,164,805 shares, equal to 59.86% of the share capital) three lists were presented[39].



The curricula vitae of the members of the Board of Statutory Auditors may be consulted on the Company's website and are also shown in Attachment H to this report.

The composition of the Board of Statutory Auditors has not changed since the end of the reporting period.

DIVERSITY CRITERIA AND POLICIES

The Board of 19 April 2021, approved the update of the Policy on the composition of the Board of Statutory Auditors 40adopted on 24 April 2018. The amendments to the Policy take into account the changes introduced by Law No. 160 of 27 December 2019, which amended paragraph 1-*ter* of Art. 147-ter and paragraph 1-*bis* of Art. 148 of the TUF, which dictate the provisions on gender balance, in the management and control bodies respectively of listed companies.

The Board of Statutory Auditors and the Governance and Appointments Committee were involved in the adoption of the Policy and expressed a preliminary favourable opinion to the Board on the Policy. The policy, contained in Attachment I to this Report, contains guidelines and recommendations that have been considered functional to achieving the objective of having a Board of Statutory Auditors made up of individuals capable of effectively carrying out their mandate.

[39] The first list was presented by the shareholder Fininvest S.p.A. The second list was presented by the following shareholders: Anima SGR S.p.A. manager of the Anima Iniziativa Italia fund; Arca Fondi SGR S.p.A. Fund manager: Arca Azioni Italia Fund, Arca Economia Reale Bilanciato Italia 30 Fund; Eurizon Capital S.A. manager of the Eurizon Fund sub-fund Equity Italy Smart Volatility; Eurizon Capital SGR S.p.A. Fund manager: Eurizon Progetto Italia 20, Eurizon PIR Italia 30, Eurizon Progetto Italia 70, Eurizon PIR Italia Azioni, Eurizon Azioni PMI Italia, Eurizon Progetto Italia 40; Mediolanum Gestione Fondi SGR S.p.A. Fund manager: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Sviluppo Italia; Pramerica SGR S.p.A. Fund manager: Pramerica MITO 25 & MITO 50. The third list from shareholder Vivendi S.E..

The Board found that the current composition fully met these recommendations, and achieved the diversity objectives set out in the Policy

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During 2020, the Board of Statutory Auditors met 33 timed. On average, each meeting lasted approximately 3 hours. During 2021, the Board of Statutory Auditors met 3 times.

As disclosed to the market upon appointment by the Shareholders' Meeting of 26 June 2020, all the Statutory Auditors declared that they met the requirements for the office set forth by law and by the by-laws. On 9 July 2020, in accordance with the requirements of the Code, aimed at ensuring that the statutory auditors satisfy the independence requirements, the Board of Statutory Auditors assessed whether its members satisfy said independence requirements. The outcome of this verification was notified to the Board on 28 July 2020.

The Board of Statutory Auditors also monitored the independence of the independent auditors, verifying compliance with relevant regulatory provisions regarding the nature and extent of the various services supplied to the Company and its subsidiaries, by the independent auditors and by entities in their network. The Board of Statutory Auditors had no objections to report.

The Board previously in office, on 10 March 2020, completed the self-assessment process, informing the Board meeting on the same date.

With regard to the requirements for the Statutory Auditors, it is reported that the Board of Statutory Auditors currently in office satisfies all legal requirements.

When performing its activities, the Board of Statutory Auditors coordinated with the Internal Audit department, the Control, Risk and Sustainability Committee, the Governance and Appointments Committee, and the Related Parties Committee; it also participated in all Committee meetings, including those of the Remuneration Committee.

Information is exchanged regularly between the Board of Statutory Auditors and the Chairmen of the Boards of Statutory Auditors of the subsidiaries. The Board also met the Supervisory and Control Body of Mediaset.

The Chairman of the Board of Directors ensured that the Statutory Auditors, after their appointment and during their term of office, were able to take part in initiatives designed to give them adequate knowledge of the business sector in which the Group operates, of the company dynamics and their development, as well as of the legal and regulatory framework[41].

The Board of Statutory Auditors' compensation is determined, pursuant to the Bylaws, by the Shareholders' Meeting. For detailed information on the remuneration of the members of the Board of Statutory Auditors, please refer to the Report on the remuneration policy and remuneration paid by the Company[42].

15. RELATIONS WITH SHAREHOLDERS

The financial communication programme in 2020, following travel restrictions due to the health emergency, was carried out through numerous virtual events with investors from different countries. Audiowebcasting conference calls[43] on financial results were organised on a quarterly basis and the Company participated, through its representatives, in various streamed sector conferences. These

[41] Can be consulted at chapter 4.2 Composition - "Induction Programme".

[42] Further information is available on the Company's website.

[43] Available in podcasts on the Company's website.

activities integrated the daily interaction with the numerous investors who come into contact with the Company through the Investor Relations Team.

The Company's website publishes financial information (financial statements, half-year reports and periodic additional financial information, presentations to the financial community and the performance of Stock Exchange transactions involving financial instruments issued by the Company) as well as data and documents that are of interest to shareholders (press releases, the composition of Company bodies and committees, the Company Bylaws, the regulations of the Shareholders' Meeting and minutes of General Meetings, as well as documents and information on corporate governance, the compliance programme pursuant to Legislative Decree No. 231/2001 and Whistleblowing). The Non-Financial Statement is also available on the same site.

The Board of Directors in the meeting of 19 April 2021, with the favourable opinion of the Governance and Appointments Committee, approved the Policy for managing dialogue with shareholders[44].

In order to establish an ongoing relationship with the shareholders, based on an understanding of the respective roles, the Board of Directors identified the Chief Financial Officer of the Group Marco Giordani as the officer in charge of managing shareholder relations.

For this purpose, the Chief Financial Officer is assisted by the following two functions that report directly to him:

- the Company Affairs Department, which oversees relations with Retail Investors and Institutional Entities (CONSOB, Borsa Italiana);
- the Investor Relations Department, which oversees relations with the Financial Community (Financial Analysts, Institutional Investors and Rating Agencies).

The contact details for the Corporate Affairs Department and the Investor Relations Department are on the Company's website.

16. SHAREHOLDERS' MEETINGS

The Shareholders' Meeting brings together the Company's management and shareholders.

In convening, planning and managing Shareholders' Meetings, particular attention is paid to encouraging Shareholder involvement, and to guaranteeing the highest standards of information given during meetings, in compliance with restrictions and procedures for disseminating price-sensitive information.

The Shareholders' Meeting, when duly called, represents all the shareholders and its resolutions, passed in conformity with the law, are binding on all shareholders, even if absent or in disagreement. The Shareholders' Meeting meet in cases and according to procedures established by law, at the registered office of the Company or elsewhere, provided the venue is in Italy. As established by Art. 9 of the Company Bylaws, the Shareholders' Meeting shall be convened by a notice published according to law, containing the date, time and venue, items to discuss, as well as any other information that is required by laws in force. The notice and documentation concerning the items on the agenda must be published on the Company's website within the terms required by the law, in accordance with the methods established by the legislation in effect.

The Board of Directors promotes initiatives to encourage the utmost shareholder involvement in meetings and facilitate the exercise of their rights, acting to limit restrictions and obligations that make it difficult or expensive for them to take part in the Shareholders' Meeting and exercise their right to vote regulated by Art. 11 of the Company Bylaws.

[44] Available on the company's website

Each shareholder who has the right to take part in the Shareholders' Meeting may be represented by written proxy, pursuant to law. According to the provisions of Art. 135 - undecies TUF, the Company has identified as delegated representative for the 2020 shareholders' meetings the company Computershare S.p.A. with registered office in Milan, via Lorenzo Mascheroni 19 to which the shareholders can grant a proxy, with voting instructions on all or some of the proposals on the agenda. The notice convening the Shareholders' Meeting must contain all the relevant information.

Generally, all Directors take part in Shareholders' Meetings. The Meetings are an opportunity to inform shareholders about the Company, in compliance with regulations on inside information.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors, and, in his absence, by the Deputy Chairman.

During the Shareholders' Meeting, the Board of Directors reports on activities carried out, referring to Directors' Reports, previously published in accordance with the law and regulations, and replying to requests for clarifications from shareholders.

The Shareholders' Meeting has all powers established by law[45]. The Shareholders' Meeting's Regulations govern the proceedings of the Shareholders' Meeting.

In relation to the COVID-19 emergency, the Shareholders' Meeting of 26 June 2020 was held in the manner permitted by the exceptional regulations in the Decree Law of 17 March 2020, No. 18. converted with amendments by Law No. 27 of 24 April 2020. Participation in this Shareholders' Meeting took place exclusively through the designated representative (Computershare S.p.A.) pursuant to Art. 135-undecies of the TUF. In accordance with the regulatory provisions described above, the Company ordered that questions on the items on the agenda be sent by certified email before the shareholders' meeting and within a pre-established time limit. The Company published the responses on a specific section of the Company's website, bringing forward the deadline, with respect to what is required by law, to allow shareholders to make an informed choice in due time for the purposes of voting instructions to the Designated Representative. 14 Directors attended, connected by audio video conference.

14 Directors attended the Shareholders' Meeting of 10 January 2020.

The methods for managing the Shareholders' Meeting in 2020 will be replicated for the Shareholders' Meeting of 23 June 2021, in the face of the protracted health emergency and confirmation of the aforementioned exceptional regulatory regime.

17. CHANGES AFTER THE END OF THE REPORTING PERIOD

With the approval of the financial statements as at 31 December 2020, the mandate of the Board of Directors will expire and the shareholders will be called upon to renew the Board. In view of the renewal, in compliance with the recommendations of the Corporate Governance Code, the outgoing Board of Directors first expressed its guidance on the size and composition of the new Board. This guidance was published on the Company's website.

[45] In accordance with the Company Bylaws, the assignment of powers to the administrative body to resolve on matters that by law are assigned to the Extraordinary Shareholders' Meeting (resolutions on mergers and demergers in cases provided for by Articles 2505, 2505-bis and 2506-ter of the Italian Civil Code, the opening or closing of secondary sites, appointing directors to represent the Company, reducing share capital in the case of withdrawal of a shareholder, making amendments to the Company Bylaws to take into account legal provisions), do not diminish the powers of the Shareholders' Meeting to pass resolutions on such matters. As regards the establishment and resolutions of the Ordinary and Extraordinary Shareholders' Meetings, on first and subsequent calls, relative legal provisions apply.

18. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The Governance and Nomination Committee examined the "Recommendations of the Borsa Italia Corporate Governance Committee for 2021", contained in the letter from the Chairman of the Corporate Governance Committee of 22 December 2020; the Directors made various speeches concerning these areas for improvement, and they repeated that the practices adopted by the Board were satisfactory.

ATTACHMENT A

Company Bylaws

Board of Directors

Art. 17)

1. The Company is managed by a Board of Directors, consisting of seven to fifteen Directors, who may be re-elected.

2. Before appointing the Board, the Shareholders' Meeting determines the number of members of the Board and their term of office, in compliance with the time limits established by law.

3. The Board of Directors is appointed by the Shareholders' Meeting based on lists, which may contain a maximum of twenty-one candidates, each numbered consecutively, from one to the number of candidates specified in the list. Lists can be presented by the shareholders or by the Board of Directors.

4. Each candidate may only be in one list. Failure to observe this provision will make the candidate ineligible for election.

5. Each shareholder may not present, or contribute to present, or vote for more than one list, even through an intermediary or trust company. Shareholders belonging to the same group – namely the parent company, subsidiaries and companies subject to joint control – and shareholders that take part in a shareholders' agreement pursuant to Art. 122 of Italian Legislative Decree 58/1998 relative to shares of the Company, may not present, or take part in presenting, or vote for more than one list, even through an intermediary or trust company.

6. Lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent at least the percentage of subscribed share capital at the time of presenting the list, established and published by Consob pursuant to regulation adopted by resolution No. 11971 of 14 May 1999 as amended, as, from time to time, specified in the notice of Shareholders' Meeting called to resolve on the appointment of the Board of Directors.

7. Ownership of the minimum number of shares as per paragraph 6, required to present the lists, shall be calculated by taking into account the shares that are registered in the shareholder's name on the day when the lists are filed at the Company.

Certification proving ownership may also be presented after the list has been filed, provided this is within the deadline for the company to publish the lists.

8. In order to decide on Directors to elect, lists that do not have a number of votes at least equal to half that required by the Company Bylaws or by pro tempore laws in force on the presentation of lists, will not be considered.

9. Each list shall include at least two candidates who meet the requirements for independence established by pro tempore laws in force, indicating them separately. Moreover, each list with at least three candidates shall indicate candidates of different gender, as indicated in the notice convening the meeting, in order to comply with pro tempore laws on gender balance.

10. Each list must be accompanied by (i) the professional curricula of the candidates, containing exhaustive information on their personal and professional characteristics, (ii) the certification of their eligibility, if any, to qualify as independent, in accordance with the pro tempore law in force, (iii) the statements by which individual candidates accept their candidature and declare, under their own responsibility, that no reasons exist preventing them from being elected or making them incompatible as established by law, and that they meet the requirements of law and regulations for members of the Board of Directors and (iv) the additional information required by the pro tempore laws in force and by the by-laws, which shall be specified in the notice of call.

11. Each list must be signed by the shareholders presenting them, and filed at the Company's registered office within twenty-five days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made available to the public, according to pro tempore laws in force.

12. Without prejudice to the possibility to produce certification proving the ownership of shares according to the terms in paragraph 7 herein, when presenting lists, information shall be given relative to the identity of shareholders submitting the list, indicating the percentage of their total shareholding.

13. Shareholders other than those that hold, also jointly, a controlling or relative majority shareholding shall also present a statement certifying the absence of any relationships with the latter, as provided for by law.

14. The list presented by the Board of Directors must (i) be filed and made public, in accordance with the regulations as from time to time applicable to the lists presented by shareholders, within thirty days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made

available to the public, according to pro tempore laws in force and (ii) satisfy, mutatis mutandis, the requirements established for the submission of lists by shareholders.

15. Any lists presented without observing the above provisions shall be intended as not presented and not included in the voting.

16. The election of the Board of Directors shall take place as follows:

(a) from the list that obtained the highest number of votes (the "Majority List"), according to the progressive order in which they were listed, all the Directors to be elected are drawn minus two, if the number of members of the Board of Directors to be elected is between seven and eleven, or three if the number of members of the Board of Directors to be elected is between twelve and fifteen. The office of Chairman of the Board of Directors will be assigned to the candidate listed first in the Majority List.

(b) the remaining members of the Board of Directors are drawn from the lists that are not connected in any way, including indirectly, with the shareholders who presented or voted for the Majority List (the "Minority Lists").

17. The votes obtained by each of the Minority Lists are divided by whole consecutive numbers from one up to the number of Directors to be elected. The quotients obtained in this way are progressively attributed to the candidates of each Minority List, following the order in each list. The quotients attributed to the candidates of the Minority Lists are put in a single ranking in decreasing order. Those who obtained the highest quotients are elected as Directors, up to the number required to complete the composition of the Board of Directors.

18. If more than one candidate in the Minority Lists have obtained the same quotient, the candidate in the list from which no Director has yet been elected or from which the lowest number of Directors has been elected, shall be elected. If none of these lists have elected a Director or have all elected the same number of Directors, the candidate from these lists with the highest number of votes will be elected. In the event of a tied vote between lists and with the same quotient, a second ballot shall be held by a new vote by the entire Shareholders' Meeting, with the candidate obtaining the simple majority of votes being elected.

19. If, by following the previously defined procedure, the composition of the Board cannot be completed, the additional members shall be elected by taking candidates from the Majority List, in the order in which they are listed, not yet elected who fulfil the independence and gender requirements set forth by the pro tempore law in force.

20. If the composition of the Board obtained by applying the preceding paragraphs does not ensure gender balance, taking into account the order in which they are listed, the last elected in the Majority List of the most represented gender shall be removed by a number necessary to ensure compliance with the requirement, and shall be replaced by the first non-elected candidates from the same list of the less represented gender. In the absence of a sufficient number of candidates of the less represented gender in the Majority List, the shareholders' meeting shall appoint the missing Directors according to the majority established by law, ensuring satisfaction of the requirement. The replacement of elected members of the most represented gender who satisfy the independence requirements prescribed by the pro tempore laws in force must in any case be made with candidates who meet the same requirements.

21. The same procedure shall apply mutatis mutandis if the number of Independent Directors required by the pro tempore laws in force has not been elected.

22. If only one list has been presented, the Shareholders' Meeting votes on the list and if the relative majority is obtained, candidates listed in consecutive order, up to the number established by the General Meeting, are elected, without prejudice to compliance with requirements established by pro tempore laws in force and the Company Bylaws on the composition of the Board of Directors, and in particular on gender balance. The candidate in first place on the list shall be elected as Chairman of the Board of Directors.

23. If no lists are presented or if application of the criteria referred to in the preceding paragraphs does not allow for all the members of the Board of Directors to be elected, the Shareholders' Meeting shall forthwith appoint the missing Directors by resolution adopted by simple majority, on the proposal of those in attendance who have the right to vote, ensuring compliance with the requirements set forth by the pro tempore laws in force and by the Bylaws with regard to the composition of the Board of Directors and, especially, with regard to gender balance.

24. The voting procedure with lists is only applied in the case of renewal of the entire Board of Directors.

25. If one or more Directors no longer holds office, for any reason whatsoever, Directors remaining in office will replace them by co-option, ensuring, in any case, compliance with requirements established by laws in force and by the Company Bylaws on the composition of the Board of Directors, and in particular, concerning gender balance. Directors, appointed pursuant to Art. 2386 of the Italian Civil Code, are elected by the Shareholders' Meeting with the majorities established by law, so as to ensure compliance with requirements established by pro tempore laws in force and by the Company Bylaws on

the composition of the Board of Directors, and in particular, concerning gender balance; Directors appointed in this manner remain in office until the term of office of other Directors expires.

ATTACHMENT B

Personal and professional profiles of Directors

FEDELE CONFALONIERI *– Fedele Confalonieri was born in Milan on 6 August 1937. 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 Mediaset Italia S.p.A. He is a Director of the newspaper "Il Giornale", President of the Veneranda Fabbrica del Duomo in Milan and a member of the General Council of 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 in the marketing department of Publitalia, moving on to the Italia 1 television network. In November 1996 he became Manager for the coordination of content and programmes of Mediaset networks. In 1999 he was appointed Deputy Director General of Content R.T.I.. He has been Deputy Chairman of the Mediaset Group since April of 2000, besides being Chairman and Managing Director of R.T.I.. From April 2015 he has been Chief Executive Officer of Mediaset S.p.A. Since February 2020, he has been Deputy Chairman and Chief Executive Officer of Mediaset Italia S.p.A.. He is also a member of the Boards of Directors of the following companies: Arnoldo Mondadori Editore S.p.A., Fininvest S.p.A. and Publitalia '80 S.p.A.*

MARINA BERLUSCONI *– 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 chairman of Fininvest, which she held until October 2005, when she accepted the appointment as chairman of the holding. Since February 2003 she has been the Chair of Arnoldo Mondadori Editore S.p.A.*

MARINA BROGI *– Born in Rome on 15 July 1967. After graduating in Political Economy at Bocconi University in 1988 with prof. Tancredi Bianchi, she completed her studies at the London Business School. She is a full professor in International Banking and Capital Markets at the Faculty of Economics at La Sapienza University in Rome, where she was vice president between 2011 and 2017. She is Chair of the Technical and Scientific Committee of the Italian Association of Financial Industry Risk Managers (AIFIRM). Member of the Scientific Committee of the Confindustria Research Centre. From 2014 to 2016 she was a member of the Securities and Markets Stakeholder Group of ESMA. 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.*

ANDREA CANEPA *– Born in Milan on 21 November 1961. A graduate in law from the University of Milan with a postgraduate specialisation in Corporate Law from SDA Bocconi, qualified to practise as a lawyer. Professional practice mainly based on corporate law, particularly in the area of regulation and corporate governance for public issuers, and extraordinary transactions. He worked as Company Secretary for Montedison S.p.a. between 1989 and 1996, as Head of Legal & Corporate Affairs for the Manuli Group between 1997 and 1999, and as Head of Corporate Affairs between 2000 - 2008 and as General Counsel for Legal & Corporate Affairs between 2008 and 2013. He is a corporate affairs advisor for Studio Legale Spada (Milan) and is a consultant for the Legal and Corporate Affairs area of the HarperCollins Italia publishing group.*

RAFFAELE CAPPIELLO *– Born in Rome on 17 September 1968. Graduated in law from La Sapienza University, Rome. Since 1992 he has provided legal advice, also at judicial level, on corporate, banking, finance and competition law, for the law firm of Prof. Libonati in Rome, also as a partner in the Libonati-Jaeger partnership, until 2010 when he opened his own offices 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). Since 2015, he has been a member of the Banking and Financial Arbitration Service of the College of Rome. He has held (and continues to hold) the role of member of insolvency procedures for the Insolvency Court, for the Ministry of Economic Development and for the Bank of Italy. Procedures he has worked on include Stefanel s.p.a. in A.S. Cotorossi Group in A.S., Cogolo Group in A.S., Altiforni and Ferriere di Servola in A.S., Cavirivest s.p.a. in A.S.; Liquidator of Manifesto soc coop in Ica and Judicial Commissioner in the creditors' arrangement procedure for Acqua Marcia RE S.p.A. 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.; Minority-appointed Independent Director of Mediaset S.p.A., listed on the Milan Stock Exchange; Minority-appointed Independent Director of Avio S.p.A., listed on the Milan Stock Exchange.*

COSTANZA ESCLAPON DE VILLENEUVE *– Born in Florence, founder and Chairman of Esclapon & Co, a strategic communication consultancy company, she was Rai Communications and External Relations Director from 2012 to 2016. She previously held the position as Director of External Relations for Wind and Alitalia, and was the head of the Press office at Intesa Sanpaolo and Enel. She has lectured in Communications and La Sapienza University, Rome. She received the Bellisario Prize in 2012 and is a member of the Board of Directors of Fai, Enel S.p.A. and Prelios Sgr.*

GIULIO GALLAZZI *– Born in Bologna on 8 January 1964, he graduated in Business Economics in 1987, obtaining an MBA in 1990 from SDA Bocconi in Milan, after which he was 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, Corporate Finance, International Business Management, Corporate and Governance Restructuring. In recent years, he launched a group proprietary activity of Private Equity investments in the Banking and Insurance Fintech, Digital Life Sciences and High Industrial Technology sectors, acquiring considerable skills in the management of strategic change from Traditional Economy to Digital Economy, both in 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. Today, in addition to being a member of the Board of Mediaset, he is Director in office of the ASTM group in the large infrastructure and motorway concessions sector. He has published a number of works and articles on business development and sustainable finance. In his youth, he had an impressive 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 - *Born in Milan on 30 November 1961. He was awarded a degree in Economics and Business from Bocconi University, Milan. Since 2000 he has been Chief Financial Officer of the Mediaset Group. 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 the CEO of R.T.I., Director of Mediaset S.p.A., Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Medusa Film S.p.A. and Mediaset Italia S.p.A., as well as a member of Mediaset's executive committee. 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, and 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.*

FRANCESCA MARIOTTI *– Born in Frosinone on 16 March 1973. Since July 2020 she has been General Manager of Confindustria, Italy's leading representative body for manufacturing and service companies with more than 150,000 members, where she has been Director of the Tax Policy Area since 2014. Lawyer and statutory auditor, she graduated in Law from the University of Rome "La Sapienza"; she completed her training with the Senior Management Programme at SDA Bocconi School of Management and a Masters in Tax Law at the Higher School of Economics and Finance "E. Vanoni "and the Institute of Economic and Legal Studies. During her career she has gained extensive experience in the tax and accounting fields, which saw her working with KPMG and Federcasse from 2000 to 2007. Since 2007, she has represented Confindustria in many institutional offices, both nationally, participating in commissions set up by the Ministries of Economy and Finance, Community Policies, Economic Development and OIC, and internationally, at the OECD and BusinessEurope. He has worked with some of the most prestigious Italian universities and with the National Council of Engineers on issues related to the "Industry 4.0" plan, as well as with the National Council of Chartered Accountants and Accounting Experts for the definition of guidelines that best harmonise accounting recommendations on fiscal matters. She has written several articles and publications on tax matters, speaks at conventions, and is a lecturer for Master's courses and training programmes. Member of the Supervisory Body of the Italian Encyclopedia Giovanni Treccani Institute; Chairman of IWS S.p.A. - Industria Welfare Salute and member of the Corporate Governance Committee of the Borsa Italiana.*

GINA *NIERI* - Born in Lucca on 2 December 1953, she 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 been working 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 MEDIASET, she holds the position of Director of Institutional and Legal Affairs and Strategic Analysis. Since June 2007 she has been Deputy Chairman of R.T.I. S.p.A., and a Board member since 1999. In April 2018 she was elected as a member of the Board of Directors of Mediaset S.p.A., a position that she has held since 1998, and member of the Executive Committee. In April 201,7 she was appointed Director of PUBLITALIA'80 S.p.A.. In April 2018 she was appointed Director of Mediaset España Comunicación S.A.. In February 2020 she was appointed Director of Mediaset Italia S.p.A.. She is a member of the General Council of CONFINDUSTRIA and ASSOLOMBARDA. She is a member of the Board of Directors of the CONSULTATION COMMITTEE OF BORSA ITALIANA. She is member of the President's Committee of the Master in Marketing, Digital Communication and Sales Management di 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, management of* *the radio spectrum, copyright and regulation of the European digital market. 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 *- Born in Milan on 18 September 1957 and studied Economics and Commerce at the Cattolica University of 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 is currently the CEO of Fininvest S.p.A., Chairman of Manzoni Theatre of Milan, Alba Servizi Aerotrasporti and ISIM. He is also a Director of Società A.C. Monza, of the Fininvest Group. He is a member of the Board of Directors of Arnoldo Mondadori Editore S.p.A.*

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 Central Manager of Personnel and Organisation for the Mediaset Group, and Deputy Chairman of Publitalia '80 S.p.A.; since late 2014, he has been Central Manager for 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 Secretarial Officer of Silvio Berlusconi, holding various organisational positions over the years. 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 a Director of Mediaset S.p.A. and of Mediaset Italia S.p.A., as well as a member of the Executive Committee, and of Mediaset España Comunicación S.A..*

STEFANO SALA *- 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. Director of Mediaset S.p.A. (from April 2015) and member of the Executive Committee, Director of RTI S.p.A. (from April 2017), CEO of Publitalia '80 S.p.A. (from April 2014), CEO of Digitalia '08 S.r.l. (from December 2012), CEO of Publieurope Ltd (from April 2017), deputy Chairman of Mediamond S.p.A. (since February 2015), Director of RadioMediaset S.p.A. (since June 2016), Director of Mediaset Italia S.p.A. (from February 2020) and Chairman of Videowall S.r.l. (from December 2019). From December 2012 to March 2014 he was Commercial Managing Director of Publitalia '80 S.p.A. From January 2009 to November 2012 he held the office of 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 Mindshare Italy. From May 1999 to April 2001 he was Managing Director of CIA Italy; earlier, from April 1998 to April 1999, he was Sales manager for CIA Italy. From April 1996 to March 1998 he was Sales manager with Cairo Pubblicità. From March 1991 to March 1996, he worked with Telepiù Pubblicità as Sales Manager and earlier as Sales Executive.*

CARLO SECCHI *- Born in Mandello del Lario (LC) on 4 February 1944. He is an Emeritus Professor of European Political Economy at Bocconi University, Milan, also acting as Rector from 2000 to 2004. He was a Member of the European Parliament during the fourth legislature (1994-1999), where he was Deputy Chairman of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the twelfth legislature (1994-96). He is a member of governing bodies of technical/scientific Foundations and Institutes. He is Deputy Chairman of ISPI (Institute for International Political Studies of*

Milan). He is member of the CNR Commission for Ethics and Integrity in Research. He is a member of the Board of Directors of Mediaset S.p.A. In 2014 he was appointed Chairman of the Supervisory Board of Pirelli S.p.A. Since 2009 he has been European Coordinator of TEN - T priority projects (Atlantic Corridor). He is the author of books and numerous articles on international commerce and economy, economic integration and European issues.

Arnoldo Mondadori Editore S.p.A. belongs to the Fininvest Group, of which Mediaset S.p.A. is part.

ATTACHMENT C

Diversity Policy of the Board of Directors of Mediaset S.p.A.

This Policy is adopted by the Board of Directors of Mediaset S.p.A. (the "Board" and the "Company"), in compliance with the laws, including Community law, on sustainability and the provisions of the Corporate Governance Code (the "Board's Diversity Policy"). More specifically, the Board's Diversity Policy has been adopted in implementation of the provisions of art. 123-bis, paragraph 2, letter d-bis) of Legislative Decree No. 58 of 24 February 1998 ("TUF").

The Governance and Nomination Committee was involved in the adoption of the Board's Diversity Policy, which expressed its favourable opinion on the Policy to the Board.

Objectives of the policy

Several objectives have been set regarding the composition and functioning of the Board of Directors. In particular:

A) from a quantitative point of view, the number of Board members must be adequate for the size and complexity of the organisational structure of the company and the Group;

B) in terms of quality, in relation to the functioning of the body, it is proposed that the members of the Board should:

- be fully aware of the duties that are required to perform and the associated responsibilities;
- have professional skills that are adequate for the role to be filled, including in any of the Board's internal committees, and calibrated in relation to the characteristics of the Company;
- have diversified and suitably distributed expertise among the members of the body, so that each of them, regardless of the sector of operation (Board or internal committee) can provide an effective contribution, including in identifying and pursuing appropriate strategies and ensuring effective corporate governance;
- devote adequate time and resources with respect to the complexity of their task;

The guidelines and recommendations contained in this document have been considered functional to achieving the objective of a Board made up of individuals capable of effectively carrying out their mandate. This is considered possible only by taking measures both with respect to their candidacy and appointment, which involves various persons with different tasks (internal committees, Board, Shareholders' Meeting), and after the appointment, during the exercise of their duties in the continuous 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.

Elements of diversity

The Board, also based on the long-term experience gained during the Board performance evaluation, recommends that the Board structure includes a set of different and complementary expertise and experiences. To this end, the Board has identified the following elements of diversity:

(i) consolidated experience - gained as Executive Director or manager with top management functions within industrial groups of significant size and/or complexity, operating in one or more of the business sectors comprised in the corporate purpose - and in-depth knowledge of the market in which the Company carries out its activities and of the developments in the said market in order for the Company's management to be entrusted to people with extensive expertise, experience, ability and strategic vision;

(ii) consolidated experience - gained in professional firms, auditing firms, consulting firms or in the academic or institutional field - in legal, economic, financial and internal control and risk matters, in order to make a contribution to the knowledge of these matters that is relevant for the Company's activities and complementary to managerial experience.

(iii) managerial or professional international experience in the field of innovation applied to the media sector and knowledge of the international market so that the Company can benefit from such knowledge;

(iv) presence on the Board of at least 2/5 of Directors of the less represented gender so the Company can benefit from the different points of view and experiences that gender diversity provides;

(v) majority of non-Executive Directors;

(vi) possession by the Directors who make up the share of the Board of Directors identified pursuant to Recommendation 5 of the Corporate Governance Code of the independence requirements established by law and by the Corporate Governance Code for the purposes of the same identified Code;

(vii) balanced combination of different length of service and age groups, to balance the need for management continuity and renewal and to benefit from the different points of view and experiences.

Implementation of the Policy

In accordance with the Shareholders' prerogatives in the designation and appointment of the members of the Board, upon renewal of the management body, the Board expresses its view to shareholders on the composition of the management body in the report to the shareholders, in order to make known the diversity criteria and objectives set out in the Board's current diversity policy.

The Board of Directors takes into account the indications contained in the Board's Diversity Policy, in the event it is called to co-opt one or more members of the Board pursuant to Art. 17 of the Bylaws.

The Governance and Appointments Committee takes into account the indications of the Board's Diversity Policy if it has to propose candidates to the Board, to replace Independent Directors.

The Governance and Appointments Committee and the Board of Directors takes into account the indications of the Board's Diversity Policy if they have to identify candidates for the position of Director in case, upon of renewal of the body, the outgoing Board decides to make use of the option provided for in Art. 17 of the Bylaws to present its own list of candidates.

Monitoring the implementation of the Policy and its updating

The Board, with the support of the Governance and Appointments Committee, is responsible for monitoring the results deriving from the implementation of this Policy and updating it.

The results deriving from the implementation of this Policy will be provided in the report on corporate governance and ownership structure envisaged by Art. 123-bis of the Consolidated Law on Finance.

ATTACHMENT D

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors													Control, Risk and Sustainability Committee		Compensation Committee		Governance and Appointments Committee		Executive Committee		Related Parties Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non exec.	Indep.per Code	Indep.per TUF	Numbero theroffices ***	(*) (1)	(*) (2)	(**)	(*) (3)	(**)	(*) (4)	(**)	(*) (5)	(**)	(*) (6)	(**)
Chairman ()	Fedele Confalonieri	06/08/1937	16/12/1994	27/06/2018	31/12/2020	M	X					15/16							6/7	P		
Deputy Chairman Chief Executive Officer	Pier Silvio Berlusconi	28/04/1969	28/07/1995	28/06/2018	31/12/2020	M	X				2	15/16							0/7	M		
Director	Marina Berlusconi	10/08/1966	28/07/1995	27/06/2018	31/12/2020	M		X			2	8/16										
Director	Marina Brogi	15/07/1967	27/06/2018	27/06/2018	31/12/2020	M		X	X	X	2	16/16	16/16	M	4/4	M					6/6	P
Director	Andrea Canepa	21/11/1961	27/06/2018	27/06/2018	31/12/2020	M		X	X	X		16/16			4/4	P						
Director	Raffaele Cappiello	17/09/1968	27/06/2018	27/06/2018	31/12/2020	m		X	X	X	2	16/16					6/6	P				
Director	Costanza Esclapon de Villeneuve	28/09/1965	27/06/2018	27/06/2018	31/12/2020	m		X	X	X	1	14/16	16/16	M								
Director	Giulio Gallazzi	08/01/1964	27/06/2018	27/06/2018	31/12/2020	m		X	X	X	1	16/16									6/6	M
Director	Marco Giordani	30/11/1961	20/03/2001	27/06/2018	31/12/2020	M	X					16/16							6/7	M		
Director	Francesca Mariotti	16/03/1973	27/06/2018	27/06/2018	31/12/2020	M		X	X	X		15/16			4/4	M	6/6	M				
Director	Gina Nieri	02/12/1953	28/09/1998	27/06/2018	31/12/2020	M	X					16/16							7/7	M		
Director	Danilo Pellegrino	18/09/1957	27/06/2018	27/06/2018	31/12/2020	M		X			2	15/16										
Director	Niccolò Querci	10/05/1961	22/04/2009	27/06/2018	31/12/2020	M	X					16/16							7/7	M		
Director	Stefano Sala	23/09/1962	29/04/2015	27/06/2018	31/12/2020	M	X					16/16							7/7	M		
Director	Carlo Secchi	04/02/1944	20/04/2006	27/06/2018	31/12/2020	M		X	X	X		16/16	16/16	P			6/6	M			6/6	M
OUTGOING DIRECTORS DURING THE REPORTING YEAR																						

	Control, Risk and Sustainability Committee:	Remuneration Committee:	Governance and Appointments Committee:	Executive Committee:	Related Parties Committee:
Number of meetings held during the reporting period: 16	16	4	6	7	6
Indicate the quorum required for the presentation of lists by minorities for the appointment of one or more members (pursuant to Art. 147-ter of the TUF): 1% (***)					

NOTES

· This symbol indicates the internal control and risk management system Director.
* 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 the issuer.
** This column shows the list from where each Director was taken ("M": majority list; "m": minority list; "BoD": list presented by the Board of Directors).
*** This column shows the number of offices of Director or statutory auditor held by the person concerned in other companies listed on regulated markets, also outside Italy, in the financial, banking, and insurance companies all companies of a significant size. In the Corporate Governance Report, appointments are indicated in full. This information has not been provided for the outgoing Directors.
(*) This column shows the participation of Directors in Board meetings and Committee meetings respectively (indicate the number of meetings attended compared to the total number of those which they could have attended);
(**) This column shows the qualification of the Director on the Committee: "P": Chairman "M": member.
(***) Shareholding applicable to the Company for presentation of lists by minorities as per Consob Resolution No. 20273 of 24 January 2018

ATTACHMENT E

Criteria defined by the Board of Directors of Mediaset S.p.A. to assess the significance of commercial, financial or professional relationships and the additional remuneration of independent directors

I. According to letter c) of Recommendation 7, a Director's independence would be compromised or would appear compromised "*if, directly or indirectly (for example through subsidiaries or of which they are an Executive Director, or as a partner of a professional firm or a consulting firm) has, or has had in the three previous years, a significant commercial, financial or professional relationship:*

- with the company or companies controlled by it, or with the related Executive Directors or top management;
- with a person who, also together with others through a shareholders' agreement, controls the company; or, if the parent is a company or entity, with the related Executive Directors or top management.

In this regard, the Board of Directors considered that, as a rule and without prejudice to the principle of the prevalence of substance over form, a significant relationship exists when:

- for this relationship, the Director receives - or has received in the three previous years - from the parties identified in the aforementioned letter c) of Recommendation 7, a consideration, remuneration or annual compensation which at the same time exceeds (i) 15% of the Director's turnover (if the Director receives self-employment income) or 15% of their taxable income (if the Director only has income other than from self-employment) and (ii) the remuneration due to them for the office of Director of the Company (including both the "fixed" emolument and the remuneration for participation in committees.

  In the event that the Director is a partner in a professional firm or consulting firm or controls a company or is an Executive Director of a company, the consideration, remuneration or compensation for the commercial, financial or professional relationship (i) must not exceed 5% of the total turnover of the professional firm, consultancy company or company controlled by the Director or of which they are an Executive Director and (ii) the amount of the consideration, remuneration or compensation must be assessed in the light of the percentage share held by the Director in the aforementioned entities;
- the Director, regardless of economic value, has received a particularly prestigious professional assignment or one relating to particularly important operations of the Company and the group to which it belongs, taking into account the professional activity generally carried out by the Director and the entity and the importance of the tasks generally received.

II. According to letter d) of Recommendation 7, the independence of the Director would be compromised or would appear compromised "*if they receive, or have received in the previous three financial years, from the company, its subsidiary or the parent company, a significant additional remuneration with respect to the fixed remuneration for the office and that provided for participation in the committees recommended by the Code or provided for by current legislation.* "

In this regard, the Board of Directors of the Company believes that, as a rule and without prejudice to the principle of the prevalence of substance over form, the additional remuneration is "significant" only if it exceeds the overall remuneration by 50% (represented by the remuneration as Director and by the remuneration for participation in committees) due to the Director.

The occurrence of one of the circumstances defined above, which according to the Code are characterised by their significance, does not mean that the independence of the Director is automatically lost pursuant to Art.147 ter, paragraph 4, lett. c) of the TUF. Any loss of this requirement must be subject to a specific assessment made in accordance with the law.

ATTACHMENT F

Company Bylaws

Board of Statutory Auditors

Art. 28)

1. The ordinary Shareholders' Meeting elects the Board of Statutory Auditors, consisting of three regular auditors and three alternate auditors, who remain in office for three financial years until the date of the Shareholders' Meeting convened to approve the Financial Statements of the third financial year. The auditors may be re-elected.

All Statutory Auditors shall be included in the register of auditors established pursuant to law and have carried out auditing for a minimum of three years.

Statutory Auditors shall meet requirements established by laws and by regulations in force, which shall be verified by the Board of Directors.

2. Statutory Auditors are appointed based on lists presented by shareholders, with the procedure established below. The lists shall indicate at least one candidate for the position of Regular Auditor and one candidate for the position of Alternate Auditor and may contain up to a maximum of three candidates for the position of Regular Auditor and a maximum of three candidates for the position of Alternate Auditor. The candidates are listed in consecutive order.

Each list consists of two sections. One is for candidates for the position of regular Auditor and the other for candidates for the position of alternate Auditor. Each candidate may only be in one list. Failure to observe this regulation will make the candidate ineligible.

Lists which, in the section for regular auditors, have at least three candidates shall include in the first two places of the same section, and in the first two places of the section of alternate auditors, candidates of a different gender.

3. Lists may only be presented by shareholders who have voting rights and who, either alone or together with other shareholders, represent the amount of share capital indicated in the Company Bylaws to present lists for the appointment of members of the Board of Directors. Each shareholder may not present, or take part in presenting, or vote for, more than one list, even through an intermediary or trust company. Shareholders belonging to the same group – namely the parent company, subsidiaries and companies subject to joint control – and shareholders that take part in a shareholders' agreement pursuant to Art. 122 of Legislative Decree 58/1998 relative to shares of the Company, may not present, or take part in presenting, or vote for, more than one list, even through an intermediary or trust company.

Ownership of the minimum number of shares required to present the lists, is calculated by taking into account (i) the shares that are registered in the shareholder's name on the day when the lists are filed at the Company and (ii) the share capital of the Company on that date.

The certification proving ownership may also be presented after the list has been filed, provided this is within the deadline for the company to publish the lists.

4. The lists, which shall include the professional curricula of candidates and be signed by the shareholders presenting them, shall be filed at the Company's registered office within twenty-five days prior to the date of the Shareholders' Meetings on first or single call, without prejudice to the terms established by law for filing notices convening meetings subsequent to meetings on first call, and made available to the public, according to pro tempore laws in force.

Without prejudice to the possibility to produce certification proving the ownership of shares according to the terms in paragraph three herein, when presenting lists, (i) information shall be given relative to the identity of shareholders submitting the list, indicating the percentage of their total shareholding, (ii) curricula of all candidates shall be submitted containing exhaustive information on their personal and professional profiles and (iii) additional information, required by pro tempore laws in force shall be provided, indicated in the notice convening the Shareholders' Meeting. Shareholders other than those that hold, also jointly, a controlling or relative majority shareholding shall also present a statement certifying the absence of any relationships with the latter, as provided for by law. Within the same deadline, statements shall be filed by which the individual candidates accept their candidature and declare, under their own responsibility, that no reasons exist preventing them from being elected or making them incompatible as established by law, and comply with limits on the number of positions held as per paragraph 5 hereinafter, and that they meet the requirements of laws, regulations and the Company Bylaws for members of the Board of Statutory Auditors, and the list of administration and control positions they hold in other companies.

5. Persons who hold a number of administration and control positions that exceed the limits established by current laws may not be elected as Statutory Auditors.

6. Lists presented without observing the above provisions shall be intended as not presented and not included in the voting.

7. Statutory Auditors are elected as follows:

a) from the list that obtained the highest number of votes, two regular auditors and two alternate auditors are selected, based on the consecutive order in which they appear in sections of the list;

b) the other regular auditor and other alternate auditor are selected from the second list that obtained the highest number of votes in the Shareholders' Meeting, of lists presented and voted by shareholders who are not related to reference shareholders, pursuant to Art. 148, paragraph 2 of the TUF, based on the consecutive order in which they appear in sections of the list.

8. If several lists have obtained the same number of votes, there will be a ballot on those lists, as required by law, with the candidates from the list obtaining the simple majority of votes being elected.

9. The candidate in first place in the section of candidates for the position of regular auditor, elected pursuant to paragraph 7. b) above shall be appointed as Chairman of the Board of Statutory Auditors.

10. If the composition of the Board of Statutory Auditors obtained by applying the preceding paragraphs does not ensure gender balance, taking into account the order in which they are listed, the last elected in the list that has obtained the highest number of votes of the most represented gender shall be removed by a number necessary to ensure compliance with the requirement, and shall be replaced by the first non-elected candidates from the same list of the less represented gender. In the absence of a sufficient number of candidates of the less represented gender in the List that has obtained the highest number of votes, the shareholders' meeting shall appoint the missing Directors according to the majority established by law, ensuring satisfaction of the requirement.

11. If only one list is presented, the General Meeting votes on it. If the list obtains the relative majority, the three candidates in consecutive order in the relative section will be elected as regular auditors, and the three candidates in consecutive order in the relative section will be elected as alternate auditors; the Board of Statutory Auditors is chaired by the person ranking first in the section of candidates to this position in the presented listed.

In the event of the death, resignation or end of the term of office of a regular auditor, the alternate auditor elected in first place will take over, provided this replacement ensures a gender balance. Otherwise, the auditor elected in second place will be appointed.

If the Chairman steps down from office, the Statutory Board of Auditors chooses and appoints a new Chairman from its members, who shall remain in office until the first subsequent Shareholders' Meeting, which shall make appointments to make up the numbers of the Board of Statutory Auditors.

12. Where no lists exist, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting with relative majorities established by law and in compliance with pro tempore laws in force, also concerning gender balance.

13. If multiple lists are presented, and in the case of the death, resignation or end of the term of office of a regular auditor, the alternate auditor from the same list elected in first place will take over, provided this replacement ensures a gender balance. Otherwise, the auditor elected in second place will be appointed.

The following procedure is adopted by the Shareholders' Meeting to appoint auditors to make up the numbers of the Board of Statutory Auditors: if auditors elected from the majority list are to be replaced, the appointment takes place with a relative majority vote, without any list restrictions in compliance with pro tempore laws in force, also concerning gender balance; when, instead, auditors from the minority list have to be appointed, appointment is by relative majority vote, selecting candidates from the list in which the auditor to replace was included, or, subordinate to this, candidates of any other minority lists, in compliance with pro tempore laws in force, also concerning gender balance.

If there are no candidates from minority lists, the appointment takes place voting for one or more lists, comprising a number of candidates no greater than the number to be elected, presented before the date of the Shareholders' Meeting, and in compliance with provisions in this article for appointing the Board of Statutory Auditors, without prejudice to the fact that lists by reference shareholders or shareholders related to them, as defined by laws and regulations in force, may not be presented (and if presented will be void). Candidates in the list with the highest number of votes will be elected.

14. The Shareholders' determines the fees of auditors, in addition to expenses incurred for carrying out their duties.

15. The powers and the duties of the Statutory Auditors are established by law.

16. The Board of Statutory Auditors may also be held by teleconference or videoconference, on condition that all participants may be identified and are able to follow the discussion and speak concerning the items on the agenda in real time. The Shareholders' meetings are considered to have taken place where the Chairman and the secretary are located.

ATTACHMENT G

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In officesince	In office until	List **	Independence per Civil Code	Participation in Board meetings ***	Number of other appointments ****
Chairman	Giovanni Fiori	16/04/1969	20/04/2011	28 giugno 2017	31 dicembre 2019	m	X	4/4	6
Regular auditor	Flavia Daunia Minutillo	24/05/1971	20/04/2011	28 giugno 2017	31 dicembre 2019	M	X	4/4	13
Regular auditor	Riccardo Perotta	21/04/1949	19/01/1996	28 giugno 2017	31 dicembre 2019	M	X	3/4	10
Alternate auditor	Francesca Di Donato	02/04/1973	26/06/2020	26 giugno 2020	31 dicembre 2022	m	X		
Alternate auditor	Leonardo Quagliata	21/10/1953	26/06/2020	26 giugno 2020	31 dicembre 2022	M	X		
Alternate auditor	Francesca Meneghel	02/12/1961	29/04/2014	26 giugno 2020	31 dicembre 2022	M	X		
OUTGOING AUDITORS DURING THE REPORTING YEAR									
Chairman	Lonardo Mauro	16/04/1969	20/04/2011	28 giugno 2017	26 giugno 2020	m	X	29/29	10
Regular auditor	Francesca Meneghel	02/12/1961	29/04/2014	28 giugno 2017	26 giugno 2020	M	X	28/30	9
Regular auditor	Ezio Maria Simonelli	12/02/1958	29/04/2014	28 giugno 2017	26 giugno 2020	M	X	26/31	23
Alternate auditor	Sarubbi Stefano	06/12/1965	28/06/2017	28 giugno 2017	26 giugno 2020	m	X		
Number of meetings held during the reporting year: 33									
Indicate the quorum required for the presentation of lists by minorities for the appointment of one or more members (pursuant to Art. 148-*ter* of the TUF): 1% (*)									

NOTES

* The date of the first appointment of each statutory auditor means the date when the statutory auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the issuer.

** This column shows the list from where each auditor was taken ("M": majority list; "m"; minority list).

(*) This column shows the participation of statutory auditors in meetings of the Board of Statutory Auditors (indicate the number of meetings attended compared to the total number of those which they could have attended).

***This column shows the number of offices as Director or statutory auditor held by the person concerned pursuant to Art. 148 *bis* of the TUF.

(*) Shareholding applicable to the Company for presentation of lists by minorities as per Consob Resolution No. 19856/2017

ATTACHMENT H

PERSONAL AND PROFESSIONAL PROFILES OF THE BOARD OF STATUTORY AUDITORS

GIOVANNI FIORI *– Born in Padua on 15 December 1961. Graduated in Economics and Commerce at the Luiss Guido Carli University of Rome - He has been enrolled on the Register of Chartered Accountants since 1988 and on the Register of Auditors since 1995. He has been Full Professor of Business Economics at the LUISS Guido Carli University since 2000. Founding partner of Fiori & Associati, he carries out consultancy activities in the field of corporate restructuring, M&A and forensic accounting.* He is Chairman of the Board of Directors of Elettra 1938 S.p.A. and of the CFI (Italian Railway Company) S.p.A.. He is Chairman of the Board of Statutory Auditors of Mediaset S.p.A., Saipem S.p.A., Luxottica S.p.A., Italo Treno S.p.A. and Astaldi S.p.A.

FLAVIA DAUNIA MINUTILLO *- Born in Milan on 24 May 1971, she graduated in Economics and Commerce in 1995 and is a Chartered Accountant and Statutory Auditor and a licensed Professional Mediator. Passionate about governance, from 1998 to date she has held the position of Statutory Auditor and Chairman of the Board of Statutory Auditors in banks, listed companies, securitisation companies, trust companies, financial companies, factoring companies, SIMs and AMCs, holding companies, as well as real estate, industrial, service and commercial companies. In particular, she has been Chairman of the Board of Statutory Auditors of Generali Real Estate SGR since 2015; Regular auditor of the listed Banca Generali S.p.A., the Fondo Strategico Italiano Investimenti S.p.A., the listed Mondadori S.p.A. and Rizzoli Education S.p.A..*

RICCARDO PEROTTA *- Born in Milan on 21 April 1949. He was awarded a degree in Economics and Business from Luigi Bocconi University, Milan. He has been a certified public accountant since 1975 and a registered auditor since 1995. He is Senior Professor at Bocconi University, where he is responsible for teaching about financial statements and extraordinary management operations, for students in the first year of the two-year CLELI specialist degree. He works as a freelancer as a chartered accountant and managing partner of Perotta & Partners. He has participated as a speaker at numerous conferences on extraordinary transactions and corporate governance. He has held positions of Director and Statutory Auditor in numerous listed companies including EI Towers, Eni, Fiat, Mediolanum, Parmalat, Prada, Saipem and Snam Rete Gas. He currently holds the position of Chairman of the Board of Statutory Auditors in AGC Biologics, Cassa Lombarda, Creset, Fire, Fire Group, FSI and Saipem Offshore Construction and the position of Regular Auditor in Boing, International Energy Services, Mediaset and Servizi Energia Italia.*

ATTACHMENT I

Diversity Policy of the Board of Statutory Auditors of Mediaset S.p.A.

This Policy is adopted by the Board of Directors of Mediaset S.p.A. (hereinafter the "Board" and the "Company"), in compliance with the laws on sustainability (the "Board of Statutory Auditors' Diversity Policy"). More specifically, the Board of Statutory Auditors' Diversity Policy has been adopted in implementation of the provisions of art. 123-bis, paragraph 2, letter d-bis) of Legislative Decree No. 58 of 24 February 1998 ("TUF").

The Board of Statutory Auditors and the Governance and Appointments Committee were involved in the adoption of the diversity policy of the Board of Statutory Auditors, which expressed a preliminary favourable opinion on the Policy to the Board.

Purpose of the policy and elements of diversity

The purpose of the Board of Statutory Auditors' Diversity Policy is to identify the elements of diversity necessary to ensure that the statutory auditors contribute to the decisions of the body with different and qualified points of view and is therefore intended to indicate the experiences and skills of the statutory auditors that are considered functional to achieving an optimal composition of the Board of Statutory Auditors.

The Board recommends that the Board of Statutory Auditors includes a set of different and complementary expertise and experiences. As the Board of Statutory Auditors is composed of three regular auditors (and three alternate auditors), one of whom was elected by the minority shareholders, the Board identified the following elements of diversity:

(i) an adequate level of experience and knowledge regarding the market in which the Company operates, the governance system, the accounting and financial analysis and the regulatory framework, or several years' experience with listed companies;

(ii) gender diversity so that at least 2/5 of the Regular Auditors on the Board are of the less represented gender, to ensure the Company can benefit from the different points of view and experiences that gender diversity provides;

(iii) different length of service to balance the need for control continuity and renewal and to benefit from the different points of view and experiences that characterise the greater or lesser length of service.

Implementation of the Policy

In accordance with the Shareholders' prerogatives in the designation and appointment of the members of the Board of Statutory Auditors, upon renewal of the body, the outgoing Board of Statutory Auditors express their view on the composition of the body, in keeping with this policy. This view is reflected in the Board of Statutory Auditors' report to the shareholders in order to disclose the diversity criteria and objectives set out in the Diversity Policy of the Board of Statutory Auditors.

Monitoring the implementation of the Policy and its updating

The Board, with the support of the Board of Statutory Auditors and the Governance and Appointments Committee, is responsible for monitoring the results deriving from the implementation of this Policy and updating it.

***

The results deriving from the implementation of this Policy will be provided in the report on corporate governance and ownership structure envisaged by Art. 123-bis of the Consolidated Law on Finance.

For the Board of Directors

The Chairman

Mediaset Group
Report on Remuneration and Compensation Paid

Written pursuant to art. 123-ter of Legislative Decree No. 58/1998 of 24 February 1998, amended by art. 3 of Legislative Decree No. 49/2019 of 10 May 2019, and pursuant to art. 84-quater of the Issuers Regulations, Consob Resolution No.11971 of 14 May 1999, as amended and supplemented, and in accordance with Attachment 3A Charts 7-bis and 7-ter of said Regulations.

MEDIASET

Contents

Letter from the Committee Chairman

Dear Shareholders,

I am particularly pleased to present the Mediaset Group's Report on the Remuneration Policy for 2021 and the compensation paid in 2020 to the Delegated Bodies, Key Management Personnel, non-executive Directors and Supervisory Board members.

The year 2020 was particularly demanding for the Mediaset Group, firstly with the failure to complete the anticipated cross-border merger takeover of Mediaset S.p.A. and Mediaset España Comunicación S.A. by the new international organisation "MFE - MEDIAFOREUROPE N.V.", and secondly by having to deal with the unimaginable public health emergency (albeit with great foresight and commitment), which also affected Compensation matters. Indeed, as well as measures being brought in to protect employee health and safety, the crisis also impacted decisions on the compensation of top management, with the decisions to leave the short-term performance targets unchanged and not to initiate the third cycle of the Medium/Long–Term Incentive Plan, which had already been suspended after the merger did not materialize.

The Policy we present to you at the end of our three-year mandate takes into account all new developments introduced by the Corporate Governance Code and the Issuers' Regulation, and intends to integrate into the process of gradually and fully aligning with the recommendations of Proxy Advisors and the national and international best practices followed in recent years. In addition to providing greater disclosure of the objectives and performance indicators under the variable incentive schemes, the Remuneration Policy demonstrates a clear alignment with the Company's strategic objectives, spells out the Italian and European reference peer groups and – in terms of pay for performance – sets out the workings of the compensation paid under the Policy as related to the Company's results.

Furthermore, we have laid out a new medium/long–term (share-based) incentive and loyalty plan, which both capitalises on the high-value components of previous plans and introduces innovative elements in the areas for improvement indicated by the Proxy Advisors. The plan will extend the lockup period to 24 months following the end of the three-year vesting period to spread across a total of five years; will adopt predefined three-year economic and financial objectives; and will introduce relative base market indicators marked against a panel of international competitors.

Finally, we paid particular attention during the year to the issue of sustainability and to evaluating which are the most suitable and effective indicators to measure the Group's performance in ESG matters and guide the company toward meeting its strategic objectives in this regard. I am sure that this work will bear fruit under the guidance of the soon-to-be-established Compensation Committee, and that it will be naturally accommodated into the 2022 Remuneration Policy.

I trust that both sections of this Report, which we present to you for your approval, will meet your expectations. In doing so, I extend my thanks to the directors Marina Brogi and Francesca Mariotti for their invaluable contribution, and I thank you in advance for your support shown during the shareholders' meeting.

Milan, 26th April 2021

Committee Chairman

Andrea Canepa

SECTION I - Remuneration Policy

1. Introduction

This Report, approved by the Board of Directors on 26 April 2021, describes - in the two sections that it comprises - the principles and guidelines of the Mediaset S.p.A. Remuneration Policy for 2021 and its implementation during the previous financial year, on a transparent basis and in compliance with applicable standards and regulations.

On 22 April 2021, the Compensation Committee submitted to the Board of Directors a proposal for a general Remuneration Policy.

The Remuneration Policy is based on the conviction that there is a close connection between the remuneration of the delegated bodies and key managers, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a policy capable of 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.

The Remuneration Policy, issued on an annual basis, developed pursuant to article 123-ter of Legislative Decree 58/1998, as amended by article 3 of Legislative Decree 49/2019 of 10 May 2019, pursuant to article 84-quater of the Issuer Regulation (CONSOB Regulation 11971 of 14 May 1999, as amended and supplemented) and in accordance with the Procedure for Transactions with Related Parties adopted by the Group on 9 November 2010, is submitted, in both its sections, to the approval (binding in the case of section I and non-binding in the case of section II) of the shareholders at the Shareholders' Meeting also called to approve the 2020 Annual Report.

1.1. Key elements of the Remuneration Policy

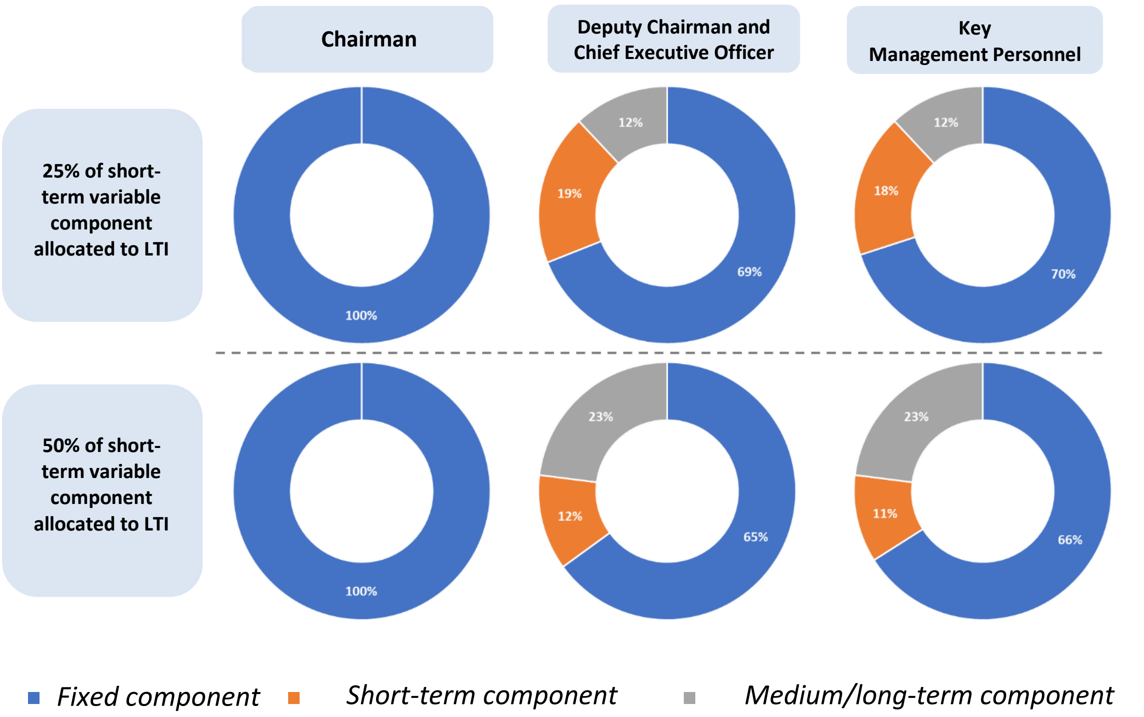
<table>
<tr><td rowspan="4">Fixed component</td><td>Purposes and Main Characteristics</td><td colspan="2">Compensates responsibilities assigned, experience and distinctive skills possessed.
Is in line with the best market practices and such as to guarantee an adequate level of retention</td></tr>
<tr><td rowspan="3">Amount</td><td>Chairman</td><td>€ 1,875,000</td></tr>
<tr><td>Deputy Chairman and Chief Executive Officer</td><td>€ 1,408,000</td></tr>
<tr><td>Key Management Personnel</td><td>Pay linked to the significance of the position</td></tr>
</table>

<table>
<tr><td rowspan="5">Variable short-term component</td><td>Purposes and Main Characteristics</td><td colspan="2">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 Group'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</td></tr>
<tr><td>Mechanism of correlation with Group results</td><td colspan="2">Group Net Profit and Italy EBIT</td></tr>
<tr><td rowspan="2">Amount (before allocation to LTI)</td><td>Deputy Chairman and Chief Executive Officer</td><td>€ 500,000</td></tr>
<tr><td>Key Management Personnel (Average)</td><td>€ 480,000</td></tr>
<tr><td>Performance Objectives</td><td>Deputy Chairman and Chief Executive Officer</td><td>Net Financial Position (50%) and Group EBIT (50%)</td></tr>
</table>

		Key Management Personnel	Defined according to the scope of assigned responsibility
	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 make it possible, when some circumstances occur, to request the return, in whole or in part, of sums already paid or to not pay them	

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 key personnel and the alignment of the objectives of management with those of the shareholders. • The plan is activated by allocating a share of 25% or 50% target bonus of the short-term incentive system. This share is converted into rights to receive shares of the Company; at the same time, Mediaset attributes a corresponding number of rights to the beneficiary (matching)
	Amount	Short-term portion of the plan, doubled due to matching
	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 make it possible, when some circumstances occur, to request the return, in whole or in part, of shares already assigned or to not assign them.

Theoretical pay mix



1.2. Alignment between Remuneration Policy and Business Strategy

The Remuneration Policy has been established in line with, and is aimed at achieving, the following main strategic objectives of the Group:

- first, consolidating leadership in the nationwide core business by providing a distinctive broadcasting service model, by maximising commercial value, by streamlining production processes and by overseeing regulatory and infrastructural development;
- in parallel, evaluating development opportunities for supranational media activities (mainly in OTT, AD Tech and Content).

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.

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.

One of the cornerstones of the corporate strategy has always been to manage and enhance human resources. The focus dedicated to the Group's employees and their working conditions has led into various communication, development and training initiatives for the entire workforce in areas such as sustainability. These have included the employee engagement survey and activities on environmental, social and govern issues, in which almost half of the workforce actively participated in 2020. The Group is intensifying its efforts and orienting its strategy in these issues, with numerous projects launched and conveyed as part of its broadcasting content.

With a view to a progressive improvement path, some of these metrics are being assessed and monitored so that they can be adopted as incentive system objectives in subsequent Remuneration Policies, thus demonstrating the ever-increasing alignment between Strategy, Sustainability and incentive systems.

1.3. Consistency with working conditions and compensation offered

The Group's Remuneration Policy has been drawn up to be consistent with the 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 resources.

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 uncontextual 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, the short-term incentive system applies, under identical rules, to the Deputy Chairman and Chief Executive Officer, to Key Management Personnel and to all Executives and commercial officers. 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:

Level	Maximum penalty
Deputy Chairman and CEO	100%
Key Management Personnel and first and second-grade Executives	50%
Other executives	25%
Middle managers and Office workers	0%

All employees, regardless of their category, also benefit from numerous welfare and wellbeing services, many of which are provided at dedicated service areas on the Group's premises (medical centre, fitness area, post office, bank, shopping areas...). Benefits also include health care and supplementary pension plans.

1.3.1. COVID 19 public health emergency

In dealing with the COVID-19 public health emergency, the Group immediately implemented specific measures to protect the health and safety of its staff and to monitor the wage impacts on the various categories of employees.

In terms of the organisational measures adopted:

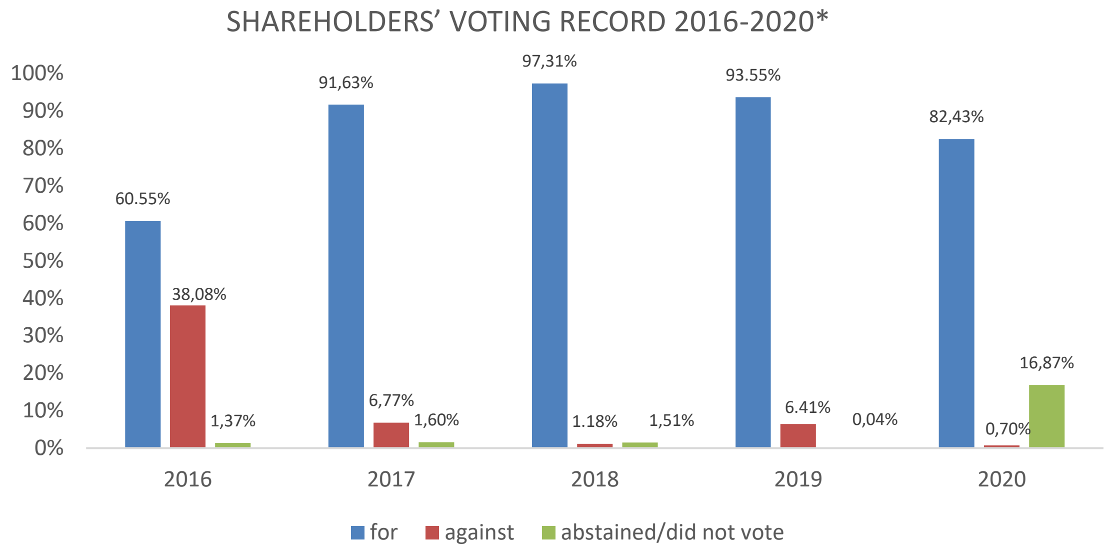
- remote working plans were accelerated – more than 2,000 people are currently working remotely – to limit overcrowding in the Group's offices, with access allowed only to the personnel necessary to maintain business continuity;
- extraordinary sanitation measures were implemented in all working environments, with temperature checks set up at entrances and personal protective equipment distributed daily to everyone accessing the Group's offices;
- protocols were drawn up to ensure weekly screening (rapid swabs) of all staff operating at the production centres, and all employees with virus-like symptoms were offered a rapid molecular swab test at the Group's drive-through facility;
- all employees were offered flu and pneumonia jabs and the health authorities were invited to roll out the anti-COVID 19 vaccination campaign to all staff.

From a compensation point of view, the Group ensured that its operating staff whose work was temporarily suspended during the first months of the emergency had timely access to the wage guarantee fund, thus ensuring that the compensation they received remained unchanged.

1.4. Voting record on the Remuneration Policy

In recent years, the Compensation 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.

This improvement trajectory has led to a gradual increase in shareholder consent, as shown in the following graph, in which there was a higher rate of abstention during the vote on the last Remuneration Policy, which was approved in continuity with the previous one, probably due to expectations that the cross-border merger would be completed, thus resulting in a new Remuneration Policy being drafted.



* Voting figures for the years 2016-2019 refer to the Compensation Report in its entirety, whereas voting figures for the year 2020 refer to Section I of the Report.

2. Governance model

2.1. Bodies and/or individuals involved

Mediaset's Remuneration Policy is defined clearly and transparently through a shared process involving the Board of Directors, the Compensation Committee, the Shareholders' Meeting and the relevant company department (Human Resources and Operations Central Department).

The Board of Directors, following proposals by the Compensation Committee, establishes the general compensation policy for delegated bodies and key management personnel.

On an annual basis, the Board of Directors submits Section I of the Report - which describes the Remuneration Policy for directors, key management personnel and supervisory body members - to the Shareholders' Meeting for approval. From 2020, the resolution of the Shareholders' Meeting is binding.

Beginning 2020, Section II of the Report - which describes the compensation paid to Directors and supervisory body members during the previous financial year - is also subject to a non-binding vote by the Shareholders' Meeting.

The Board of Directors is also directly responsible for implementing the policy for the remuneration of delegated bodies.

Delegated bodies, within their area of responsibility, and the Human Resources and Operations Department, are responsible for the remuneration policy for key management personnel.

As provided for by article 123-ter, paragraph 3-bis of the Consolidated Finance Law, 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 keeping with the principles which guided the Group's Remuneration Policy. In this case, the Board of Directors will pass a resolution for a temporary derogation in remuneration matters, as referred to in chapter 4 of this Remuneration Policy, after receiving the opinion of the Compensation Committee and consulting the Related Parties Committee. Also to this effect, the Board consults experts of professional renown and know-how, after having ascertained their independence and freedom from any conflicts of interests.

2.2. Compensation Committee

The Compensation Committee includes three non-executive and independent directors 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 currently comprises the following directors:

Members of the Compensation Committee		
Andrea Canepa	Chairman	Independent Director
Marina Brogi	Member	Independent Director
Francesca Mariotti	Member	Independent Director

The Board have vested the Compensation Committee with the following responsibilities:

- periodically review the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of the Chairman, Deputy Chairman and Chief Executive Officer, and key management personnel, using, as regards the latter, information supplied by the Chairman and by the Deputy Chairman and Chief Executive Officer, and by submitting the related proposals to the Board of Directors;
- provide advance opinions on the proposals put forward by the Board of Directors and by the Chairman and/or Deputy Chairman and Chief Executive Officer on its behalf, concerning the compensation of the Chairman and of the Deputy Chairman and Chief Executive Officer and on setting performance objectives related to the variable component of the remuneration; It also monitors the application of decisions taken by the Board;

- provide advance opinions on the proposals put forward by the Board of Directors and by the Chairman and/or Deputy Chairman and Chief Executive Officer on its behalf, concerning the definition by Mediaset S.p.A.'s delegated bodies on the remuneration of key management personnel and of the other key executives of the Mediaset Group;
- provide advance opinions on proposals put forward by the Board of Directors and by the Chairman and/or Deputy Chairman and Chief Executive Officer on its behalf, concerning general regulations for allocating compensation (allocation, rejection or reversal) to employees of the companies of the Mediaset Group designated to fill positions in administrative and control bodies and/or in committees appointed by administrative bodies of Italian or foreign subsidiaries or investee companies;
- make proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

During 2020, the Committee carried out the activities under its responsibility; among other things, it:

- in relation to the Medium-long term Incentive Plan for 2018/2020, it formulated a proposal regarding the objectives and categories of recipients for the 2019 financial year;
- approved the recognition of the variable component for the key management personnel, as proposed by the Deputy Chairman and Chief Executive Officer;
- expressed a favourable opinion regarding the SIA (Annual Incentive System) performance objectives set for the 2020 financial year in connection with the variable pay component for directors in specific positions (Deputy Chairman and Chief Executive Officer);
- approved the proposed Report on Remuneration Policy and Compensation Paid;
- approved the adjustments to the “target” values of the LTI Plan for 2015-2017, in accordance with the Plan provisions (Art. 10.3);
- (in light of the failure to complete the cross-border merger takeover of Mediaset S.p.A. and Mediaset España Comunicación SA by Mediaset Investment NV) expressed a favourable opinion on revoking the suspension of the Medium/Long–Term Incentive and Loyalty Plan for the years 2018–2020, on proceeding with the 2018 and 2019 cycles as normal and on not implementing the third three-year cycle under the same plan;
- acknowledged the completion of the process of assessing the conditions of the LTI 2015-2017 Plan for 2017.

In 2020, the Committee found – based on the information exchanged with the central Human Resources, Procurement and Services Department – that the Remuneration Policy approved by the Shareholders' Meeting on 26 June 2020 had been consistently applied.

During 2021, the Committee:

- (in joint session with the Governance and Appointments Committee) examined the main developments and opportunities for adapting the Report on the Remuneration Policy to art. 5 of the Code;
- monitored the continued engagement of the Proxy Advisors and Stakeholders, by the relevant departments;
- examined the proposal to establish a three-year Medium/Long–Term Incentive and Loyalty Plan, which would have identical purposes and similar characteristics to the previous plan, in particular by introducing three-year targets by drawing on the indicators laid down in the multi-year plans approved by the Board of Directors, by introducing a market-based indicator, by providing for the possibility to reward overperformance and by extending the lockup period to 20% of shares for 24 months;
- granted Willis Towers Watson the authority to undertake benchmarking activities to inform its opinion on the Remuneration Policy, as well as activities aimed at identifying adequate non-financial indicators aimed at evaluating whether these could be introduced in the next Remuneration Policy Report, to be published in 2022.
- approved the proposal to establish a three-year medium-long-term incentive and retention plan with the same aims and characteristics as the previous one;
- assessed the achievement of SIA's performance for the 2020 financial year of the Deputy Chairman and CEO;
- approved the proposed Report on Remuneration Policy and Compensation Paid.

2.3. Involvement of independent experts

On a regular basis, both the relevant company department (Human Resources and Operations) and the Compensation Committee analyse the fairness and competitiveness of the compensation packages of the Chairman and of the Deputy Chairman and 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.

In April 2021, the Compensation Committee sought the consultancy services of the company Willis Towers Watson to carry out a benchmark analysis – against the Italian market and the European media market – on the adequacy of the compensation package of the Chief Executive Officer, the Executive Chairman, the non-executive Directors and the Supervisory Body of Mediaset. Willis Towers Watson also provided consultancy services in evaluating the changes introduced into the Report on Remuneration, in particular to assess the implementation of recent regulatory provisions in the Remuneration Policy, taking into account emerging market practices.

3. Scope, purposes and principles of the Remuneration Policy

Mediaset's Remuneration Policy sets principles and guidelines for establishing the remuneration of:

- Delegated bodies
- Key Management Personnel
- Non-executive and independent directors
- Members of the Board of Statutory Auditors

With specific reference to the delegated bodies and key management personnel, it is inspired by the following objectives and guiding principles:

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	Mediaset believes the Remuneration Policy is a key vehicle for attracting, retaining and motivating key resources 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 ongoing 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 medium-long-term interest of the Company and its shareholders.
Consistency with working conditions and compensation offered	Compensation tools are coherently structured to ensure fairness in terms of the level of responsibility assigned and contribution to the Group's performance.

4. Remuneration of the delegated bodies and key management personnel

4.1. Reference Peer Group

In terms of the power of the new Board of Directors to determine the compensation of the Chairman and of the Deputy Chairman and Chief Executive Officer, as well as to determine how the total amount allocated by the Shareholders' Meeting to the administrative body will be distributed, two distinct reference panels have been identified for consideration when deciding compensation packages.

The first panel is made up of 14 Italian companies in the industrial sector, which are mainly listed on the FTSE MIB and FTSE Mid Cap indices.

The second panel is made up of 10 European companies in the Media & Entertainment sector, which are listed on the main exchanges.

The companies were determined based on their size (cap, turnover, number of employees).

Italian panel	RCS Mediagroup, Webuild, Italmobiliare, Autogrill, Rai Way, Saipem, Salvatore Ferragamo, ASTM, Leonardo, Brembo, Italgas, Pirelli, Snam, Telecom Italia
European panel	Atres Media, Tf1, Métropole Télévision, Nordic Entertainment Group AB, ProSiebenSat1 Media, StrÖer SE & CO KGAa, itv PLC, RTL Group, Informa PLC, Publicis Group

4.2. Structure of Remuneration

The structure of the remuneration of the delegated bodies (with the exception pf the Chairman) and key management personnel 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 key personnel 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 competitive advantage and address the various needs of the executive (welfare and improved quality of life)

As for the **Chairman**, under the comprehensive agreement made in July 2018[1] to review the form of working relationship, the current remuneration package was redesigned to include only the fixed component (compensation for office) and benefits.

4.3. Fixed component

The fixed remuneration of the delegated bodies and key management personnel 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 Mediaset, 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 delegated bodies and the key management personnel receive if they are employees of the company.
- **Compensation** the delegated bodies receive for the position of directors charged with specific tasks and key management personnel as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

4.4. Variable short-term component

Starting from 2017, the Mediaset Group has introduced a new Annual Incentive System, called SIA, applicable to the Deputy Chairman and Chief Executive Officer, the Key Management Personnel and to 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 details all the principles underlying the system, including the accessory clauses provided by the best practices on incentive matters.

In particular, the system provides that each receipient will be set objectives 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 reference from a target value set for each manager. Deductions may be made to this target value if certain productivity threshholds are not met, as illustrated below.

4.4.1. Mechanism of correlation

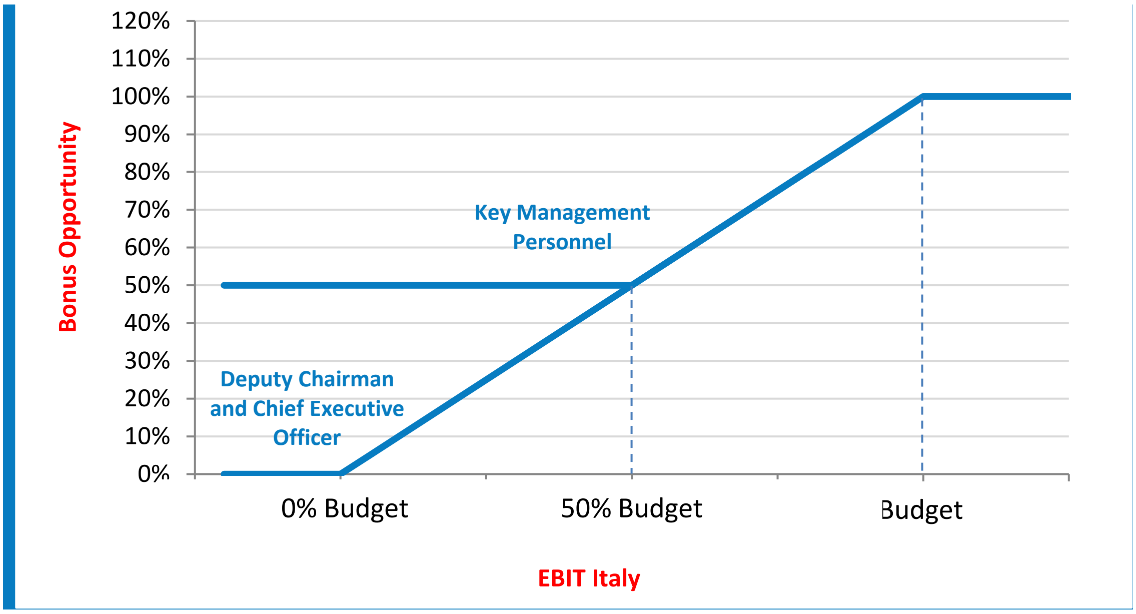
From 2019, a single correlation mechanism will apply to both the Deputy Chairman and Chief Executive Officer and Key Management Personnel, between the Group's economic results and the amount of incentives payable; this can determine any reduction in their target value, based

[1] Further information is available in the press release of 27 July 2018, published on the Company's website

on the performance of two parameters of the financial statements: Group Net Profit and EBIT Italy.[2] 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.

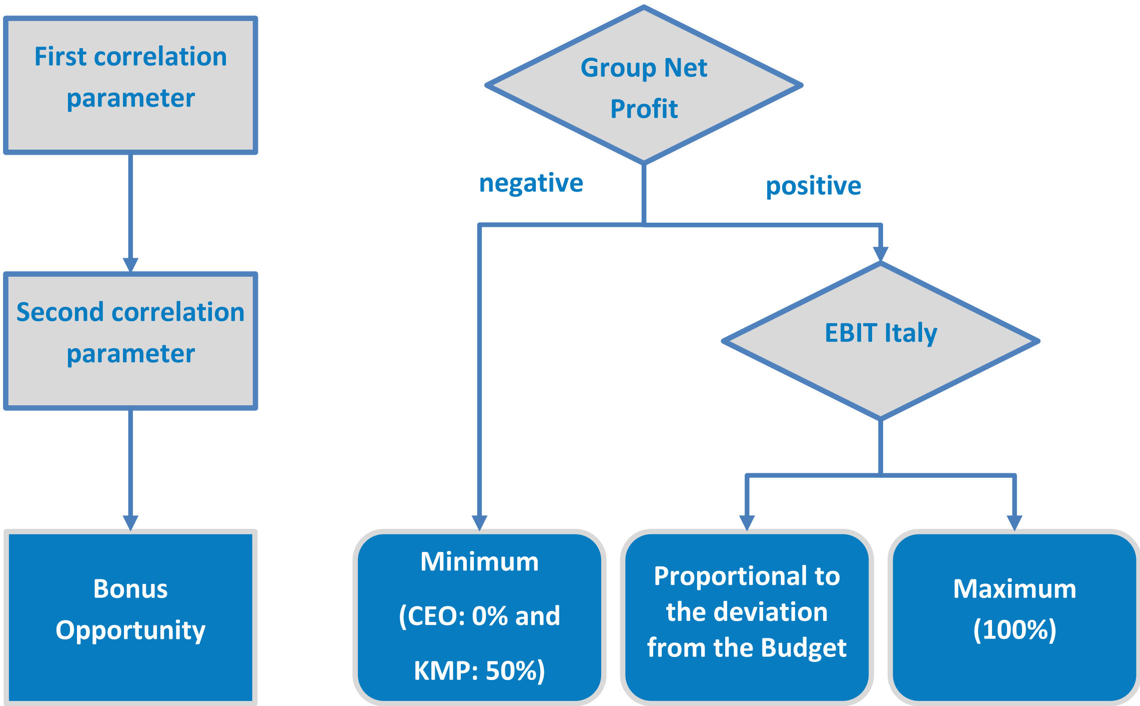
In particular:

- If Group Net Profit is negative, the short-term variable component will be reduced to zero for the Deputy Chairman and Chief Executive Officer, and will be reduced by 50% for Key Management Personnel
- 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:



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 Deputy Chairman and Chief Executive Officer and by 50% for Key Management Personnel.

[2] For this calculation, pro-forma EBIT was used net of the components of the variable incentive systems based on the profitability parameter

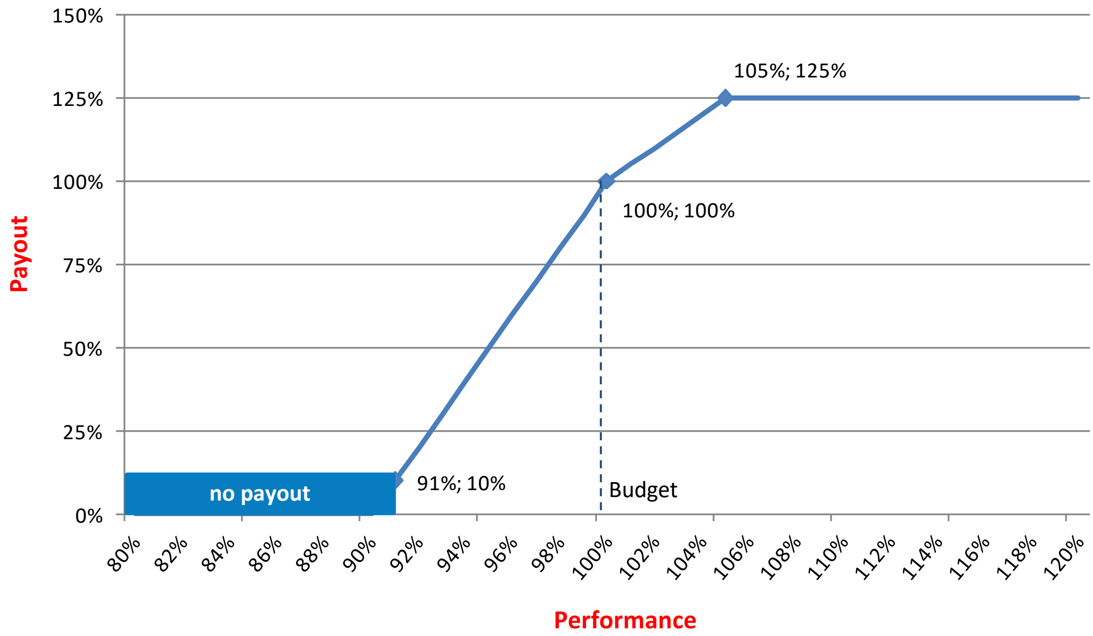


4.4.2. Set objectives

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 Deputy Chairman and Chief Executive Officer and to Key Management Personnel depending on the responsibilities related to the role and mainly consist of financial objectives. The objectives proposed for the Deputy Chairman and Chief Executive Officer and for each Key Manager who is a beneficiary of the SIA system are outlined below:

Correlation parameters on the Company's performance for re-determining targets if necessary	GROUP NET PROFIT	
	EBIT ITALY	

Position	Target	Weight
Deputy Chairman and Chief Executive Officer	Group EBIT	50%
	Group Net Financial Position	50%

Key Management Personnel		
Position	**Target**	**Weight**
CEO of RTI and Chief Financial Officer	Group Net Financial Position	40%
	EBIT of Radio Business Unit	30%
	EBIT of Digital Business Unit	30%
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	100%
Director of Human Resources and Operations	Operating costs of the Operations Area	30%
	Cost of labour Italy	30%
	Costs & investments of the Technology Dept.	20%
	Procurement savings	20%
CEO of Publitalia'80 and Chairman of Digitalia'08	Consolidated advertising revenues indexed to market	80%
	Concessionaire costs	20%

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.

4.4.3. 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.

4.5. Variable, long-term component

On 27 June 2018, the Shareholders' Meeting approved a medium-long-term incentive plan with similar characteristics and aims to the previous plan approved in 2015; the main objectives were 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.

On 26 April 2021, the Company's Board of Directors – upon the proposal of the Compensation and noting the effectiveness of this Plan – decided that a new plan with similar characteristics and ojectives should be submitted for the approval of the ordinary Shareholders' Meeting scheduled for 23 June 2021.

With a view to continuing the process of improving the compensation 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 lockup mechanism, which will make it possible to ensure greater alignment with international best practices and the recommendations introduced by the Corporate Governance Code.

The Plan is intended for delegated bodies, key management personnel and executives in first and second line management who hold strategically important positions, with a major impact on value creation for the Mediaset 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 Compensation Committee.

The plan consists in granting rights to receive free common shares of Mediaset S.p.A. (*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. The beneficiary receives one additional matching right for each base right deriving from deferring one share of his/her short-term target bonus.

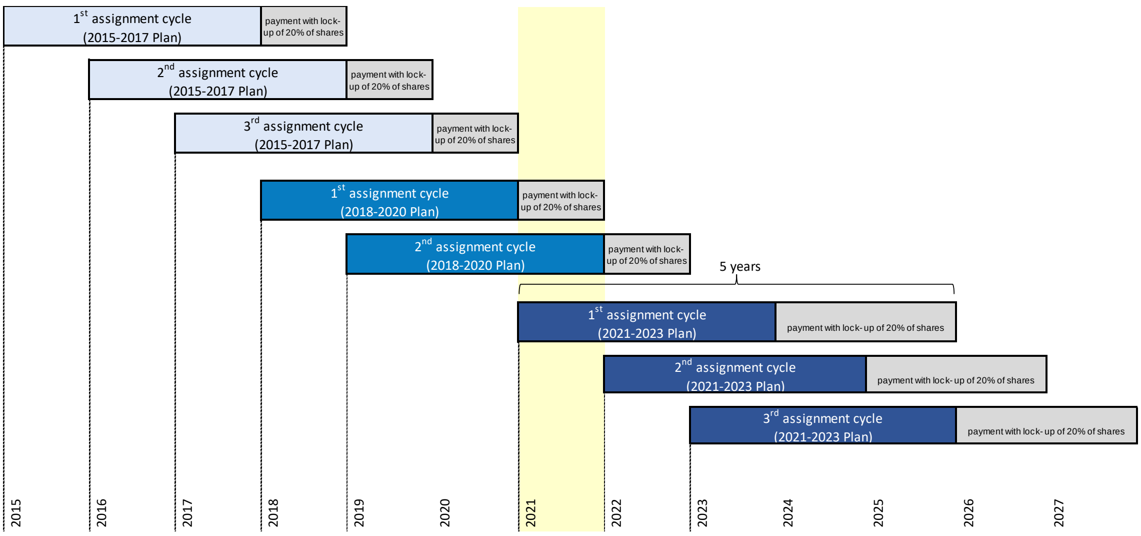
One common share of Mediaset corresponds to each right. The actual vesting of the rights, and therefore of the corresponding shares, is subject to:

- 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 Mediaset 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 and Mediaset Espana into MFE and due to the international public health emergency. Upon the proposal of the Compensation 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 approved the suspension of the third cycle.



In 2021, the rights relating to the first three-year cycle of the new Plan will be allocated and the shares relating to the first cycle of the 2018–2020 Plan will be assigned.

4.5.1. Objectives set for the Deputy Chairman and Chief Executive Officer and for Key Management Personnel

For all recipients, the plan sets out the following performance objectives:

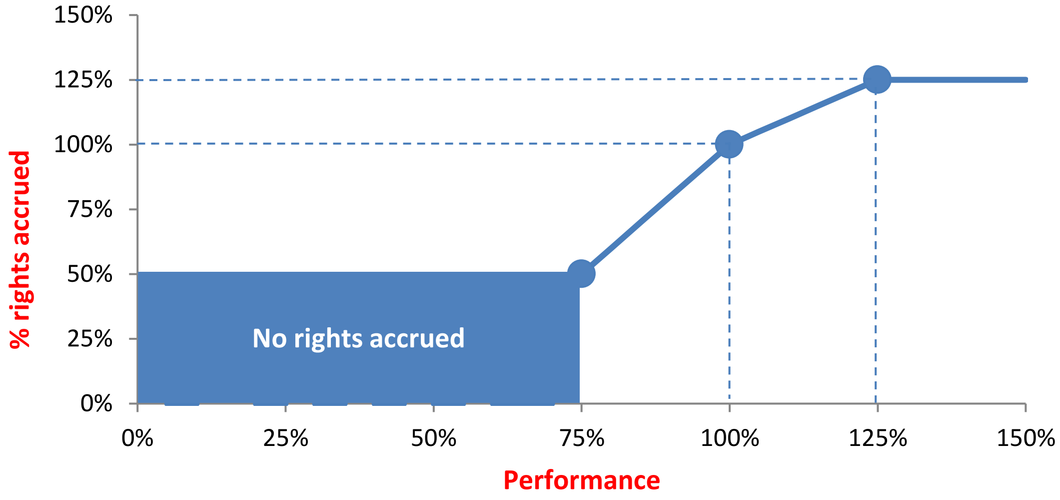
	Indicator	Weight
Performance objectives	Three-year Group net profit	45%
	Three-year Group Free Cash Flow	45%
	Relative TSR as compared to a reference panel of 4 other media companies	10%

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 Mediaset'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 Mediaset's TSR, as reported in the following table:

Mediaset's Positioning	Performance
Best TSR	125%
2nd TSR	115%
3rd TSR	100%
4th TSR	75%
Worst TSR	0%

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.



4.5.1. Plan clauses

The plan regulation includes a **malus** clause that allows the Company to not assign, in whole or in part, the shares matured, 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.

4.6. Benefits

To complement the compensation package, Mediaset 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 is also offered to executives covering their duties in their capacity both as managers and directors.

4.7. Other payments

Key Management Personnel 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 undertakes not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Mediaset 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 discretional 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 Compensation Committee. however, payments cannot exceed the annual target value under the short-term incentive system.

4.8. Pay mix

The following graphs illustrate the overall Pay-mix, target and maximum, of the Deputy Chairman and Chief Executive Officer and of Key Management Personnel, determined by the compensation 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.

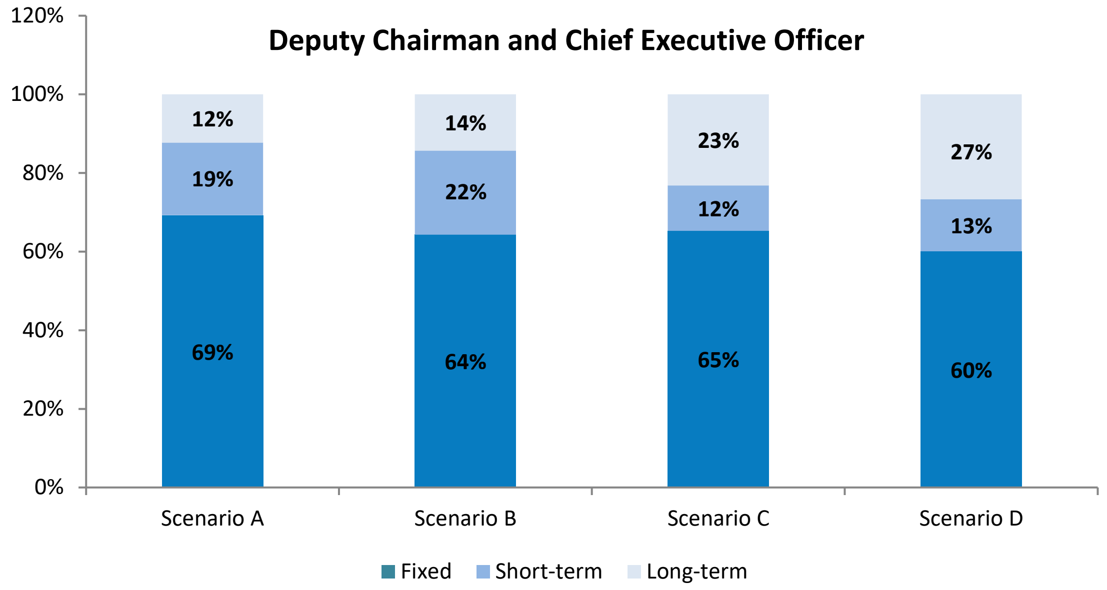
More specifically, the pay mix results of the following four cases are presented:

		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.

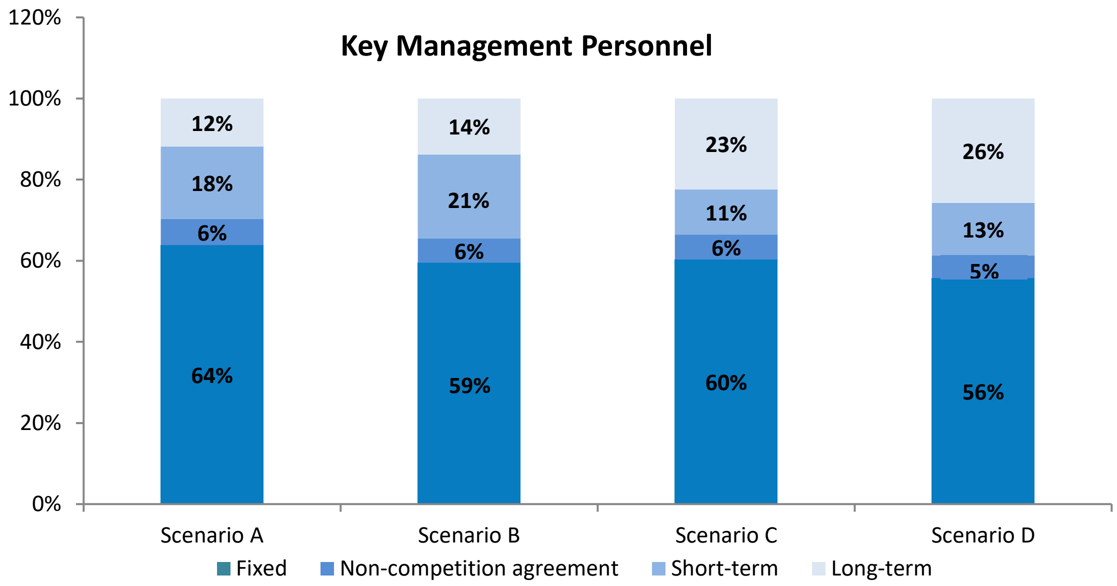
4.8.1. Pay-mix of the Deputy Chairman and Chief Executive Officer

The following graphs show the overall pay-mix of the Deputy Chairman and Chief Executive Officer in the four scenarios examined.



4.8.2. Pay-mix of Key Management Personnel

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of Key Management Personnel in the four scenarios examined.



4.9. Pay in the event of the termination of a position or work relationship

The Company policy is to not set [3]in advance the financial aspects of any early termination of the work relationship or mandate. However, consistently with market practice, it is provided

[3] 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,

that the compensation paid in case of termination/resolution of the work relationship does not exceed 24 months of overall compensation, in addition to the amounts provided for by the applicable legislation on termination of employment in case the key manager is an employee of the company. 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 and a good leaver depending on the reason that their employment was terminated, which then affects their payout levels.

5. Remuneration of non-executive directors

Currently, there are provisions for non-executive and/or independent directors to receive fixed annual compensation and an attendance fee for actually attending meetings of the body concerned. This compensation is commensurate with the obligation required and the performance of assigned activities.

However, there is no variable compensation component.

The fixed annual compensation set by shareholders in the Shareholders' Meeting of 27 June 2018 is € 40,000, in addition to an attendance fee of € 3,000 (increased to € 4,000 for Chairmen) for attending each meeting of the Board and/or of the Related Parties Committee and intre-board committees with consultative and propositional functions. Pursuant to the Bylaws, the members of the Board of Directors are entitled to be reimbursed the expenses incurred for reasons due to the exercise of their position.

6. Remuneration of supervisory body members

The Shareholders' Meeting allocates fixed compensation to each member of the Board of Statutory Auditors, commensurate with the obligation required and the performance of assigned activities. Pursuant to the Bylaws, the members of the Board of Statutory Auditors are entitled to being reimbursed the expenses incurred to fulfil the assignment.

The annual compensation for regular auditors, as set by the Shareholders' Meeting of 26 June 2020, is € 60,000 gross (increased to € 90,000 for the Chairman).

7. Other information

This policy was prepared with regard to the Issuer and taking into consideration the characteristics and unique features of the situation as well as specific activities without using other companies as a reference.

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.

SECTION II

Part one

1. Introduction

This section of the Report describes how the 2020 Policy was implemented with regard to the Delegated Bodies and Key Management Personnel.

Beginning this year, the second section also contains a higher level of disclosure on the voting record of the Shareholders' Meeting, the target performance outcomes for each incentive system, an outline of the final paymix of the Delegated Bodies and Key Management Personnel and the compensation dynamics for those governed by the Policy, all of which in relation to the Group's economic and financial performance and average personnel compensation.

The year 2020 was inevitably shaped by the public health emergency and its impact on the economic performance of the Group, mainly as a result of the advertising market contracting.

In terms of revenues in particular, the Group managed to limit some of the effects of the crisis, as its reduction in revenues was lower than that of the advertising market as a whole. At the same time, the Group demonstrated excellent responsiveness and flexibility by significantly reducing costs, which in turn led it to achieve good operating profitability, albeit lower than the budget forecasts for its Italian operations.

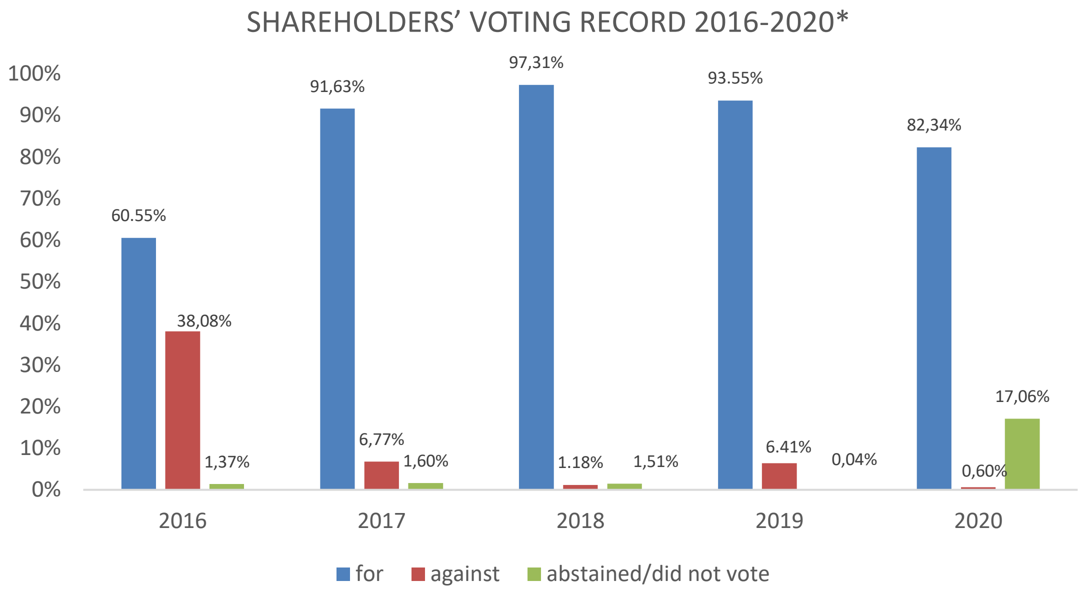
Despite the deep impact of the pandemic, no exceptions were adopted to the Remuneration Policy, which was applied fully in line with that voted on and approved at the 2020 Shareholders' Meeting, just as it had been established during the first months of the crisis.

Therefore, under the mechanism for redetermining short-term incentive system targets, the Deputy Chairman and Chief Executive Officer as well as Key Management Personnel will see their short-term incentive system target reduced by 33%, which is the percentage by which EBIT in Italy deviated from that in the Budget.

1.1. Voting record on the Report on Compensation Paid

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.

As illustrated in the graph below, a high number of votes were in favour (82.3%) compared to another 17% in abstentions, and essentially zero votes against.



* Voting figures for the years 2016-2019 refer to the Compensation Report in its entirety, whereas voting figures for the year 2020 refer to Section II of the Report.

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.

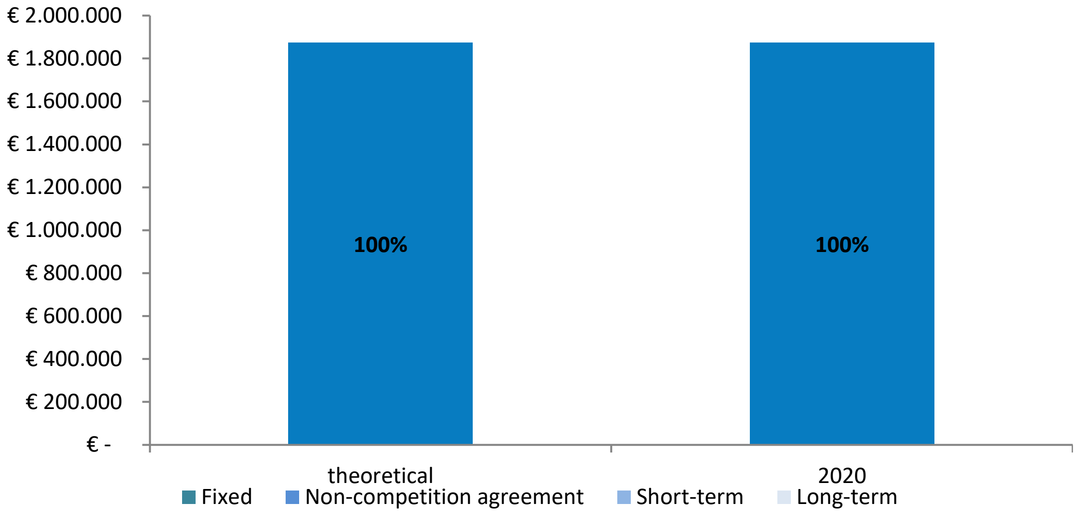
2. Delegated bodies

2.1. Chairman

Mr Fedele Confalonieri received a compensation broken down as follows:

- **fixed component**: € 1,800,000.00, corresponding to the compensation for the position held for the entire year 2020 (including the compensation received as Chairman of the Board of Directors). The Chairman also received compensation of € 75,000 as director of the subsidiary Mediaset España;
- **benefits**: the non-monetary benefits package allocated to the Chairman was valued at € 17,434.08;

The final paymix (as compared to the theoretical paymix), was as follows:



2.2. Deputy Chairman and Chief Executive Officer

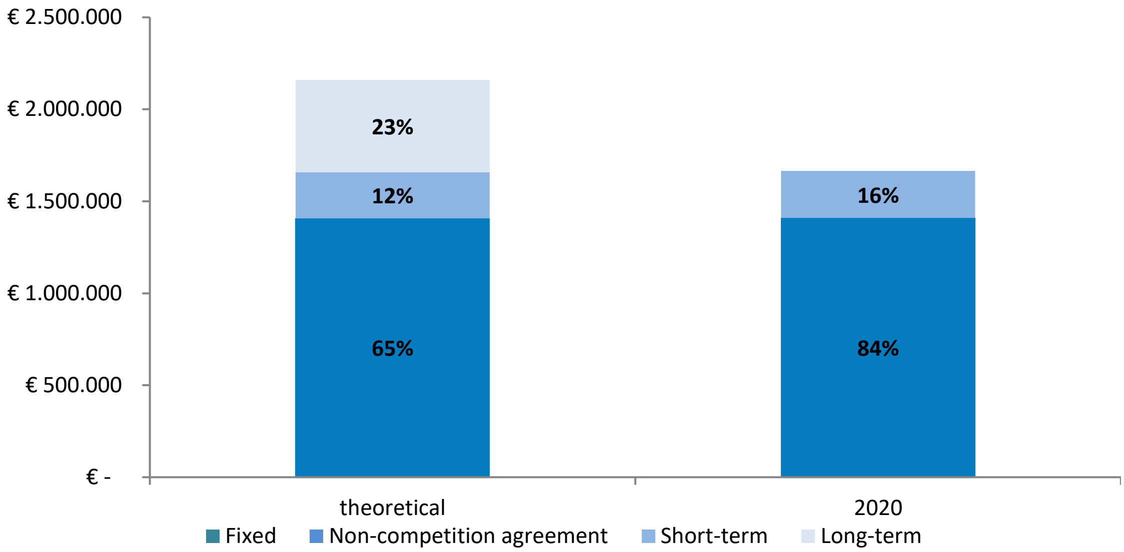
Mr Pier Silvio Berlusconi received a compensation broken down as follows:

- **fixed component**: € 1,409,151.56, of which gross annual compensation (GAC) was € 369,151.56, and compensation for the position held for the entire year 2020 was € 1,040,000 (including compensation received as a Board Director);
- **variable short-term component:** € 259,625. This amount was paid with a deduction of 33% of the initial target upon having reviewed the achievement of the targets set for 2020. The performance of the Deputy Chairman and Chief Executive Officer was as follows:

Target	Weight	Performance	Payout
Group EBIT	**50%**	**93%**	**30%**
Group Net Financial Position	**50%**	**111%**	**125%**

- **variable medium-long-term component**: in 2020, the third cycle of the 2018-2020 Medium/Long-Term Plan was not implemented, so no rights were assigned; In September, the executive was allocated 142,572 Mediaset shares for rights assigned in 2017 as part of the third cycle of the 2015-2017 Plan, which ended as started following the incompletion of the cross-border merger transaction, with an average performance of 134.7% and a 100% payout;
- **benefits**: the non-monetary benefits package allocated to the Deputy Chairman was valued at € 3,506.53;
- **other payments**: no one-off bonus was paid in 2020.

The final paymix (as compared to the theoretical paymix), was as follows:



3. Key Management Personnel

Key managers are:

Last name	First name	Position at company
Giordani	Marco	Chief Financial Officer of Mediaset S.p.A., Chief Executive Officer of RTI S.p.A., Chairman of Monradio S.r.l., Chairman of RadioMediaset S.p.A., Chairman of Virgin Radio Italy S.p.A. and Chairman of Mediaset Investment N.V.
Nieri	Gina	Director of Institutional and Legal Affairs and Strategic Analysis of Mediaset S.p.A. and Deputy Chairman of RTI S.p.A.
Querci	Niccolò	Head of Human Resources and Operations of Mediaset S.p.A., Deputy Chairman of RTI S.p.A., and Deputy Chairman of Publitalia ‘80 S.p.A.
Sala	Stefano	Chief Executive Officer of Publitalia '80 S.p.A., Chairman of Digitalia '08 S.r.l., Chief Executive Officer of Publieurope Limited, Chairman of Mediamond S.p.A. and Chairman of Videowall S.r.l.

Mr Marco Giordani received a compensation broken down as follows:

- **fixed component**: € 991,768.91 as a Mediaset Italia employee, of which gross annual compensation (GAC) was € 951,768.91, and € 40,000 compensation as a Board Director. He also received compensation of € 75,000 as director of the subsidiary Mediaset España;

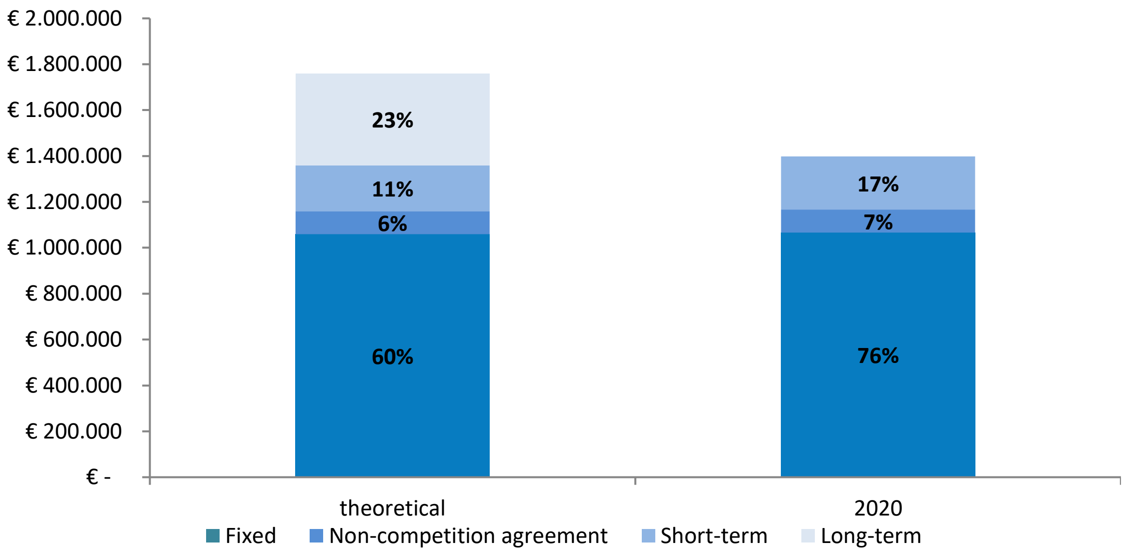
- **variable short-term component:** € 234,500. This amount was paid with a deduction of 33% of the initial target upon having reviewed the achievement of the targets set for 2020. The performance of the Chief Executive Officer of RTI and Chief Financial Officer was as follows:

Target	Weight	Performance	Payout
Group Net Financial Position	40%	111%	125%
EBIT of Radio Business Unit	30%	< 91%	0%
EBIT of Digital Business Unit	30%	154%	125%

- **variable medium-long-term component**: in 2020, the third cycle of the 2018-2020 Medium/Long-Term Plan was not implemented, so no rights were assigned; In September, the executive was allocated 114,058 Mediaset shares for rights assigned in 2017 as part of the third cycle of the 2015-2017 Plan, which ended as started following the incompletion of the cross-border merger transaction, with an average performance of 134.7% and a 100% payout;
- **benefits**: the non-monetary benefits package allocated was valued at € 5,334.91.
- **other payments**: € 100,000 as consideration under the Non-Compete Agreement (in Table 1, as described in part two of this Section; this amount is included in fixed salary as an employee).

No one-off bonus was paid in 2020.

The final paymix (as compared to the theoretical paymix), was as follows:



Mrs Gina Nieri received a compensation broken down as follows:

- **fixed component**: € 938,205.26 as a Mediaset Italia employee, of which gross annual compensation (GAC) was € 898,205.26, and € 40,000 compensation as a Board Director.

She also received compensation of € 75,000 as director of the subsidiary Mediaset España;

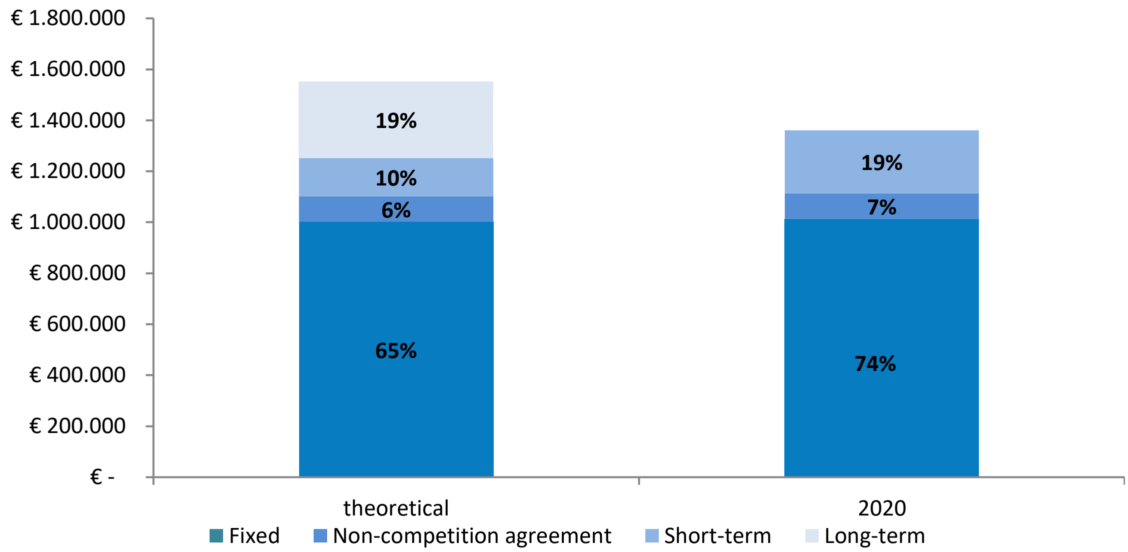
- **variable short-term component:** € 251,250. This amount was paid with a deduction of 33% of the initial target upon having reviewed the achievement of the targets set for 2020. The performance of the Director of Institutional and Legal Affairs and Strategic Analysis was as follows:

Target	Weight	Performance	Payout
Costs of the Institutional and Legal Affairs and Strategic Analysis Department	100%	109%	125%

- **variable medium-long-term component**: in 2020, the third cycle of the 2018-2020 Medium/Long-Term Plan was not implemented, so no rights were assigned; In September, the executive was allocated 71,286 Mediaset shares for rights assigned in 2017 as part of the third cycle of the 2015-2017 Plan, which ended as started following the incompletion of the cross-border merger transaction, with an average performance of 134.7% and a 100% payout;
- **benefits**: the non-monetary benefits package allocated was valued at € 5,174.65;
- **other payments**: € 100,000 as consideration under the Non-Compete Agreement (in Table 1, as described in part two of this Section; this amount is included in fixed salary as an employee).

  No one-off bonus was paid in 2020.

The final paymix (as compared to the theoretical paymix), was as follows:



Mr Niccolò Querci received a compensation broken down as follows:

- **fixed component**: € 1,034,131.84 as an RTI employee, of which gross annual compensation (GAC) was € 994,131.84, and € 40,000 compensation as a Board Director of Mediaset. He also received compensation of € 75,000 as director of the subsidiary Mediaset España;

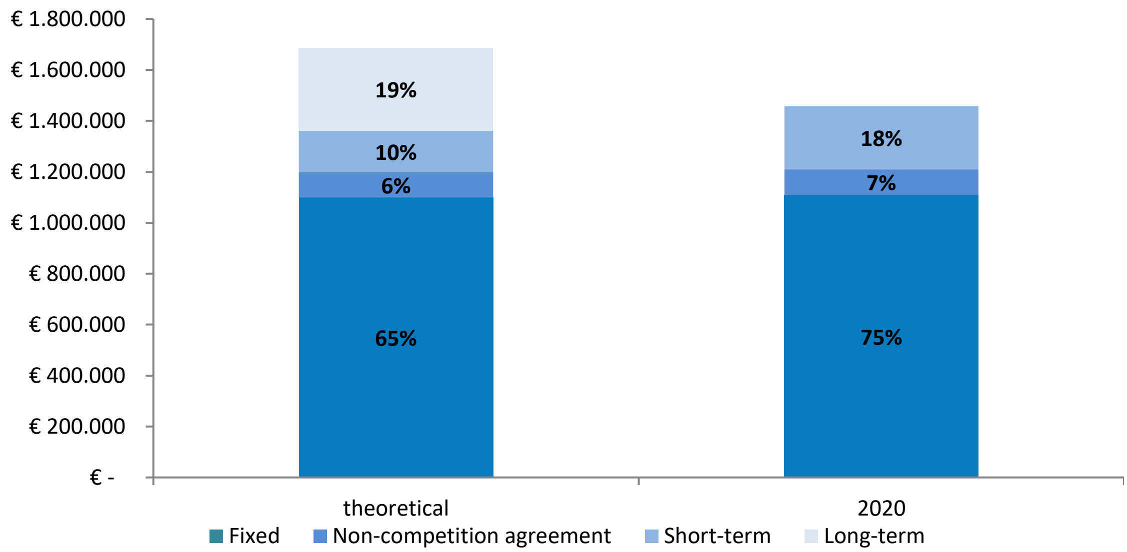
- **variable short-term component:** € 268,921. This amount was paid with a deduction of 33% of the initial target upon having reviewed the achievement of the targets set for 2020. The performance of the Head of Human Resources and Operations was as follows:
-

Target	Weight	Performance	Payout
Operating costs of the Operations Area	30%	105%	125%
Cost of labour Italy	30%	104%	120%
Costs & investments of the Technology Dept.	20%	107%	125%
Procurement savings	20%	132%	125%

- **variable medium-long-term component**: in 2020, the third cycle of the 2018-2020 Medium/Long-Term Plan was not implemented, so no rights were assigned; In September, the executive was allocated 39,207 Mediaset shares for rights assigned in 2017 as part of the third cycle of the 2015-2017 Plan, which ended as started following the incompletion of the cross-border merger transaction, with an average performance of 134.7% and a 100% payout;
- **benefits**: the non-monetary benefits package allocated was valued at € 5,316.40;
- **other payments**: € 100,000 as consideration under the Non-Compete Agreement (in Table 1, as described in part two of this Section; this amount is included in fixed salary as an employee).

  No one-off bonus was paid in 2020.

The final paymix (as compared to the theoretical paymix), was as follows:



Mr Stefano Sala received a compensation broken down as follows:

- **fixed component**: € 1,673,297.09 as a Publitalia '80 employee, of which gross annual compensation (GAC) was € 1,333,297.09, as well as € 40,000 compensation as a Board Director of Mediaset and € 300,000 compensation for the position held at Publitalia '80;

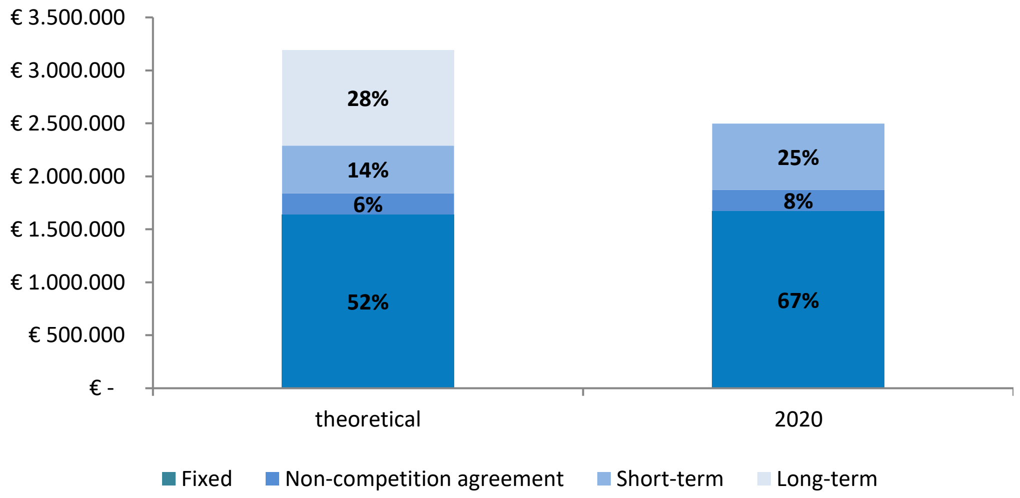
- **variable short-term component:** € 633,150. This amount was paid with a deduction of 33% of the initial target upon having reviewed the achievement of the targets set for 2020. The performance of the Chief Executive Officer of Publitalia'80 and Chairman of Digitalia'08 was as follows:

Target	Weight	Performance	Payout
Consolidated advertising revenues indexed to market	80%	100%	100%
Concessionaire costs	20%	106%	125%

- **variable medium-long-term component**: in 2020, the third cycle of the 2018-2020 Medium/Long-Term Plan was not implemented, so no rights were assigned; In September, the executive was allocated 228,115 Mediaset shares for rights assigned in 2017 as part of the third cycle of the 2015-2017 Plan, which ended as started following the incompletion of the cross-border merger transaction, with an average performance of 134.7% and a 100% payout;
- **benefits**: the non-monetary benefits package allocated was valued at € 4,351.20;
- **other payments**: € 200,000 as consideration under the Non-Compete Agreement (in Table 1, as described in part two of this Section; this amount is included in fixed salary as an employee).

  No one-off bonus was paid in 2020.

The final paymix (as compared to the theoretical paymix), was as follows:



4. Board of Statutory Auditors

The Shareholders' Meeting allocates fixed compensation to each member of the Board of Statutory Auditors.

The Shareholders' Meeting of 26 June 2020 appointed Mr Giovanni Fiori as the Chairman of the Board of Statutory Auditors and appointed Ms Flavia Daunia Minutillo and Mr Riccardo Perotta as regular auditors, establishing an gross annual compensation of € 60,000 for the regular auditors and of € 90,000 for the Chairman. Pursuant to the Bylaws, the members of the Board of Statutory Auditors are entitled to being reimbursed the expenses incurred to fulfil the assignment.

The Board of Statutory Auditors as appointed will remain in office until the Shareholders' Meeting to approve the 2022 annual report.

5. Comparison between the compensation of Board members, the results of the Group and the average compensation of employees

This paragraph draws a comparison between the compensation of the Directors and Statutory Auditors of the Company, the economic and financial performance of the Group and the average compensation of the Group's employees over the past two years[4].

[4] The table compares the 2019 and 2020 figures in accordance with framework 7-bis, paragraph 1.5, of the Issuers' Regulation, which specifies that when first applied (in 2021 reports) the requisite comparison data may be provided for 2019 and 2020 only. The comparison will gradually be extended to cover more years over the coming periods, until covering the full five years required by law.

	% change	2020	2019
Mediaset Group Performance			
EBIT Italy	-58%	€ 38.5 million	€ 91.3 million
Group net profit	-27%	€ 139.3 million	€ 190.3 million
Group Free Cash Flow	17%	€ 311.8 million	€ 265.9 million
Directors and Statutory Auditors' Remuneration[5] [6]			
Fedele Confalonieri	0%	€ 1,875,000	€ 1,875,000
Pier Silvio Berlusconi	-24%	€ 1,668,777	€ 2,207,214
Marco Giordani	-23%	€ 1,401,269	€ 1,816,316
Gina Nieri	-15%	€ 1,364,455	€ 1,613,449
Niccolo' Querci	-14%	€ 1,478,053	€ 1,727,100
Stefano Sala	-23%	€ 2,506,447	€ 3,262,961
Marina Berlusconi	0%	€ 40,000	€ 40,000
Marina Brogi	0%	€ 40,000	€ 40,000
Andrea Canepa	0%	€ 40,000	€ 40,000
Raffaele Cappiello	0%	€ 40,000	€ 40,000
Costanza Esclapon de Villeneuve	0%	€ 40,000	€ 40,000
Giulio Gallazzi	0%	€ 40,000	€ 40,000
Francesca Mariotti	0%	€ 40,000	€ 40,000
Danilo Pellegrino	0%	€ 40,000	€ 40,000
Carlo Secchi	0%	€ 40,000	€ 40,000
Mauro Lonardo[7]	-50%	€ 45,000	€ 90,000
Francesca Meneghel[7]	-16%	€ 51,000	€ 60,500
Ezio Maria Simonelli[7]	18%	€ 72,000	€ 61,000
Giovanni Fiori[8]	N/A	€ 45,000	N/A
Flavia Daunia Minutillo[8]	N/A	€ 30,000	N/A
Riccardo Perotta[8]	N/A	€ 40,000	N/A
Average employee compensation[9]	-1%	€ 62,321	€ 62,924

[5] Directors and Statutory Auditors' fees do not include compensation for participating on committees.
[6] The LTI value is calculated by assessing the rights allotted during the reporting year at fair value at the allotment date.
[7] Members of the Board of Statutory Auditors up to 2020.
[8] Members of the Board of Statutory Auditors from 2020.
[9] Average employee compensation (AEC) was calculated by adding together Gross Annual Compensation (GAC) and the Short-Term Variable Component (SIA).

Part two

6. Compensation tables

Part two provides a breakdown of compensation paid during the Reference Year, for any purpose and in any form, by the company, subsidiaries and associates.

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Fedele Confalonieri	Charmain bod	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	60.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)	1.740.000,00	(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					1.800.000,00					17.434,08		1.817.434,08		
Compensation from subsidiaries and associates				(ShC)	75.000,00	(EC)	4.000,00							
				(Att)	30.000,00	(RCC)	16.000,00							
				(Lre)		(GNC)								
				(Csr)		(CC)	14.000,00							
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates					105.000,00		34.000,00					139.000,00		
(III) Total					1.905.000,00		34.000,00			17.434,08		1.956.434,08		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(**) this amour was paid by virtue of an administrative relationship
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation			Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives (**)	Share of profits					
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)	1.000.000,00	(CC)								
				(Sal)	52.591,43	(IC)								
(I) Compensation in company preparing the accounts					1.092.591,43							1.092.591,43	385.378,00	
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)	316.560,13	(IC)								
(II) Compensation from subsidiaries and associates					316.560,13			259.625,00		3.506,53		579.691,66		
(III) Total					1.409.151,56			259.625,00		3.506,53		1.672.283,09	385.378,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee
(accrued 2020 paid 2021)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation

Following the transfer of the business unit from Mediaset S.p.A. to Mediaset Italia S.p.A., and with effect from 1 March 2020, the employment continued under the company Mediaset Italia S.p.A.

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation			Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Marina Berlusconi	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00							40.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00							40.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Marina Brogi	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)	48.000,00							
				(Lre)		(GNC)								
				(Csr)		(CC)	12.000,00							
				(Sal)		(IC)	24.000,00							
(I) Compensation in company preparing the accounts					40.000,00		84.000,00					124.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00		84.000,00					124.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation
(**) The expenses incurred as a result of the office amount to € 2.572,80

(EC) Executive Committee
(RCC) Risk and Control Committee
(CNG) Governance and Appointments Committee
(CC) Compensation Committee
(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Andrea Canepa	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Partial compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)	16.000,00							
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00		16.000,00					56.000,00		
Partial compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00		16.000,00					56.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk and Control Committee
(CNG) Governance and Appointments Committee
(CC) Compensation Committee
(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Raffaele Cappiello	Director	01/01/2020 31/12/2020	Approval 2020 financial statements									

Compensation in company preparing the accounts	(ShC)	40.000,00	(EC)								
	(Att)		(RCC)								
	(Lre)		(GNC)	24.000,00							
	(Csr)		(CC)								
	(Sal)		(IC)								
(I) Compensation in company preparing the accounts		40.000,00		24.000,00					64.000,00		
Compensation from subsidiaries and associates	(ShC)		(EC)								
	(Att)		(RCC)								
	(Lre)		(GNC)								
	(Csr)		(CC)								
	(Sal)		(IC)								
(II) Compensation from subsidiaries and associates											
(III) Total		40.000,00		24.000,00					64.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation
(**) The expenses incurred as a result of the office amount to € 3.427,21

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation	Compensation for participation in committees	Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
						Bonuses and other incentives	Share of profits					
Costanza Esclapon de Villeneuve	Director	01/01/2020 31/12/2020	Approval 2020 financial statements									

Compensation in company preparing the accounts	(ShC)	40.000,00	(EC)								
	(Att)		(RCC)	48.000,00							
	(Lre)		(GNC)								
	(Csr)		(CC)								
	(Sal)		(IC)								
(I) Compensation in company preparing the accounts		40.000,00		48.000,00					88.000,00		
Compensation from subsidiaries and associates	(ShC)		(EC)								
	(Att)		(RCC)								
	(Lre)		(GNC)								
	(Csr)		(CC)								
	(Sal)		(IC)								
(II) Compensation from subsidiaries and associates											
(III) Total		40.000,00		48.000,00					88.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Giulio Gallazzi	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)	18.000,00							
(I) Compensation in company preparing the accounts					40.000,00		18.000,00					58.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00		18.000,00					58.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives (**)	Share of profits					
Marco Giordani	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)	160.665,52	(IC)								
(I) Compensation in company preparing the accounts					200.665,52							200.665,52	308.302,00	
Compensation from subsidiaries and associates				(ShC)	75.000,00	(EC)	4.000,00							
				(Att)	26.000,00	(RCC)	18.000,00							
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)	891.103,39	(IC)								
(II) Compensation from subsidiaries and associates					992.103,39		22.000,00	234.500,00		5.334,91		1.253.938,30		
(III) Total					1.192.768,91		22.000,00	234.500,00		5.334,91		1.454.603,82	308.302,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(**) Amount, arising from the Annual Incentive System, was paid as an employee
(accrued 2020 paid 2021)
(***) The amount was paid as an employee
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation including non-compete agreement
Following the transfer of the business unit from Mediaset S.p.A. to Mediaset Italia S.p.A., and with effect from 1 March 2020, the employment continued under the company Mediaset Italia S.p.A.

(EC) Executive Committee
(RCC) Risk and Control Committee
(CNG) Governance and Appointments Committee
(CC) Compensation Committee
(IC) Committee of Independent Directors for Related-Party Transactions

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Francesca Mariotti	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)	18.000,00							
				(Csr)		(CC)	12.000,00							
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00		30.000,00					70.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00		30.000,00					70.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives (**)	Share of profits					
Gina Nieri	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)	153.821,52	(IC)								
(I) Compensation in company preparing the accounts					193.821,52							193.821,52	210.618,00	
Compensation from subsidiaries and associates				(ShC)	75.000,00	(EC)								
				(Att)	26.000,00	(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)	844.383,74	(IC)								
(II) Compensation from subsidiaries and associates					945.383,74			251.250,00		5.174,65		1.201.808,39		
(III) Total					1.139.205,26			251.250,00		5.174,65		1.395.629,91	210.618,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee
(accrued 2020 paid 2021)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

Following the transfer of the business unit from Mediaset S.p.A. to Mediaset Italia S.p.A., and with effect from 1 March 2020, the employment continued under the company Mediaset Italia S.p.A.

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Danilo Pellegrino	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00							40.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00							40.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) compensation for this position is paid directly to the Company where employed

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives (**)	Share of profits					
Niccolo' Querci	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Partial compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00							40.000,00	173.210,00	
Partial compensation from subsidiaries and associates				(ShC)	75.000,00	(EC)								
				(Att)	26.000,00	(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)	14.000,00							
				(Sal)	1.094.131,84	(IC)								
(II) Compensation from subsidiaries and associates					1.195.131,84		14.000,00	268.921,00		5.316,40		1.483.369,24		
(III) Total					1.235.131,84		14.000,00	268.921,00		5.316,40		1.523.369,24	173.210,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee (accrued 2020 paid 2021)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation: Bonuses and other incentives (**)	Variable non equity compensation: Share of profits	Non-monetary benefits (***)	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
Stefano Sala	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					40.000,00							40.000,00	652.461,00	
Compensation from subsidiaries and associates				(ShC)	16.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)	284.000,00	(CC)								
				(Sal)	1.533.297,09	(IC)								
(II) Compensation from subsidiaries and associates					1.833.297,09		633.150,00			4.351,20		2.470.798,29		
(III) Total					1.873.297,09		633.150,00			4.351,20		2.510.798,29	652.461,00	

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(**) Amount, arising from the Annual Incentive System, was paid as an employee
(accrued 2020 paid 2021)

(***) The amount was paid as an employee

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation including non-compete agreement

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation: Bonuses and other incentives	Variable non equity compensation: Share of profits	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
Carlo Secchi	Director	01/01/2020 31/12/2020	Approval 2020 financial statements											
Compensation in company preparing the accounts				(ShC)	40.000,00	(EC)								
				(Att)		(RCC)	64.000,00							
				(Lre)		(GNC)	18.000,00							
				(Csr)		(CC)								
				(Sal)		(IC)	18.000,00							
(I) Compensation in company preparing the accounts					40.000,00		100.000,00					140.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					40.000,00		100.000,00					140.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.

(ShC) compensation assigned by shareholders

(Att) Attendance fees for participation at Board of Directors meetings

(Lre) lump-sum expense reimbursement

(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")

(Sal) Fixed employee compensation

(EC) Executive Committee

(RCC) Risk, Control and Sustainability Committee

(GC) Governance and Appointments Committee

(CC) Compensation Committee

(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Giovanni Fiori	Chmn BSA	26/06/2020 31/12/2020												
Compensation in company preparing the accounts				(ShC)	45.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					45.000,00							45.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					45.000,00							45.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation
(**) The expenses incurred as a result of the office amount to € 3.022,02

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Flavia Daunia Minutillo	Reg Auditor	26/06/2020 31/12/2020												
Compensation in company preparing the accounts				(ShC)	30.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					30.000,00							30.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					30.000,00							30.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Riccardo Perotta	Reg Auditor	26/06/2020 – 31/12/2020												
Compensation in company preparing the accounts				(ShC)	30.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					30.000,00							30.000,00		
Compensation from subsidiaries and associates				(ShC)	10.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates					10.000,00							10.000,00		
(III) Total					40.000,00							40.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation (**)		Compensation for participation in committees		Variable non equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
								Bonuses and other incentives	Share of profits					
Mauro Lonardo	Chmn BSA	01/01/2020 – 26/06/2020												
Compensation in company preparing the accounts				(ShC)	45.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					45.000,00							45.000,00		
Compensation from subsidiaries and associates				(ShC)		(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates														
(III) Total					45.000,00							45.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation
(**) The expenses incurred as a result of the office amount to € 2.562,92

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation: Bonuses and other incentives	Variable non equity compensation: Share of profits	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
Francesca Meneghel	Reg Auditor	01/01/2020 26/06/2020												
Compensation in company preparing the accounts				(ShC)	30.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					30.000,00							30.000,00		
Compensation from subsidiaries and associates				(ShC)	21.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates					21.000,00							21.000,00		
(III) Total					51.000,00							51.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk, Control and Sustainability Committee
(GC) Governance and Appointments Committee
(CC) Compensation Committee
(RPC) Related Parties Committee

Table 1: Compensation paid to members of administrative and control bodies, general managers and other key management personnel (*)

First and last name	Office	Period office held	Termination of office	Fixed compensation		Compensation for participation in committees		Variable non equity compensation: Bonuses and other incentives	Variable non equity compensation: Share of profits	Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Leaving/end of office benefits
Ezio Maria Simonelli	Reg Auditor	01/01/2020 26/06/2020												
Compensation in company preparing the accounts				(ShC)	30.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(I) Compensation in company preparing the accounts					30.000,00							30.000,00		
Compensation from subsidiaries and associates				(ShC)	42.000,00	(EC)								
				(Att)		(RCC)								
				(Lre)		(GNC)								
				(Csr)		(CC)								
				(Sal)		(IC)								
(II) Compensation from subsidiaries and associates					42.000,00							42.000,00		
(III) Total					72.000,00							72.000,00		

(*) The key management personnel of the Mediaset Group hold the position of Director of Mediaset S.p.A.
(ShC) compensation assigned by shareholders
(Att) Attendance fees for participation at Board of Directors meetings
(Lre) lump-sum expense reimbursement
(SR) remuneration for performance of specific responsibilities (art. 2389 paragraph 3 "Italian Civil Code")
(Sal) Fixed employee compensation

(EC) Executive Committee
(RCC) Risk and Control Committee
(CNG) Governance and Appointments Committee
(CC) Compensation Committee
(IC) Committee of Independent Directors for Related-Party Transactions

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

			Financial instruments assigned during the preceding financial years not vested during the		Financial instruments assigned during the year (**)					Financial instruments vested during the financial year and	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
First and last name	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (***)	Fair value
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									142.572	232.236	
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	191,740 Rights for the assignment of free shares	11/09/2018 30/09/2021									206.093
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	180,684 Rights for the assignment of free shares	12/03/2019 31/03/2022									179.285
(II) Compensation from subsidiaries and associates													
III) Total			372.424									232.236	385.378

(*) additional information concerning the plans is available in the appropriate information documents found on the Company's website

(**) the meeting of the Board of Directors of 8 September 2020 did not implement the third three-year cycle of the 2018–20 Plan

(***) contains lockup clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors,

general managers and other key management personnel

			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 not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
First and last name	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (***)	Fair value
Marco Giordani	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									114.058	185.789	
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	153,392 Rights for the assignment of free shares	11/09/2018 30/09/2021									164.874
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	144,546 Rights for the assignment of free shares	12/03/2019 31/03/2022									143.427
(II) Compensation from subsidiaries and													
III) Total			297.938									185.789	308.302

(*) additional information concerning the plans is available in the appropriate information documents found on the Company's website

(**) the meeting of the Board of Directors of 8 September 2020 did not implement the third three-year cycle of the 2018–20 Plan

(***) contains lockup clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

			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 not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
First and last name	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (***)	Fair value
Gina Nieri	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									71.286	116.118	
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	95,870 Rights for the assignment of free shares	11/09/2018 30/09/2021									103.047
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	108,410 Rights for the assignment of free shares	12/03/2019 31/03/2022									107.571
(II) Compensation from subsidiaries and													
III) Total			204.280									116.118	210.618

(*) additional information concerning the plans is available in the appropriate information documents found on the Company's website

(**) the meeting of the Board of Directors of 8 September 2020 did not implement the third three-year cycle of the 2018–20 Plan

(***) contains lockup clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

			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 not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
First and last name	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (***)	Fair value
Niccolo' Querci	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									39.207	63.864	
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	52,728 Rights for the assignment of free shares	11/09/2018 30/09/2021									56.675
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	117,444 Rights for the assignment of free shares	12/03/2019 31/03/2022									116.535
(II) Compensation from													
III) Total			170.172									63.864	173.210

(*) additional information concerning the plans is available in the appropriate information documents found on the Company's website

(**) the meeting of the Board of Directors of 8 September 2020 did not implement the third three-year cycle of the 2018–20 Plan

(***) contains lockup clauses

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of the members of the Board of Directors, general managers and other key management personnel

			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 not attributed	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
First and last name	Office	Plan	Number and type of financial instruments	Vesting Period	Number and type of financial instruments	Fair value at the Allotment Date	Vesting Period	Allotment Date	Market price of shares underlying the assignment of options	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date (***)	Fair value
Stefano Sala	Director												
(I) Compensation in the company preparing the accounts		2015 - 2017 Plan (General Meeting resolution of 29 April 2015)									228.115	371576	
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	306,784 Rights for the assignment of free shares	11/09/2018 30/09/2021									329.749
		2018 - 2020 Plan (General Meeting resolution of 27 June 2018)	325,230 Rights for the assignment of free shares	12/03/2019 31/03/2022									322.712
(II) Compensation from subsidiaries and													
III) Total			632.014									371576	652.461

(*) additional information concerning the plans is available in the appropriate information documents found on the Company's website

(**) the meeting of the Board of Directors of 8 September 2020 did not implement the third three-year cycle of the 2018–20 Plan

(***) contains lockup clauses

TABLE 3B:

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2020 bonus			Bonuses of previous years			Other bonuses
Pier Silvio Berlusconi	Deputy Chairman and Chief Executive Officer		Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		259.625,00						
	Plan B (date of relative resolution)								
III) Total			259.625,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2020 payment 2021)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2020 bonus			Bonuses of previous years			Other bonuses
Marco Giordani	Director		Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		234.500,00						
	Plan B (date of relative resolution)								
III) Total			234.500,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2020 payment 2021)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2020 bonus			Bonuses of previous years			Other bonuses
Gina Nieri	Director		Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		251.250,00						
	Plan B (date of relative resolution)								
III) Total			251.250,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2020 payment 2021)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2020 bonus			Bonuses of previous years			Other bonuses
Niccolò Querci	Director		Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		268.921,00						
	Plan B (date of relative resolution)								
III) Total			268.921,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2020 payment 2021)

TABLE 3B

Monetary incentive plans for members of the administrative body, general directors and other key management personnel

First and last name	Office	Plan	2020 bonus			Bonuses of previous years			Other bonuses
Stefano Sala	Director		Payable/Paid (*)	Deferred	Deferral period	Can no longer be paid	Payable/Paid	Still deferred	
(I) Compensation in the company preparing the accounts	Plan A (date of relative resolution)								
	Plan B (date of relative resolution)								
	Plan C (date of relative resolution)								
(II) Compensation from subsidiaries and associates	Plan A (date of relative resolution)		633.150,00						
	Plan B (date of relative resolution)								
III) Total			633.150,00						

(*) Amount, arising from the new Annual Incentive System, was paid as an employee (accrual 2020 payment 2021)

SCHEDULE NO. 7, PART THREE: Schedule with information on shareholdings of members of administrative and control bodies, general managers and other key managers.

Table 1

SHAREHOLDINGS OF MEMBERS OF ADMINISTRATIVE AND CONTROL BODIES AND GENERAL MANAGERS

First and last name	Office	Investee	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
			(31/12/2019)			(31/12/2020)
Confalonieri Fedele	Chairman of the Board of Directors	Mediaset S.p.A.	400.000	-	-	400.000
Berlusconi Pier Silvio	Deputy Chairman and Chief Executive Officer	Mediaset S.p.A.	133.804	142.572 (1)	54.058	222.318
Marina Berlusconi	Director	Mediaset S.p.A.	320.000 (2)		-	320.000 (2)
Marco Giordani	Director	Mediaset S.p.A.	126.647	114.058 (1)	43.247	197.458
Nieri Gina	Director	Mediaset S.p.A.	52.326	71.286 (1)	27.029	96.583
Querci Niccolò	Director	Mediaset S.p.A.	22.114	39.207 (1)	31.365	29.956
Stefano Sala	Director	Mediaset S.p.A.	15.522	228.115 (1)	182.492	61.145

(1) shares allocated from the accrual of rights (2017 financial year) assigned under the 2015–2017 Medium/Long–Term Incentive and Loyalty Plan

(2) shares purchased through the subsidiary.

The information in Table 2 is included in Table 1 as key management personnel of the Mediaset Group are also Directors of Mediaset S.p.A.

For the Board of Directors
The Chairman