MFE-MEDIAFOREUROPE N.V.

(a public limited company (naamloze vennootschap) under the laws of the Netherlands, with its statutory seat in Amsterdam, the Netherlands)

Allotment of Ordinary Shares A to shareholders of MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.) and admission to listing and trading of Ordinary Shares A in MFE-MEDIAFOREUROPE N.V on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A.

This prospectus (the **Prospectus**) has been prepared in connection with (i) the allotment of special shares in the capital of MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.), Legal Entity Identifier (**LEI**) 213800DIFN7NR7B97A50 (the **Company**), each with a nominal and book value of EUR 0.06 at the date of this Prospectus and with International Securities Identification Number (**ISIN**) NL0015000MZ1 (the **Ordinary Shares A**) to the shareholders of the Company at a certain record date (the **Record Date**); and (ii) the admission to listing and trading of Ordinary Shares A on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A. (**Borsa Italiana**) (the **Listing**).

The allotment of Ordinary Shares A to the shareholders of the Company at the Record Date will be done for no consideration and the nominal value will be paid up at the expense of the Company's freely distributable reserves. Moreover, said allotment, as well as the admission to listing and trading of Ordinary Shares A on Euronext Milan are subject to applicable law. On 25 November 2021, the extraordinary shareholders meeting of the Company resolved upon the introduction of the dual class share structure and to accordingly amend the Company's articles of association. The execution of the said amendment is subject to the conditions precedent that: (i) the Ordinary Shares A are admitted to listing and trading on Euronext Milan and (ii) the required approvals from competent authorities are obtained.

No Ordinary Shares A have been marketed to, and no Ordinary Shares A are available for purchase by, the public in Italy or elsewhere in connection with the Listing. This Prospectus does not constitute or form part of an offer by, or invitation by or on behalf of, the Company or any representative of the Company to purchase any securities or an offer to sell or issue, or the solicitation to buy, securities by any person in any jurisdiction.

NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The trading of the Ordinary Shares A on Euronext Milan is expected to begin on 13 December 2021 (the **First Trading Date**) at 9:00 Central European Time (CET). The Ordinary Shares A to be traded on Euronext Milan will be registered, delivered and held through Monte Titoli S.p.A. (**Monte Titoli**), as the Company's issuer Central Securities Depositary (**CSD**) and recorded in the accounts of Monte Titoli's participants.

Investing in the Ordinary Shares A involves risks. See "*Risk Factors*" for a description of the risk factors that should be carefully considered before investing in the Ordinary Shares A.

This Prospectus constitutes a prospectus for the purposes of and has been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union (the **Prospectus Regulation**). This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the **AFM**) as competent authority under the Prospectus Regulation. The AFM has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Ordinary Shares A. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares A. Moreover, pursuant to Articles 24 and 25 of the Prospectus Regulation, the Company has requested that the AFM provides the competent authority of Italy *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) and the European Securities and Markets Authority (ESMA) with a certificate of approval attesting that the Prospectus constitutes a prospectus for the purpose of Article 3 of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation.

This Prospectus shall be valid for use only by the Company for a period of up to 12 months after its approval by the AFM and shall expire on the earlier of (i) the First Trading Date and (ii) 3 December 2022.

Applicable law and regulation may restrict the distribution of this Prospectus in certain jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves of and observe any restrictions. The Company is not taking any action to permit a public offering of Ordinary Shares A in any jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Ordinary Shares A have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, nor under the securities laws of any state of the United States.

This Prospectus is dated 3 December 2021.

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1. SUMMARY

1.1 Introduction and Warnings

This summary should be read as an introduction to the prospectus (the **Prospectus**) relating to (i) the allotment of special shares in the capital of MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.), Legal Entity Identifier (**LEI**) 213800DIFN7NR7B97A50 (the **Company**), each with a nominal value of EUR 0.06 at the date of this Prospectus and with International Securities Identification Number (**ISIN**) NL0015000MZ1 (the **Ordinary Shares A**) to the shareholders of the Company on a certain record date (the **Record Date**); and (ii) the admission to listing and trading of Ordinary Shares A on Euronext Milan, a regulated market organised and managed by *Borsa Italiana S.p.A.* (**Borsa Italiana**) (the **Listing**).

On 3 December 2021, the Prospectus was approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten,* the **AFM**). Pursuant to Articles 24 and 25 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union (the **Prospectus Regulation**), the Company has requested that the AFM provides the competent authority of Italy (*Commissione Nazionale per le Società e la Borsa* – **CONSOB**) and the European Securities and Markets Authority (**ESMA**) with a certificate of approval attesting that the Prospectus constitutes a prospectus for the purpose of Article 3 of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation.

This Prospectus shall be valid for use only by the Company for a period of up to 12 months after its approval by the AFM and shall expire on the earlier of (i) the First Trading Date and (ii) 3 December 2022.

The contact details are as follows:

	Company	AFM	
Address	Viale Europa 46 20093 Cologno Monzese, Milan Italy	**Visiting address**	Vijzelgracht 50 1017 HS Amsterdam The Netherlands
		Postal address	P.O. Box 11723 1001 GS Amsterdam The Netherlands
Phone	+39 02 2514 9588	+31 20 7972000	
Fax	+39 02 2514 9590	+31 20 7973800	
Email	corporateaffairs@mfemediaforeurope.eu	info@afm.nl	

Any decision to invest in any Ordinary Shares A should be based on a consideration by the investor of the Prospectus as a whole and not just the summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference therein before the legal proceedings can be initiated.

Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares A.

1.2 Key Information on the Issuer

(A) Who is the Issuer of the Securities?

Domicile and Legal Form. The legal and commercial name of the Company is MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.). The Company is a public limited company (*naamloze vennootschap*) under the laws of the Netherlands (LEI: 213800DIFN7NR7B97A50). Its statutory seat (*statutaire zetel*) is in the Netherlands and its registered office and principal place of business is at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Accordingly, the Company is resident for tax purposes in Italy.

Principal Activities. The Group is a multinational media group, mainly operating in the television industry in Italy and Spain. In Italy, the Group operates in the integrated media space, consisting of content production, Free-to-Air (**FTA**) commercial television, radio, OTT services and digital publishing activities. The Group produces and distributes through different platform a broad range of content mainly centered on general entertainment, news, cinema, TV series, documentaries, sport events and children's television. In Spain, the Group is a known Spanish commercial television broadcaster and operates also in the content production, OTT services and digital publishing activities.

Major Shareholders. As at the date of the Prospectus, the Company's major shareholders are Fininvest S.p.A., Simon Fiduciaria S.p.A. and Vivendi S.A.

Board of Directors. As at the date of the Prospectus, the key directors of the Company are:

Executive directors	Pier Silvio Berlusconi, Marco Giordani, Gina Nieri, Niccoló Querci and Stefano Sala.
Non-executive directors	Marina Berlusconi, Fedele Confalonieri, and Danilo Pellegrino.
Non-executive independent directors	Marina Brogi, Stefania Bariatti, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino, Carlo Secchi and Raffaele Cappiello.

Independent Auditor. Deloitte & Touche S.p.A. (**Deloitte & Touche**), independent auditor, audited the Financial Statements (as defined below). As per 23 September 2021 the independent auditor of the Company has become Deloitte Accountants B.V. (**Deloitte**). The Interim Financial Statements (as defined below) have not been audited or reviewed by an independent auditor.

(B) What is the Key Financial Information regarding the Issuer?

The financial information included in the Prospectus is derived from the consolidated audited financial statements of the Company for the financial years ending on 31 December 2018, 31 December 2019 and 31 December 2020 (the **2018 Financial Statements**, **2019 Financial Statements** and **2020 Financial Statements** respectively, and together the **Financial Statements**) and the consolidated interim unaudited financial statements of the Company for the nine month period ending on 30 September 2021 (the **2021 Interim Financial Statements)** and 30 September 2020 (the **2020 Interim Financial Statements**) (together the **Interim Financial Statements**). The comparative figures for 2018 are derived from the 2019 Financial Statements. The Interim Financial Statements have been published on a voluntary basis by the Company to provide continuous and regular information on the Group's quarterly consolidated economic and financial performance, and have been prepared pursuant to the IAS/IFRS accounting principles and in line with the measurement and estimation criteria applied in preparing the 2020 Financial Statements, to which readers are referred. The Interim Financial Statements have not been prepared in accordance with IAS 34 – Interim Financial Reporting. The figures in the Interim Financial Statements are presented in a condensed and reclassified form and are therefore, not comparable to the Financial Statements.

The unqualified auditor's report issued on the 2019 Financial Statements included the following emphasis of matter paragraph related to the status of the Merger (as specified below) at that moment in order to draw attention on the related disclosure included in the financial statements:

"We draw attention to the paragraph "MFE-MEDIAFOREUROPE cross-border merger project" included in note 4 "Key information relating to the scope of consolidation", which describes the plan for the cross-border merger approved by the Board of Directors of the Company on June 7, 2019. The plan foreseen the merger of Mediaset S.p.A. and Mediaset España Comunicaciòn S.A. (subsidiary of Mediaset S.p.A.) into Mediaset Investment N.V., a Dutch directly wholly owned subsidiary of Mediaset S.p.A., which will take the name "MFE – MEDIAFOREUROPE N.V.". As reported in the explanatory notes, the effects of the resolution of Mediaset España shareholders' meeting that approved the merger plan, are temporarily suspended at the date of preparation of Mediaset Group's consolidated financial statements, considering the status of some pending legal proceedings in relation to the abovementioned merger. Our opinion is not modified in respect of this matter."

The Company notes that the aforementioned cross-border merger project is no longer being pursued and the legal proceedings in relation thereto have been resolved. Therefore, the circumstances referred to in the aforementioned emphasis of matter are no longer relevant.

Financial Statements

Selected Consolidated Statement of Income

	As at 31 December			As at 30 September[1]	
	2020	2019	2018[2]	9M 2021 unaudited	9M 2020 unaudited
			(EUR million)		
Total net consolidated revenues	2,636.8	2,925.7	3,401.5	1,992.7	1,722.8
Operating Result	269.7	354.6	73.7	275.0	87.6
Net profit	139.3	190.3	468.2	273.8	10.5
Year-on-year revenue growth	(9.9%)	(14.0%)	(4.2%)	15.7%	15.1%
Operating Result margin	10.2%	12.1%	2.2%	13.8%	5.1%
Net profit margin	5.3%	6.5%	13.8%	13.74%	0.6%
Earnings per share					
- Basic	0.12	0.17	0.41	-	-
- Diluted	0.12	0.17	0.41	-	-

[1] The condensed and reclassified Interim Financial Statements do not include the *earnings per share*. Therefore, these have not been included in the Selected Consolidated Statement of Income.

[2]. The 2018 *net profit for the year attributable to equity shareholders of the parent company* is derived from the restated comparative figures in the 2019 Financial Statements. This restatement was made to retroactively reflect in accordance with IFRS 3 the impact on associated equity investment results, deriving from their goodwill purchase price allocation process.

Selected Consolidated Statement of Financial Position

	As at 31 December			As at 30 September[1]	
	2020	2019	2018[1]	9M 2021 unaudited	9M 2020 unaudited
			(EUR million)		
Total assets	5,956.4	5,747.3	5,249.1	-	-
Total shareholders' equity	3,165.6	2,890.4	2,853.1	3,173.7	2,950.0
Total liabilities	2,790.7	2.857.0	2.396.0	-	-

[1] The condensed and reclassified Interim Financial Statements do not include the figures for *total assets* and *total liabilities*. Therefore, these have not been included in the Selected Consolidated Statement of Financial Position.

[2]. The 2018 amount for *total assets* and *total shareholders' equity* are derived from the restated comparative figures in the 2019 Financial Statements. This restatement was made to retroactively reflect in accordance with IFRS 3 the impact on associated equity investment results, deriving from their goodwill purchase price allocation process.

Selected Consolidated Statement of Cash Flows

	As at 31 December			As at 30 September[1]	
	2020	2019	2018	9M 2021 unaudited	9M 2020 unaudited
			(EUR million)		
Net cash flow from operating activities	821.2	956.1	1,241.7	-	-
Net cash flow from investing activities	(520.2)	(1,263.3)	(738.6)	-	-
Net cash flow from financing activities	(98.2)	162.6	(286.0)	-	-

[1] The condensed and reclassified Interim Financial Statements do not include the figures for *net cash flow from operating activities, net cash flow from investing activities* and *net cash flow from financing activities*. Therefore, these have not been included in the Selected Consolidated Statement of Financial Position.

(C) What are the Key Risks that are Specific to the Issuer

The most material risk factors specific to the Issuer are as follows:

- The economic downturn in the Italian and Spanish advertising market due to the COVID-19 pandemic may lead to long-term uncertainties in, and have longer-term adverse effects on, the Company's business, results and financial condition.
- Significant interruptions, suspensions or discontinuation of the Group's operations due to network infrastructure or coverage failures could have an adverse effect on the Group's business, financial condition or results of operations.
- If the Group does not address the increase in competition, driven by technological changes and the consequential audience fragmentation, this could have a detrimental effect on its business and performance.
- If the Group is unable to acquire or create attractive and/or exclusive content, this could have an adverse effect on the Group's business, financial condition or results of operations.
- The loss of key executives, creative talent or entertainers, or such entertainers' diminishing popularity, can materially affect the Group's business.
- Failure to comply with applicable law by the Company and/or the Group could result in economic and reputational damage.
- The Group is subject to risks relating to fluctuations in interest rates.
- The Group is subject to risks relating to fluctuations in exchange rates.

1.3 Key Information on the Securities

(A) What are the Main Features of the Securities?

At the date of this Prospectus, 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each are issued and outstanding. All such ordinary shares are fully paid and created under the laws of the Netherlands.

The Company aims to create a pan-European media group in the entertainment and content industry, both linear and non-linear, starting from its strong position in its reference markets. The Board of Directors considers this strategic long-term goal to be essential for the future development of the Company.

The introduction of a dual class share structure, with high voting shares (Ordinary Shares B) and low voting shares (Ordinary Shares A) (the **Dual Class Share Structure**), addresses the need of developing, and equipping the Company with, a new listed currency to be potentially used in the pan-European consolidation process. The Dual Class Share Structure will provide greater flexibility for financing future M&A transactions granting the Company with a wider range of options (e.g. cash and/or stock deals), thereby enhancing its capabilities to pursue external growth opportunities through, among others, mergers and acquisitions and/or strategic partnerships. As of the date of this Prospectus, specific plans are yet to be developed.

As a matter of example, the Company could finance an acquisition of a target business by offering as consideration to the sellers a combination of cash and Ordinary Shares A and/or Ordinary Shares B (i.e. cash and stock deal). A further example is a share-for-share merger, whereby the Company and sellers of the target business would trade the shares of the target business for Ordinary Shares A and/or Ordinary Shares B (i.e. stock deal).

The Company emphasises that Ordinary Shares A and Ordinary Shares B enjoy the same economic rights to the Company's equity and any sort of distribution shall be made on an equal basis. All the Shares will benefit of the same earnings per share (EPS) and dividends per share (DPS). Therefore, the decision to issue Ordinary Shares A or Ordinary Shares B will have the same economic impact for the Company's and target company's shareholders in terms of shareholders' value. As a consequence, the Company will be in a position to evaluate whether to issue Ordinary Shares A or Ordinary Shares B on the basis of the characteristics of the potential target. It should be noted, however, that, as always, an issuance of additional Shares will have a dilutive effect on voting rights of all shareholders not participating to the issuance of additional Shares. Please refer to "*Risk Factors – Risks Relating to the Shares and the Dual Class Share Structure – The Company may in the future issue Shares (Ordinary Shares A and/or Ordinary Shares B) to raise capital, which may dilute investors' share holdings in the Company.*"

There will be two classes of shares, namely low voting shares (**Ordinary Shares A**) and high voting shares (**Ordinary Shares B**, and together with the Ordinary Shares A, the **Shares**). The key features of the proposed Dual Class Share Structure are as follows:

	Ordinary Shares A	**Ordinary Shares B**
Denomination	Denominated and traded in euro	Denominated and traded in euro
Nominal value	EUR 0.06	EUR 0.60
Voting rights	1 vote per share	10 votes per share
Economic entitlements	The Ordinary Shares A and Ordinary Shares B will have the same economic rights to the Company's equity and any and all distributions on the Shares shall be made in such a way that on each Share an equal amount or value will be distributed.	The Ordinary Shares A and Ordinary Shares B will have the same economic rights to the Company's equity and any and all distributions on the Shares shall be made in such a way that on each Share an equal amount or value will be distributed.
Minority protection	Ordinary Shares A and Ordinary Shares B will grant the same minority protections and rights to both shareholders (i.e. pre-emption right, withdrawal right and mandatory tender offer treatment)	Ordinary Shares A and Ordinary Shares B will grant the same minority protections and rights to both shareholders (i.e. pre-emption right, withdrawal right and mandatory tender offer treatment)
Listing	Listed on Euronext Milan	Listed on Euronext Milan
ISIN	NL 0015000MZ1	NL 0015000N09

Each existing share in the capital of the Company in issue at the time of execution of the AoA Amendment II (as defined below) will be converted into one Ordinary Share B. The difference between the nominal value of existing shares and the Ordinary Shares B will be paid at the expense of the Company's freely distributable reserves. Those who are shareholders (with the exception of the Company) at the Record Date, to be determined by the Board of Directors after the AoA Amendment II (as defined below) takes effect, will be granted one Ordinary Share A for each Ordinary Share B held. Treasury shares will not be eligible for such allocation of Ordinary Shares A. This share issuance will be done for no consideration and the nominal value will be paid up at the expense of the Company's freely distributable reserves.

It is envisaged that the issuance of Ordinary Shares A will become effective before 1 January 2022, subject to the completion of all formalities. Those who hold rights to acquire Shares under existing stock option/grant plans on the Record Date will be entitled to acquire Ordinary Shares A and Ordinary Shares B when they exercise their right to acquire Shares (or only Ordinary Shares A, to the extent the Company should amend the existing stock option/grant plans to that end). The new authorised share capital will be EUR 779,610,192.24 and the authorised share capital will be divided into 1,181,227,564 Ordinary Shares A and 1,181,227,564 Ordinary Shares B.

On 25 November 2021 the extraordinary shareholders' meeting of the Company resolved upon the introduction of the Dual Class Share Structure and to accordingly amend the Company's articles of association (the **AoA Amendment II**; such amended articles of association: the New **Articles of Association**). The execution of the AoA Amendment II is subject to the conditions precedent that: (i) the Ordinary Shares A are admitted to listing and trading on Euronext Milan and (ii) the required approvals from competent authorities are obtained.

The implementation of the Dual Class Share Structure, including the issuance of both the Ordinary Shares A and Ordinary Shares B, is subject to applicable law.

The Company may be dissolved pursuant to a resolution to that effect by the general meeting with an absolute majority of the votes cast without any quorum being required. When a proposal to dissolve the Company is to be made to the General Meeting, this must be stated in the notice convening the General Meeting. In the event of dissolution, the Company will be liquidated in accordance with Dutch law and the New Articles of Association and the liquidation shall be arranged by the members of the Board of Directors, unless the general meeting appoints other liquidators. During liquidation, the provisions of the New Articles of Association will remain in force for as long as possible. The balance remaining after payment of the debts of the dissolved Company must be transferred to the Shareholders in proportion to the number of Shares held by each.

(B) Restrictions on Free Transferability of the Shares

There are no restrictions under the New Articles of Association, nor under Dutch law, that limit the right of holders of the Shares to transfer the Shares. The transfer of the Shares to persons located or resident in, or who are citizens of, or who have a registered address in, jurisdictions other than the Netherlands may be subject to specific regulations according to their securities laws.

(C) Where will the Securities be Traded?

Prior to the Listing, there has been no public market for the Ordinary Shares A. It is expected that all issued (and to be issued) and outstanding Ordinary Shares A will be listed and traded on Euronext Milan under the ticker symbol "MFEA".

The trading of the Ordinary Shares A on Euronext Milan is expected to begin on 13 December 2021 (the **First Trading Date**) at 9:00 CET.

(D) Is there a Guarantee Attached to the Securities?

Not applicable.

(E) What are the Key Risks that are Specific to the Securities?

The most material risk factors specific to the securities are as follows:

- The Company may in future issue additional Shares (Ordinary Shares A and/or Ordinary Shares B) to raise capital, which may dilute investors' shareholdings in the Company.
- The payment of any future dividends will depend on the availability of sufficient distributable profits.

1.4 Key Information on the Offer of Securities to the Public and/or the Admission to Trading on a Regulated Market

(A) Under which Conditions and Timetable can I invest in this Security?

Not applicable. No securities are being offered for subscription or sale pursuant to the Prospectus.

(B) Who is the Offeror and/or the Person asking for Admission to Trading?

The legal and commercial name of the legal entity asking for admission to trading is MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.). The Company is a public limited company (*naamloze vennootschap*) under the laws of the Netherlands. Its statutory seat (*statutaire zetel*) is in the Netherlands and its registered office and principal place of business is Viale Europa 46, 20093 Cologno Monzese, Milan, Italy.

(C) Why is this Prospectus being produced?

The Company has produced the Prospectus for the purposes of allotment of the Ordinary Shares A and the Listing.

2. RISK FACTORS

Before investing in the Shares, prospective investors should consider carefully the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, may have a significant negative impact on the Company's business, results of operations, financial condition and prospects. The price of the Shares could decline and an investor might lose part or all of its investment upon the occurrence of any such event.

All of these risk factors and events are contingencies, which may or may not occur. The Company may face a number of the risks described below simultaneously and one or more of the risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

Although the Company believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Company's business and industry and the Ordinary Shares A in particular, they are not the only risks and uncertainties relating to the Company and the Ordinary Shares A. Other risks, events, facts or circumstances not presently known to the Company, or that the Company currently deems to be immaterial, could, individually or cumulatively, prove to be important and may have a significant negative impact on the Company's business, results of operations, financial condition and prospects.

Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and/or tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of their personal circumstances.

2.1 Risk Factors Associated with the Issuer

Significant interruptions, suspensions or discontinuation of the Group's operations due to network infrastructure or coverage failures could have an adverse effect on the Group's business, financial condition or results of operations.

The risk of interruption or reduction of the business mainly pertains to a network infrastructure that fails to ensure the level of service in terms of availability, and a partial local area coverage failure due to limitations imposed by international coordination or the assignment of (part of) the frequencies, currently assigned to broadcast, to other services.

Although the Company has in place measures with the aim to reduce the risk of discontinuation, such as the use of high availability or fault tolerant systems, backup systems for the main signal distribution systems, and various alternative resources (including radio bridge networks, satellites and fibre optics), there can be no assurance that such measures will prevent failures in the Group's technologies, network or operational systems.

Furthermore, the Group is dependent on the electronic communication services provided by EI Towers S.p.A. (**EI Towers**) in Italy and Retevision 1, S.A.U. (**Retevision**) in Spain.

EI Towers is one of the biggest operators of electronic communication networks in Italy, serving radio and television broadcasters and mobile telecommunications providers under long-term agreements. In particular, the EI Towers group provides hosting 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. In addition, the EI Towers group manages "broadcast contribution links" for the Group and other national operators' television productions in the sports events and news sectors through its own operation centres and network infrastructure.

The Company is dependent on EI Towers' services from an operational and technical point of view for the diffusion process of the Company's television signal through the Digital Terrestrial Television (**DTT**) platform. These services could not easily be replaced given the fact that currently the main alternative service provider in the Italian market is Rai Way, which is the provider of Radiotelevisione Italiana (**RAI**), the Italian public broadcaster. Moreover, all of the Company's transmission equipment is physically hosted at EI Towers' sites. The Company has a minority stake in EI Towers and does not exercise control over the company. There can be no assurance that EI Towers' services will not be affected by circumstances out of its or the Company's control, such as defects in its infrastructure. Considering the aforementioned dependence of the Company's Italian broadcasting activities on the services provided by EI Towers, any disruption, suspension or discontinuation of EI Towers' services to the Company could affect the continuation of the Company's broadcasting operations.

The situation in Spain is similar to the one previously described in Italy. Retevision 1, S.A.U. (**Retevision**), a company wholly-owned by Cellnex, S.A., is the main operator of electronic communications networks in Spain, serving radio and television broadcasters and mobile telecommunications providers under long-term agreements. Retevision operates a nationwide network dedicated to the transport and transmission of DTT and analogue TV and radio signals, including complementary services, as well as technical assistance and maintenance.

Similarly, to Italy, Mediaset España is dependent on Retevisión services from an operational and technical point of view for the diffusion process of Mediaset España's television signal through the DTT platform. Therefore, the services provided by Retevision are essential for Mediaset España to carry out its business, since they are necessary for the programmes to be transmitted through the TV channels operated by Mediaset España. There can be no assurances that Retevisión services (i) will not be terminated prior to their term or continued beyond the current term under conditions less favourable for Mediaset España; or (ii) will not be affected by circumstances out of its or Mediaset España's control, such as defects in its infrastructure or disruption, suspension or discontinuation of the services.

Although the Group has agreed upon specific service level agreement provisions with EI Towers and Retevision with the aim to prevent and/or reduce the risk of disruption or discontinuation of services, there can be no assurances that such services will be not be disrupted or discontinued in the future. Lower levels of service experienced by customers as a result of disruptions or discontinuation of services provided by EI Towers or Retevision could result in a lower number of users and eventually in lower revenues, for example from advertising due to the fact that advertising targets cannot be reached.

Furthermore, a partial local area coverage failure due to limitations imposed by international coordination, in particular for equipment situated in border areas, may arise if such coordination fails. The result could be that the connectivity in areas bordering neighbouring countries is impacted, which could also lower the number of users, as users in border areas could switch to other providers of similar services that do cover the border areas. Finally, interruption or reduction of the Group's operations could arise from an assignment to other services of frequencies necessary to ensure coverage in certain areas, which could impose limits on the coverage in certain areas.

Significant interruptions in the Group's operations due to network infrastructure failures or the assignment of frequencies could result in a lower level of service experienced by customers, resulting in a lower number of customers. In turn, this could result in lower advertising revenues, since a high advertising reach is key for advertisers. This could have a significant impact on the Company's results, considering that advertising revenues constituted approximately 85% of the Group's total revenues in FY2020, i.e. EUR 2,232.6 million.

The loss of key executives, creative talent or entertainers, or such entertainers' diminishing popularity, can materially affect the Group's business.

The Group's business depends upon the continued efforts, abilities and expertise of its corporate and divisional executive teams as well as creative talents and entertainment personalities. The departure of key senior executives could lead to disruptions in the conduct of the Group's business and the achievement of its strategic targets. The creative talents and entertainment personalities are instrumental in successfully reaching audiences with relevant programmes, shows and other content. There can be no assurance that these individuals will remain with the Group and retain their ability to create appealing content or remain popular entertainment personalities or that the Group will be able to continue attracting creative talents and entertainment personalities for its operations. Further, in the case of prominent hosts, journalists or presenters under contract with the Group, there can be no assurance that these persons will maintain their popularity with the Group's audience. The loss of key executives, creative talents or entertainers, or such entertainers' diminishing popularity, could lead to a decline in the Group's audience numbers. Such a decline could deter advertisers, since a high audience reach is essential for advertisers. Consequently, the Group's advertising sales (constituting approximately 85% of the Group's total revenues in FY2020, i.e. EUR 2,232.6 million could be materially affected, which would impact the Group's overall performance.

The Group is exposed to the risk of piracy of its content.

The Group is exposed to the risk of piracy of its feature films, television programming and other content. Piracy of motion pictures, television programming, video content and DVDs poses challenges to several of the Group's businesses. The proliferation of unauthorised copies and piracy of the Group's products or the products it licenses from third parties can have an adverse effect on its businesses and profitability, because this may erode the commercial value of the Company's self-produced or licensed content such as movies and TV series. The revenue that the Company may derive from such content may therefore be reduced. The direct impact on the general results of the Company may be significant, considering that the sale of TV rights and productions, OTT offer and movie distributions constituted approximately 9.3% of the Group's total revenues in FY2020, i.e. EUR 246.0 million. In turn, reduced viewer numbers due to piracy may affect the Company's revenues derived from advertising (which constituted 85% of the Group's total revenues in FY2020, i.e. EUR 2,232.6 million), since the Company's advertising customers may find TV advertising less attractive to invest in.

The inability to adequately combat piracy could have a material negative impact on the financial conditions or results of the Group.

Policing the unauthorised use of the Group's intellectual property is difficult and may require the Group to pursue costly legal proceedings. Moreover, the steps taken by the Group to combat piracy will not prevent the infringement by and/or piracy of unauthorised third parties in every case. There can be no assurance that the Group's efforts to enforce its rights and protect its intellectual property will be fully successful in reducing content piracy. The inability to adequately combat piracy could have a material negative impact on the financial conditions or results of the Group, as users will be able to make use of the content without paying and without their use contributing to the advertising targets of advertising customers of the Group. In recent years, the Company has initiated several legal actions, especially against Over-the-Top (**OTT**) operators, following subsequent repeated violations that concerned the uploading of thousands of copyrighted videos on their websites without authorisation. In the past three years, in Italy the Court of Rome ordered several foreign websites to pay significant compensation to the Company for copyright infringements. These rulings are of significance for all publishing houses and audiovisual companies in Italy, as they help reset the balance of relationships between content producers and the operators of online platforms.

2.2 Risk Factors Associated with the Industry

The economic downturn in the Italian and Spanish advertising market due to the COVID-19 pandemic may lead to long-term uncertainties in, and have longer-term adverse effects on, the Company's business, results and financial condition.

Although in recent years the Group has diversified its revenue base by establishing a presence in complementary businesses, such as the sale of multiplatform content and film distribution, sales from advertising still represent the main source of revenue for the Group (representing approximately 85% of the Group's total revenues in FY2020, i.e. EUR 2,232.6 million).

The level of advertising expenditure in the markets in which the Group operates along with the proportion of such expenditures accounted for by television, radio or online advertising is affected by general economic and market conditions in those markets, which generally influence the advertising budgets of the Group's clients. Advertising expenditures generally tend to be cyclical, reflecting general economic conditions.

During 2020, the global economy was heavily impacted by the COVID-19 pandemic, which forced almost all countries to put in place stringent containment measures. This led to an economy-wide recession, resulting in a 3.9% drop in global GDP compared to 2019.[1] A strong recovery followed in the third quarter of 2020, as the economy rebounded from the first phase of the pandemic. After the summer months, the pandemic however again worsened, with containment measures returning as a consequence, albeit this time more tarageted and less stringent than those adopted in the first phase. The result was another general economic downturn during the final months of 2020. The economy in the Eurozone reflected the global negative and fluctuating trend. Following a significant contraction in the first half of 2020, GDP broadly grew more than expected in the second half of 2020, though it slowed down in the fourth quarter.[2] The annual change in GDP was -6.8% in the Eurozone,[3] linked to the collapse of demand and mitigated only by the resilience of public spending. Italy and Spain, the two core jurisdictions in which the Group operates, were particularly affected by the COVID-19 pandemic: in Italy, 2020's economic downturn caused GDP to fall by 8.9% while in Spain GDP fell by 1.0%.[4]

The changing economic environment caused by the pandemic mainly impacted 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 compared to the previous year and in line with the Spanish market), 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 (such as the UEFA Champions League and EURO 2020 Football Championship) were suspended, 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. The extent to which the COVID-19 pandemic continues to impact the Group's business will depend on future developments, which are highly uncertain and rapidly changing. Relevant factors include the effectiveness of governmental measures (including vaccination campagnes), the duration of the pandemic, the speed at which affected countries emerge from the crisis, and the impact of the crisis on GDP and private consumption. The latter factors are key for the advertising market and therefore the Group's sector.

During the first half of 2020, the Company 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. As of 30 September 2021, the capacity of available credit lines of the Company was at 54.3%, EUR 550 million of which was committed (see "*Operating and Financial Review – Liquidity and Capital Resources – Interest-Bearing Loans and Borrowings*"). Moreover, the Group's credit facilities are subject to

[1] Prometeia, Rapporto di Previsione Marzo 2021.
[2] Prometeia, Rapporto di Previsione Marzo 2021.
[3] Prometeia, Rapporto di Previsione Marzo 2021.
[4] Prometeia, Rapporto di Previsione Marzo 2021.

financial covenants designed to monitor its financial conditions, the latest tests of which have all been passed positively (see "*Operating and Financial Review – Liquidity and Capital Resources – Contractual Obligations and Commitments*").

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.

See "*Operating and Financial Review – Key Factors Affecting Results of Operations – COVID-19 Pandemic*" for further information on the Group's measures implemented to contain the negative consequences of the COVID-19 pandemic on its business and performances. Although the Group has taken such measures to contain an eventual negative impact on the advertising market with a view to safeguarding the Group's results and cash generation, this does not diminish the materiality of the aforementioned risk due to the continued uncertainty surrounding the COVID-19 pandemic.

If the Group does not address the increase in competition, driven by technological changes and the consequential audience fragmentation, this could have a detrimental effect on its business and performance.

The media industry is experiencing rapid and significant technological change, which is resulting in the advent of alternative means of programme and content distribution. These technological changes include a transition from analogue to digital signals distributed via terrestrial, cable, satellite and internet technologies. Moreover, the traditional broadcaster models are exposed to the process of enlargement of the traditional competitive scenario, mainly driven by 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 respond to the demands of technologically involved viewers and increasingly demanding, sophisticated investors. 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 (such as Netflix).

Furthermore, with respect to 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 advent of new media companies, such as Netflix and Amazon Prime, could result in the risk of less interest in FTA generalist television by the TV viewing public, which could have a negative impact on the number of users, as more users may turn to other platforms for accessing television content. For example, the streaming services of new media companies are already becoming increasingly popular among users globally. Netflix accrued more than 25 million membership additions in 2019 (+20.0%) and more than 35 in 2020 (+21.9%), with a year-on-year revenue growth of 27.6% in 2019 and 24% in 2020. Amazon Prime reached 150 million subscribers in 2019 and over 200 million subscribers in 2020, while the streaming service Disney Plus reached 50 million subscribers within five months of launching in 2019 and currently has more than 100 million subscribers. Generally, European FTA broadcasters have not experienced similar growth levels, partially due to the fact that their operations are currently relatively locally orientated as opposed to the operations of OTT players.

In the event of less interest in FTA generalist television by the TV viewing public, advertising customers could be less willing to invest, or prices for TV advertising could fall. Moreover, the propensity of advertisers to spread out their advertising expenditures over various media combined with the risk of audience fragmentation may divert a higher part of total advertising expenditures towards attractive new platforms outside of TV broadcasting. In such case, this could have a detrimental effect on revenue development in the TV advertising market, although the Company is pursuing a digital entertainment strategy. The effects on the general results of the Company could be substantial, since the greatest part of the Group's income derives from advertising sales (approximately 85% in FY2020).

If the Group is unable to acquire or create attractive and/or exclusive content, this could have an adverse effect on the Group's business, financial condition or results of operations.

The Group, through its subsidiary Reti Televisive Italiane S.p.A. (**RTI**), owns one of the biggest Italian library of television broadcasting rights and one of the biggest in Europe, thanks to long-term agreements with American major studios and distributors and independent American and European producers (TV movies, soap operas, miniseries and TV serials). Moreover, the Group, through its investments in companies such as Medusa Film S.p.A. (**Medusa Film**), Taodue S.r.l., Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U. and Telecinco Cinema, S.A., companies involved in the distribution and in-house production of television and movie content and products, has control and access to domestic movie and television products. This combination of acquired and generated content ensures that the needs of the Group's linear and non-linear TV businesses are covered.

Nevertheless, a breach by third party content providers of their contractual obligations or the inability to create popular original programming may disrupt the Group's programming, which in turn may adversely affect the Group's ability to attract viewers to its respective channels and online platforms. Consequently, this could deter advertisers, as a high audience reach is essential to them, which could lead to a decline in advertising sales. Since advertising revenues constitute a significant part of the Group's revenues (approximately 85% of the Group's total revenues in FY2020, i.e. EUR 2,232.6 million), a decline in advertising sales could have a substantial impact on the Group's performance.

Failure to comply with applicable law by the Company and/or the Group could result in economic and reputational damage.

The Group operates in various business areas that are governed by strict regulations. Therefore, the regulatory risks for the Group are mainly represented by the expansion and/or the tightening of regulations applicable to the business areas in which the Group operates and the consequent uncertainties created by such regulations.

Compliance risks refer to the expansion of the business areas governed by regulations, or the introduction of regulations that are stricter than existing regulations on various matters, including antitrust, the protection of minors from certain types of content, overcrowding, slots, advertising breaks, safeguarding pluralism, quotas for European works, the limitation of electromagnetic emissions, data protection, and urban planning restrictions on infrastructure construction. Further regulatory matters include the regulatory review process arising from the stabilisation of the reference infrastructure scenario, i.e. 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; from the management of the refarming of 700 MHz frequencies; and from the reform of the public broadcaster in terms of governance and operating configurations.

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 are, overall, well established and effective in managing the risks of non-compliance with the applicable regulations, 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 for which it is difficult to predict the effects on operations or the impact on the public. Any failure to respect any regulations (including those referred to above) by the Company and/or the Group could result in economic damage (due to the application of administrative sanctions) and reputational damage. The direct economic damage following non-compliance may relate to fines imposed by the relevant regulatory authorities in an amount of millions of euros (e.g. as a percentage of the Company's sales). However, the financial impact of non-compliance could be substantially higher due to the indirect effects of reputational damage. The Group's operations may also be restricted; for example due to its general authorisations for electronic communication services and rights of use on frequencies being withdrawn following serious and repeated infringements of specific rules (e.g. prohibition of unlawful interferences or rules protecting health against excessive electromagnetic emissions). Similar rules are provided for that part of legislation governing the provision of audiovisual media services (**AVMS**) (e.g. authorisations for AVMS may be withdrawn in cases of serious and repeated infringements of provisions governing advertising, the protection of minors and European quotas). The consequences thereof could result in substantial restriction in the Group's operations, with a significant impact on its results.

The Group is subject to risks relating to fluctuations in interest rates.

The presence of variable rate debt exposes the Group to risks relating to fluctuations in interest rates. As of 30 September 2021, the unhedged portion of the Group's indebtedness was EUR 250 million. The exposure to variable rates is monitored in order to avoid the negative impact deriving from rising interest rates. Although the Company has implemented a policy to limit interest rate risk, it is still exposed to the risk of unfavourable market movements in interest rates, which could have a negative effect on the Group's earnings and cash flows.

The Group is subject to risks relating to fluctuations in exchange rates.

The acquisition of television and movie broadcasting rights in currencies other than the euro (mainly the U.S. dollar) exposes the Group to risks relating to fluctuations in exchange rates. The recent COVID-19 pandemic has exacerbated the Group's exposure to risks relating to fluctuations in exchange rates. Volatility of the EUR/USD exchange rate, an exchange rate particularly relevant to the Group, has recently risen, with a 2020 EUR/USD exchange rate peak of 1.2281 on 30 December 2020 and a EUR/USD exchange rate low of 1.0707 on 20 March 2020, according to the European Central Bank's (**ECB**) reference exchange rates. Since the start of 2021, the value of the USD against the euro has fluctuated significantly and increased more than 9% as at 24 November 2021.

An increase in value of these currencies against the euro can have an adverse effect on the Group's results of operations, as this could restrict the Group's ability to invest in television and movie broadcasting rights, which is a major factor relevant to the Group's offering. In accordance with its financial risk management policies, the Company, through derivative contracts entered into with third parties, has adopted a management approach for such risks aimed at eliminating the effect of 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. The Company is of the opinion that there is limited to no risk for its liquidity position, considering the current standing of its counterparties and the absence of collateral. As at 30 September 2021, 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 was equal to USD 352.0 million.

2.3 Risks Relating to the Shares and the Dual Class Share Structure

The Dual Class Share Structure of the Company will have the effect of concentrating voting control with certain shareholders, which will limit shareholders' ability to influence the outcome of matters submitted to shareholders for approval, including the election of directors, the adoption of amendments to the Company's articles of association and a change of control.

The Company's Shares will be divided into Ordinary Shares A and Ordinary Shares B. Holders of Ordinary Shares A are entitled to one vote per share, while holders of Ordinary Shares B are entitled to ten votes per share. As part of the implementation of the Dual Class Share Structure, the existing shares in the Company will be converted into Ordinary Shares B. Such Ordinary Shares B holders will have the ability to pass or block a resolution proposed to the shareholders, regardless of the support any such resolution may have or may not have from other shareholders. Accordingly, holders of Ordinary Shares B will be able to control key shareholder decisions including (without limitation): the appointment and removal of Directors; amendments to the Company's articles of association; changes to the name of the Company; the reduction of the Company's share capital; and the approval of the amounts recommended by the Directors to be paid as dividends. Depending on the level of shareholder representation at any general meeting, it is also possible that the voting rights of holders of Ordinary

Shares B will be sufficient to pass any resolutions proposed at the relevant meeting (including any of those referred to above in this paragraph).

As at the date of the Prospectus, Fininvest S.p.A. (**Fininvest**) is the major shareholder of the Company and has control over it. Following the implementation of the Dual Class Share Structure, Fininvest would continue to be the major shareholder of the Company: as such, it would continue to control the Company and it could exercise significant influence on the decisions of the general shareholders meeting of the Company subject to a simple majority.

In addition, this concentrated control could discourage or prevent others from pursuing any potential merger, takeover or other change of control transactions with the Company, which may reduce the probability for the shareholders to receive a premium for their Shares. Such shareholder structure may have an impact on the price of our listed shares. In this respect it is to be noted that, at the date of the Prospectus, Fininvest has control over the Company and following the implementation of the Dual Class Share Structure would continue to control the Company.

On 25 November 2021, the extraordinary shareholders' meeting of the Company resolved upon the introduction of the Dual Class Share Structure and to accordingly amend the articles of association of the Company. The execution of the said amendment is subject to the conditions precedent that: (i) the Ordinary Shares A are admitted to listing and trading on Euronext Milan and (ii) the required approvals from competent authorities are obtained.

The Company may in future issue Shares (Ordinary Shares A and/or Ordinary Shares B) to raise capital, which may dilute investors' share holdings in the Company.

The Company may issue Shares (Ordinary Shares A and/or Ordinary Shares B) to investors at any time, resulting in potentially significant dilution to holders of Shares. The market price of the Shares could decline if a substantial number of Shares are sold or issued, or if there is a perception that such sales or issuances could occur. In addition, any sale of Shares could make it more difficult for the Company to raise capital through the issuance of equity securities in the future and may make it more difficult for investors to sell Shares at a time and price that they deem appropriate.

The Group may, in the future, seek to raise capital through public or private debt or equity financings by issuing additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities. The Group may also, in the future, seek to issue additional Shares in the context of any new employment arrangement involving employees of the Company. Any additional offering or issuance of Shares by the Company, or the perception that an offering or issuance may occur, could have a negative impact on the market price of the Shares and could increase the volatility in the market price of the Shares.

The payment of any future dividends will depend on the availability of sufficient distributable profits.

The Company's ability to pay dividends to the holders of the Shares will depend on the availability of sufficient distributable profits. Since the Company will conduct its operations through its subsidiaries, associated companies and joint ventures, the amount of its distributable profits will depend significantly on its subsidiaries, associated companies and joint ventures generating profits and distributing them to the Company. However, there is no assurance that distributable profits will be available in any fiscal year. Even if there are sufficient distributable profits available, the Company may not pay a dividend for a variety of reasons. The payment of future dividends will depend on certain factors, namely: (i) Group profits; (ii) free cash flow generation; (iii) any financial or other economic commitments; (iv) the ability to undertake strategic investments; (v) improving the profitability of shareholders and investors; and (vi) sustainable value creation. There is a risk that due to any unfavourable circumstance in the context of these factors in any given year the Company may not distribute dividends in the relevant year.

3. IMPORTANT INFORMATION

3.1 General

This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by the AFM, as the competent authority under the Prospectus Regulation, on 3 December 2021. Moreover, pursuant to Articles 24 and 25 of the Prospectus Regulation, the Company has requested that the AFM provides CONSOB and ESMA with a certificate of approval attesting that this Prospectus constitutes a prospectus for the purpose of Article 3 of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation.

This Prospectus shall be valid for use only by the Company for a period of up to 12 months after its approval by the AFM and shall expire on the earlier of (i) the First Trading Date and (ii) 3 December 2022. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or of the quality of the Shares. Investors should make their own assessment as to the suitability of investing in the Shares.

Prospective investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the Prospectus Regulation. Therefore, prospective investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, Mediaset España or any of their respective affiliates or representatives. Neither the delivery of this Prospectus nor any sale made hereunder at any time after the date hereof, shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained herein is correct at any time after such date.

Prospective investors are expressly advised that an investment in the Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not merely rely on key information or information summarised within it. A prospective investor should not invest in the Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Shares.

The content of this Prospectus should not be construed as legal, business or tax advice. It should not be considered as a recommendation by any of the Company, Mediaset España or any of their respective affiliates or representatives that any recipient of this Prospectus should invest in the Shares. In making an investment decision, prospective investors should read the entire content of this Prospectus and, in particular, the section named "*Risk Factors*" when considering an investment in the Company. None of the Company, Mediaset España or any of their respective representatives is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares by such purchaser under the laws applicable to such purchaser. Prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial or legal advisers before making any investment decision with regard to the Shares, to consider among other things such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to invest in the Shares. In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company and the Shares, including the merits and risks involved.

The distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the offer shares may be restricted by law in certain jurisdictions other than the Netherlands, including, but not limited, to the United States.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, the Shares in any jurisdiction. No action has been or will be taken in any jurisdiction by the Company or Mediaset España that would permit an initial public offering of the Shares or possession or distribution of a prospectus in any jurisdiction where action for that purpose would be required. Neither the Company nor Mediaset España accepts any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Shares, of any of these restrictions.

3.2 Responsibility Statement

The Company makes this Prospectus available, and the Company accepts sole responsibility for the information contained in this Prospectus. The Company declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

3.3 Presentation of Financial and Other Information

(A) Historical Financial Data

The financial information included in the Prospectus is derived from the consolidated audited financial statements of the Company for the financial years ending on 31 December 2018, 31 December 2019 and 31 December 2020 (the **2018 Financial Statements**, **2019 Financial Statements** and **2020 Financial Statements** respectively, and together the **Financial Statements**) and the consolidated interim unaudited financial statements of the Company for the nine month period ending on 30 September 2021 (the **2021 Interim Financial Statements**) and 30 September 2020 (the **2020 Interim Financial Statements**) (together the **Interim Financial Statements**). The comparative figures for 2018 are derived from the 2019 Financial Statements.

The comparative figures for 2018 have been restated in the 2019 Financial Statements to retroactively reflect the associated equity investment net results derived from the goodwill purchase price allocation process in the associate EI Towers, following the completion of 2i Towers Holding's takeover bid on EI Towers, effective as per 1 October 2018. The impact of the restatement was EUR -3.0 million on 2018 Group net profit amd Group Shareholders Equity. These restatements have no influence on the comparability of the Financial Statements.

The Interim Financial Statements have been published on a voluntary basis by the Company to provide continuous and regular information on the Group's quarterly consolidated economic and financial performance, and has been prepared pursuant to the IAS/IFRS accounting principles in line with the measurement and estimation criteria applied in preparing the 2020 Financial Statements, to which readers are referred. The Interim Financial Statements have not been prepared in accordance with IAS 34 – Interim Financial Reporting. The figures in the Interim Financial Statements are presented in a condensed and reclassified form and are therefore, not comparable to the Financial Statements.

Deloitte & Touche S.p.A. (**Deloitte & Touche**), independent auditor, audited the Financial Statements (as defined below). As per 23 September 2021 the independent auditor of the Company has become Deloitte Accountants B.V. (**Deloitte**). The Interim Financial Statements have not been audited or reviewed by an independent auditor.

Unless otherwise indicated, financial information contained in this Prospectus has been prepared in accordance with IFRS as adopted in the EU, based on Regulation (EC) No 1606/2002.

(B) Alternative Performance Measures

The condensed and reclassified financial information reported in "*Selected Consolidated Financial Information*" and "*Operating and Financial Review*" of this Prospectus contains various alternative performance measures (**APMs**). These APMs are used by the Group to monitor the performance of its business and operations. Since not all companies calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Consequently, investors should not place undue reliance on this data. In general, the APMs used by the Group are selected, synthetic and condensed economic and financial performance measures relating to the Group's operating activities and its asset structure, as further detailed below. It should be noted that the APMs have not been audited or reviewed, as they are non-IFRS measures.

The APMs included in the Company's condensed and reclassified consolidated statement of income are the following:

Reported EBITDA – *Reported EBITDA* is measured starting from the IFRS measure *net profit for the year*, adding *income taxes*, deducting/(adding) *financial income/(expenses)* and *result of investments accounted for using equity method*, adding *amortisation, depreciation and write-downs*.

Operating Result – *Operating Result* is measured starting from the IFRS measure *net profit for the year*, adding *income taxes*, deducting/(adding) *financial income/(expenses)* and *result of investments accounted for using equity method*. Operating Result is also reported in the Company's consolidated statement of income.

Reported EBITDA and *Operating Result* are typical intermediate measures of the economic performance of a company compared to the IFRS measure of economic performance represented by *net profit for the year*. Although *net profit for the year* gives certain insight into the profitability of a company, it does not give adequate insight into the profitability of a company based on its operations. *Reported EBITDA* and *Operating Result* represent the ability of the Group to generate operating profit without taking into consideration its financing decisions or any tax impacts. As such, they can be useful for investors as they allow for a better comparison of the (operating) performances of various companies with different capital investment, debt and tax profiles, insofar as the same definitions are used for the aforementioned APMs.

Reported EBITDA and *Operating Result* have limitations as analytical tools, such as the fact that:

(a) they do not reflect the cash expenditures or future requirements for capital expenditures or contractual commitments;

(b) they do not reflect changes in, or cash requirements for, the working capital needs;

(c) they do not reflect any cash income taxes that the Group may be required to pay;

(d) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and *Reported EBITDA* and *Operating Result* do not reflect any cash requirements that would be required for such replacements;

(e) they are not adjusted for all non-cash income or expense items that are reflected in the Group's statements of cash flows;

(f) they are unaudited; and

(g) the definition and the calculation methodology applied by the Group in calculating *Reported EBITDA* and *Operating Result* might differ from the generally accepted definition of *Reported EBITDA* and *Operating Result* in other countries and from the calculation methodology applied by other companies in the Group's industry. This might limit their usefulness as measures of comparison.

The main APMs included in the Company's condensed and reclassified statement of financial position are the following:

Net financial position – *Net financial position* is measured starting from the IFRS measure *financial liabilities and payables* (non-current), adding *financial payables and other financial liabilities* (current) net of *cash and cash equivalents*, and *current financial assets*, then adjusted to exclude: (i) the fair value of derivative instruments related to the exchange rate risk, except for the ineffective part of cash flow hedge derivatives; (ii) fair value of derivatives instruments related to the equity instruments; and (iii) the financial loans to associate companies.

Net financial position is a financial liquidity metric used to measure the Group's ability to pay its obligations by comparing its total debt with its liquid assets. In other words, this calculation shows how much debt the Group has relative to its liquid assets. Therefore, *net financial position* demonstrates the Group's ability to pay off the debt immediately if it were called. Since *financial liabilities and payables* (non-current) only refers to the Group's non-current liabilities without taking into account the Group's liquid assets, it provides an incomplete picture of the Group's ability to pay its obligations. *Net financial position* does provide this insight and can therefore be of added value to investors.

A positive *net financial position* shows the Group's ability to pay its obligations and gives an indication of its ability to withstand economic downtrends and deteriorating macroeconomic conditions. However, too little debt can be a sign of a lack of investment in long-term growth. Accordingly, it may be more difficult for the company in question to compete with its competitors who do sufficiently invest in their long-term growth. *Net financial position*'s limitation as an analytical tool is that it does not take these factors into account.

Net invested capital – *Net invested capital* is measured starting from the IFRS measure *total shareholders' equity* adding *net financial position*. While *total shareholders' equity* is an indicator of the Group's general financial health (i.e. whether its total assets cover its total liabilities), *net invested capital* is a synthetic measure of total net invested assets. It provides an immediate insight into the Group's capital resources, both from shareholders and financial institutions, while showing in which activities the Group has invested such capital resources, such as TV and movie rights. A limitation of net invested capital as an analytical tool is that it does not differentiate between sources of capital (i.e. shareholders and financial institutions).

The APM included in The Company's condensed and reclassified consolidated statement of cash flow is the following:

Free cash flow – *Free cash flow* is measured starting from the IFRS measures *net cash flow from operating activities* and *net cash flow from investing activities,* excluding:

(a) from *net cash flow from operating activities* the item *net cash flow from discontinued operations*;

(b) from *net cash flow from investing activities* the following items: *proceeds from the sale of equity investments, equity investments, changes in other financial assets, loans to other companies (granted)/repaid, dividend received, business combinations net of cash acquired, changes in controlling interest/ consolidation area* and *net cash flow from discontinued operations and other adjustments*. The other adjustments entail the exclusion of: *(i) cash (out)/in related to hedging derivatives on equity instruments included in the caption proceeds/ (Payments) for hedging derivatives; (ii) cash out related to the purchases of some strategic assets included in the caption purchases of other fixed assets; (iii) right of use recognition under IFRS 16 included in the purchases of other fixed assets; and (include interests (paid)/ received reported in net cash flow from financing activities*;

Free cash flow provides insight into the net cash flow from operating activities and operational investing activities. As such, it is an indicator of the Group's financial performance, its ability to grow and its ability to pay dividends to its shareholders. The limitations of *free cash flow* as an analytical tool are mainly that it does not take into account the profitability of the Group and that companies may use various definitions of free cash flow, therefore restricting investors' ability to compare different companies with one another.

(C) General

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

In preparing the financial information included elsewhere in this Prospectus, most numerical figures are presented in millions of euros. For the convenience of the reader of this Prospectus, certain of these are rounded to the nearest one million. Thus, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

The percentages (as a percentage of revenue or costs and period-on-period percentage changes) presented in the textual financial disclosure in this Prospectus are derived directly from financial information included elsewhere in this Prospectus. Such percentages may be computed on the numerical figures expressed in millions of euros (or expressed in other terms as the case may be). Therefore, such percentages are not calculated based on the financial information in the textual disclosure that has been subjected to rounding adjustments in this Prospectus.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "-", "minus" or "negative" before the amount.

(D) Currency

In this Prospectus, unless otherwise indicated: all references to "EUR", "euro" or "€" or "euros" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; all references to "USD" are to the lawful currency of the United States.

(E) Exchange Rates

The Group publishes its Financial Statements in euros. The exchange rates below are provided solely for information and convenience. The tables below show, for the periods indicated, the period end, and average, high and low ECB composite rate expressed as USD per EUR 1.00. The ECB composite rate is a 'best market' calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The average rate for a year means the average of the ECB composite rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily ECB composite rates during that month, or shorter period, as the case may be. No representation is made that USD could have been, or could be, converted into euros at any particular rate indicated, or any other rate.

	Period end	Average rate	High	Low
		USD per EUR 1.00		
Year				
2018	1.1450	1.1810	1.2493	1.1261
2019	1.1234	1.1195	1.1535	1.0889
2020	1.2271	1.1422	1.2281	1.0707

	Period end	Average rate	High	Low
		USD per EUR 1.00		
Month				
April 2021	1.2082	1.1979	1.2129	1.1746
May 2021	1.2201	1.2146	1.2264	1.2005
June 2021	1.1884	1.2047	1.2225	1.1884
July 2021	1.1891	1.1822	1.1891	1.1766
August 2021	1.1834	1.1772	1.1886	1.1671
September 2021	1.1579	1.1770	1.1872	1.1579
October 2021	1.1645	1.1601	1.1655	1.1542
November 2021	1.1363	1.1410	1.1603	1.1206

On 1 December 2021 (the latest practicable date before publication of this Prospectus), the ECB composite rate between the USD and EUR was USD 1.1314 per EUR 1.00.

3.4 Market and Industry Data

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Group's own assessment of its sales and markets. Statements based on the Group's own proprietary information, insights, opinions or estimates contain words such as 'believe', 'expect', 'see', 'plan', 'estimate', 'expect', 'goal', 'intend', 'may', 'could', 'would', 'should', 'might', 'will', 'forecast', 'outlook', 'guidance', 'possible', 'potential' and 'predict' and as such do not purport to cite, refer to or summarise any third party or independent source and should not be so read.

This Prospectus also contains statistics, data and other information relating to markets, market sizes, market positions and other industry data pertaining to the Group's business and markets. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third party information has been sourced in this Prospectus, the source of such information has been identified.

In this Prospectus, certain statements are made regarding the Group's competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently from the Group and may also define various components of their business and operating results in a manner that makes such figures non-comparable with the Group's figures.

3.5 Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus, which is capable of affecting the assessment of the Ordinary Shares A, arises or is noted between the date of this Prospectus and the Listing, a supplement to this Prospectus will be published in accordance with the Prospectus Regulation. Such a supplement will be subject to approval by the AFM in accordance with Article 23 of the Prospectus Regulation and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be amended, if necessary, to take into account the new information included in the supplement.

The obligation to supplement this Prospectus, which only relates to the Listing, in the event of significant new factors, material mistakes or material inaccuracies (see "*– Information Regarding Forward-Looking Statements*" below) shall cease to apply upon the earlier of: (i) the First Trading Date; or (ii) the expiry of the validity period of this Prospectus.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Prospectus.

3.6 Information Regarding Forward-Looking Statements

Certain statements in this Prospectus are forward-looking statements, which reflect the Group's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Group operates. Forward-looking statements, as a general matter, are all statements other than statements as to historical facts or present facts or circumstances. The words 'believe', 'expect', 'may', 'might', 'will', 'could', 'would', 'should', 'intend', 'estimate', 'plan', 'assume', 'predict', 'project', 'hope', 'seek', 'anticipate', 'annualised', 'goal', 'target', 'potential', 'objective' or 'aim' or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, in the sections entitled "*Risk Factors*", "*Dividends and Dividend Policy*", "*Operating and Financial Review*" and "*Business*", which are based on the Group's current beliefs and projections and on information currently available to it. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events.

Forward-looking statements include, among other things, statements relating to:

(a) the Group's strategy, outlook and growth prospects;

(b) the Group's liquidity, capital resources and capital expenditure requirements;

(c) the Group's expectations as to future growth in demand for the Group's services;

(d) the Group's medium-term objectives;

(e) changes in general economic conditions and capital markets; and

(f) the actions of competitors and customers.

Should one or more of these risks or uncertainties materialise, or should any of the assumptions underlying the above or other factors prove to be incorrect, the Group's actual future financial condition or results of operations could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions underlying the above factors, the forward looking events described in this Prospectus may not occur or be realised. Additional risks not known to the Group or that the Group does not currently consider material could also cause the forward-looking events discussed in this Prospectus not to occur. Prospective investors are advised to read "*Risk Factors*", "*Dividends and Dividend Policy*", "*Selected Consolidated Financial Information*", "*Operating and Financial Review*" and "*Business*" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Except as required by applicable law, the Group does not undertake and expressly disclaims any duty to update or revise publicly any forward-looking statement in this Prospectus, whether as a result of new information, future events or otherwise. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections of the Group's directors and of the Group's management, public statements made by it, present and future business strategies and the environment in which the Group will operate in the future. By their nature, they are subject to known and unknown risks and uncertainties, which could cause the Group's actual results and future events to differ materially from those implied or expressed by forward-looking statements. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Prospectus include those described under "*Risk Factors*".

3.7 Certain Terms

As used herein, all references to the "**Company**" refer to MFE-MEDIAFOREUROPE N.V. (formerly Mediaset N.V.)), a public limited company (*naamloze vennootschap*) under the laws of the Netherlands and together with its consolidated group companies the "**Group**". The words "**Directors**", "**Board of Directors**", and "**General Meeting**" refer to, respectively, the directors, the board of directors and the general meeting of shareholders of the Company, the latter being the corporate body or, where the context so requires, the physical meeting of the Company.

3.8 Definitions

This Prospectus is published in English only. Definitions used in this Prospectus are defined in the section entitled "*Defined Terms*".

4. THE DUAL CLASS SHARE STRUCTURE

4.1 Introduction and Purpose of the Dual Class Share Structure

The Company aims to create a pan-European media group in the entertainment and content industry, both linear and non-linear, starting from the strong position in its reference markets. The Board of Directors considers this strategic long-term goal to be essential for the future development of the Company.

Content providers (e.g. Disney, Warner and Universal), pay TV broadcasters (e.g. Sky and Canal+), OTT players (e.g. Netflix and Amazon Prime), media agencies (e.g. WPP, Publicis and Havas) and media buyers across the European media and entertainment industry rely on, and benefit from, their global or pan-European footprint, further triggered by the relatively recent significant technological development in terms of connectivity, smart devices and telecommunication infrastructures. The only notable exception is the FTA broadcasters who are still deemed to be local businesses. The expansion to a European footprint and access to a larger audience have resulted in a significant revenue stream for the players above, enabling them to invest substantially in a wider library of compelling content, but also providing them with the ability to better serve audiences by analysing viewer data. New media players, such as the aforementioned OTT players, also leverage their streaming platforms to better distribute their content globally to connected devices, such as smartphones, smart TVs, tablets, laptops and PCs.

The introduction of a dual class share structure, with high voting (Ordinary Shares B) and low voting (Ordinary Shares A) shares (the **Dual Class Share Structure**), addresses the need of developing, and equipping the Company with, a new listed currency to be potentially used in the pan-European consolidation process. The Dual Class Share Structure will provide greater flexibility for financing future M&A transactions granting the Company with a wider range of options (e.g. cash and/or stock deals), thereby enhancing its capabilities to pursue external growth opportunities through, among others, mergers and acquisitions and/or strategic partnerships. As of the date of this Prospectus, specific plans are yet to be developed.

For example, the Company could finance an acquisition of a target business by offering as consideration to the sellers a combination of cash and Ordinary Shares A and/or Ordinary Shares B (i.e. cash and stock deal). A further example is a share-for-share merger, whereby the Company and sellers of the target business would trade the shares of the target business for Ordinary Shares A and/or Ordinary Shares B (i.e. stock deal).

The Company emphasises that Ordinary Shares A and Ordinary Shares B enjoy the same economic rights to the Company's equity and any sort of distribution shall be made on an equal basis. All the Shares will benefit of the same earnings per share (EPS) and dividends per share (DPS). Therefore, the decision to issue Ordinary Shares A or Ordinary Shares B will have the same economic impact for the Company's and target company's shareholders in terms of shareholders' value. As a consequence, the Company will be in a position to evaluate whether to issue Ordinary Shares A or Ordinary Shares B on the basis of the characteristics of the potential target. It should be noted, however, that, as always, an issuance of additional Shares will have a dilutive effect on voting rights of all shareholders not participating to the issuance of additional Shares. Please refer to "*Risk Factors – Risks Relating to the Shares and the Dual Class Share Structure – The Company may in the future issue Shares (Ordinary Shares A and/or Ordinary Shares B) to raise capital, which may dilute investors' share holdings in the Company.*"

In particular, the Company wants to maintain the maximum degree of flexibility as to increase the chances of a successful transaction and – in this respect – the Company may opt for the issuance of Ordinary Shares A and/or Ordinary Shares B taking in consideration, among others, the degree of fragmentation of the target company's shareholders base, whether the target company is listed or not, the implementation of a strategic partnership with an industrial or long-term investor and market conditions.

From a strategic, operational and industrial perspective, the Dual Class Share Structure is aimed at the creation of a pan-European media and entertainment group with a strong position in the markets where it is present, seizing opportunities for external growth in Europe. A greater scale and a European footprint will allow operational benefits both in terms of synergies (e.g. streaming technology, ADTech) and new business opportunities, that the current local dimension would not allow (e.g. advertising, content production and distribution). By way of example, the Company could improve its attractiveness for advertisers by increasing its reach (e.g. geographically and in terms of audience share) as a result of consolidation. The Company could also benefit of technology synergies, by integrating the best technologies available within the group (e.g. in terms of streaming, transmission and advertising). The resulting value creation will be beneficial for the Company, its stakeholders and to all its shareholders, with no differences between Ordinary Shares A or Ordinary Shares B holders.

In light of the above, the Company believes that the Dual Class Share Structure will enable it to have a significant role in the ongoing consolidation of the media market, pursuing a pan-European footprint, and to benefit from the associated advantages and synergies above, which will assist and support the Group in competing effectively with the aforementioned large international media companies on the European market.

4.2 Background of the Dual Class Share Structure

Over the past year, certain changes were made to the Company's legal identity in order to prepare for the abovementioned plan to create a pan-European media and entertainment group, of which the Dual Class Share Structure is an integral part.

On 26 April 2021, the Board of Directors of the Company approved proposals to (i) transfer the registered office of the Company, then named Mediaset S.p.A., to Amsterdam, the Netherlands, (ii) to convert the legal form of the Company to a public limited company (*naamloze vennootschap*) governed by the laws of the Netherlands and (iii) to amend the Company's articles of association accordingly. In an extraordinary shareholders' meeting dated 23 June 2021, the shareholders of the Company approved said proposals. The relevant procedures were finalised on, and the proposed changes became effective as from 18 September 2021.

Furthermore, on 1 October 2021 the Board of Directors decided to propose to the shareholders of the Company (i) a change of the Company's name to MFE-MEDIAFOREUROPE N.V., (ii) the implementation of the Dual Class Share Structure, and (iii) an amendment to the Company's articles of association to reflect the previous points. On 25 November 2021, the extraordinary shareholders' meeting of the Company approved said proposal.

4.3 Key Features of the Dual Class Share Structure

There will be two classes of shares, namely low voting shares (**Ordinary Shares A**) and high voting shares (**Ordinary Shares B**, and together with the Ordinary Shares A, the **Shares**). The key features of the proposed Dual Class Share Structure are as follows:

	Ordinary Shares A	**Ordinary Shares B**
Denomination	Denominated and traded in euro	Denominated and traded in euro
Nominal value	EUR 0.06	EUR 0.60
Voting rights	1 vote per share	10 votes per share
Economic entitlements	The Ordinary Shares A and Ordinary Shares B will have the same economic rights to the Company's equity and any and all distributions on the Shares shall be made in such a way that on each Share an equal amount or value will be distributed.	The Ordinary Shares A and Ordinary Shares B will have the same economic rights to the Company's equity and any and all distributions on the Shares will be made in such a way that on each Share an equal amount or value will be distributed.
Minority protection	Ordinary Shares A and Ordinary Shares B will grant the same minority protections and rights to both shareholders (i.e. pre-emption	Ordinary Shares A and Ordinary Shares B will grant the same minority protections and rights to both shareholders (i.e. pre-emption

	right, withdrawal right and mandatory tender offer treatment)	right, withdrawal right and mandatory tender offer treatment)
Listing	Listed on Euronext Milan	Listed on Euronext Milan
ISIN	NL 0015000MZ1	NL 0015000N09

4.4 Issuance and Allotment of Shares

At 31 December 2020, the share capital of the Company consisted of 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each, all fully subscribed to and paid up. At the date of this Prospectus, 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each are issued and outstanding. All such ordinary shares are fully paid and created under the laws of the Netherlands.

Each existing share in the capital of the Company in issue at the time of execution of the AoA Amendment II (as defined below) will be converted into one Ordinary Share B. The difference between the nominal value of existing ordinary shares (EUR 0.52) and the Ordinary Shares B (0.60) will be paid at the expense of the Company's freely distributable reserves.

Those who are shareholders (with the exception of the Company) at the Record Date, to be determined by the Board of Directors after the AoA Amendment II (as defined below) takes effect, will be granted one Ordinary Share A for each Ordinary Share B held. Treasury shares will not be eligible for such allocation of Ordinary Shares A. This share issuance will be done for no consideration and the nominal value will be paid up at the expense of the Company's freely distributable reserves. It is envisaged that the issuance of Ordinary Shares A will become effective before 1 January 2022, subject to the completion of all formalities. Those who hold rights to acquire shares under existing stock option/grant plans on the Record Date will be entitled to acquire Ordinary Shares A and Ordinary Shares B when they exercise their right to acquire shares (or only Ordinary Shares A, to the extent the Company should amend the existing stock option/grant plans to that end).

The new authorised share capital will be EUR 779,610,192.24 and the authorised share capital will be divided into 1,181,227,564 Ordinary Shares A and 1,181,227,564 Ordinary Shares B. On 25 November 2021 the extraordinary shareholders' meeting of the Company resolved upon the introduction of the Dual Class Share Structure and to accordingly amend the Company's articles of association (the **AoA Amendment II**; such amended articles of association: the **New Articles of Association**). The execution of the AoA Amendment II is subject to the conditions precedent that: (i) the Ordinary Shares A are admitted to listing and trading on Euronext Milan and (ii) the required approvals from competent authorities are obtained.

5. DIVIDENDS AND DIVIDEND POLICY

The Company may only make distributions to its shareholders if its equity exceeds the amount of the paid-in and called-up part of the issued capital plus the reserves as required to be maintained by the Company's articles of association or by Dutch law.

The Board of Directors determines which part of the profits will be added to reserves, taking into account the general financial and economic condition, earnings, cash needs, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Board of Directors deems relevant in making such a determination. The Board of Directors makes a proposal for the remaining part of the profits that will be at the disposal of the General Meeting. Dividend distribution is further summarised in "*Description of Share Capital and Corporate Structure*".

5.1 Dividend History

The Company has not declared or distributed dividends to its shareholders over the financial years ending on 31 December 2018, 31 December 2019 and 31 December 2020. On 23 June 2021, the General Meeting approved the proposal by shareholder Fininvest to distribute an extraordinary dividend of EUR 0.3 per share in the Company in circulation, payable from the Company's profits for the year and from available reserves. For Shareholders who have exercised their right of withdrawal over the transfer of the registered office of the Company to the Netherlands, this amount will be deducted from the withdrawal price, meaning they will be paid the sum of EUR 1.881 per share (EUR 2.181 minus the extraordinary dividend). The extraordinary dividend was paid out on 21 July 2021.

5.2 Dividend Policy

Going forward, the dividend policy of the Company will be determined by the Board of Directors. The Company's shareholder remuneration policy will duly consider, among other things, the following elements, listed in no particular order: (i) group profits; (ii) free cash flow generation; (iii) any financial or other economic commitments; (iv) the ability to undertake strategic investments; (v) level of indebtedness; and (vi) sustainable value creation.

The Company's dividend policy will be reviewed and may be amended, from time to time, taking into account the Company's earnings, cash flow, financial condition, capital expenditure requirements and other factors considered important by the Board of Directors. In any event, the resolutions to be adopted by the governing bodies of the Company in relation to the shareholders' remuneration policy, will respect the provisions of the regulations in force at all times, as well as the good corporate governance rules adhered to by the Company.

5.3 Manner and Time of Dividend Payments

Payment of any dividend in cash will be made in euro. The distribution of an ordinary dividend calculated as a percentage of consolidated net profit for the year, followed by, or not, advance payments based on the level of cash generated, is the most common way of providing remuneration to shareholders. Additionally or alternatively, the General Meeting and the Board of Directors may decide to use other remuneration mechanisms, such as the distribution of an extraordinary dividend or the acquisition of own shares intended for subsequent redemption.

5.4 Uncollected Dividends

A claim for any declared dividend or other distribution lapses five years after the date on which those dividends or other distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited and reverts to the Company.

5.5 Taxation

The tax legislation of the jurisdiction where investors are resident for tax purposes may have an impact on income received from the Ordinary Shares A. Please see the section entitled "*Taxation*". Please note that the Company is resident for tax purposes in Italy.

6. REGULATION

6.1 Overview

The following contains applicable laws and regulations to which the Group must adhere in the various jurisdictions in which the Group is active, in particular Italy and Spain, and, insofar as applicable, relevant recent developments. The laws and regulations referred to mostly relate to the sector in which the Group is active, namely audiovisual media, including TV and radio broadcasting, content production and distribution and online content platforms. The subject matter covered includes broadcasting frequencies, programming quotas, financing obligations, content rights acquisition, funding of audiovisual media, audiovisual advertising, and pluriformity of information and media.

Please see "*Risk Factors – Risk Factors Associated with the Industry – Failure to comply with applicable law by the Company and/or the Group could result in economic and reputational damage*" for regulatory risks to which the Group is exposed.

6.2 Italy

(A) Developments in Television Sector Legislation

(I) Refarming of 700 MHz Band

The Italian Budget Act 2018 (Act No. 205/2017) (the **Budget Act 2018**) identified the steps and procedures for the transition to 5G technology, as outlined in the 5G action plan of the European Commission (COM-2016 588 final and Decision (EU) 2017/899 of the European Parliament and of the Council; "5G for Europe: An Action Plan"). Among other things, the Budget Act 2018 sets forth that rights of use of the 700 MHz (from 694 to 790 MHz) band, currently used for digital terrestrial television broadcasts, are to be re-modulated for and assigned to 5G broadband electronic communications services. To this end, television broadcasts on the 700 MHz band must end by 30 June 2022.

On 27 September 2018, the TV 4.0 Coordination Table, which brings together representatives of the competent broadcasting institutions, television operators and trade associations, was set up by the Italian Ministry of Economic Development with the aim of: (i) introducing the legislative amendments necessary to be included in the imminent budget Act; and (ii) coordinating activities concerning the release of the 700 MHz band.

The Italian Budget Act 2019 (Act No. 145/2018) (the **Budget Act 2019**) introduced a series of innovations for the refarming of the 700 MHz band. The main changes included the removal of the requirement for one-third of the transmission capacity to be in the hands of local broadcasters. This will lead to an increase in the number of networks allocated to nationwide network operators from 10 to 12 (out of 14). The two new networks resulting from these changes will be allocated by means of a no-raise competitive economic tendering procedure, with the frequencies divided into four lots equal to half of one multiplex. The criteria and tender principles will be favourable to current corporation-sized nationwide network operators.

Under the Budget Act 2019, EUR 762 million has been made available for the refarming of the 700 MHz band, EUR 272 million has been allocated to the costs of upgrading transmission facilities, EUR 151 million has been set aside as a contribution towards the purchase of new TV sets (of which EUR 25 million has been allotted for 2019, EUR 76 million has been allotted for 2020 with EUR 25 million is allotted for each of 2021 and 2022) and EUR 66 million has been allocated for miscellaneous purposes, including public information.

In the meantime, the Italian Communication Authority (*Autorità per le Garanzie nelle Comunicazioni*, **AGCOM**) launched a new procedure for issuing definitive securities, by means of Resolution 39/19/CONS of 7 February 2019, which provides an update of the National Frequency Allocation Plan in which twelve nationwide networks have been planned.

On 19 April 2019, Resolution No. 129/19/CONS on the Definition of criteria for converting rights of use to domestic digital terrestrial service frequencies into rights of use to broadcasting capacity and for the domestic allocation of rights of use to the frequencies under the Italian Frequency Allocation Plan (PNAF) and Resolution 128/19/CONS on the Commencement of the procedure to define the steps for allocating further domestic broadcasting capacity and terrestrial frequencies were published on the AGCOM website.

On 5 August 2019, the Ministry of Economic Development allocated two frequency rights of use to Elettronica Industriale S.p.A. (**Elettronica Industriale**) to broadcast digital terrestrial television services in the DVB-T2 standard over channels 36 and 28, in addition to a further non-frequency-specific right of use over half of a nationwide multiplex.

On 28 November 2019, the Ministry updated the Road Map by stipulating the date for the staged phase-one switch-off as 1 January 2020 for the areas of Oristano and Sassari. The process of updating the Road Map, still in progress, led in the first part of 2020 to the identification of other areas of the territory for which the relative switch-off dates were planned. Finally, AGCOM must establish the procedures for tendering four multiplex vehicles, which must be called by the Ministry. Elettronica Industriale may take part in the tender and acquire a further half multiplex vehicle, in addition to the two and a half already allocated.

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 AGCOM 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 Persidera relative to the positions of other multinetwork operators (Rai and the Company). In particular, 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 Ministry of Economic Development then published the notice and the tender specifications , and the tender procedure was concluded with the final on 28 June 2001.

Four half-multiplexes have then been awarded to Cairo Networks, (P1; decision of 24 May 2021), Persidera (P2, decision of 25 May 2021), Rai SpA (P3.1) and Elettronica Industriale (P3.2, decision of 28 June 2021).

On 28 April 2021, the Italian Ministry of Economic Development – pursuant to AGCOM Ruling no. 564/20/CONS of 29 October 2020, which set out the criteria for the fees-based auction to allocate additional national networks and prohibited any operator from having more than 3 DVB-T2 transmission networks in the new system – published the Call for Bids and the tender specifications for allocating the available nationwide transmission capacity (half of a multiplex) as well as the related terrestrial frequencies.

On 28 May 2021, Elettronica Industriale, which had already been allocated two rights of use for national network frequencies and one right of use for half of a multiplex, submitted a tender submission. Based on the ranking approved by the Ministry, one of the four multiplexes was allocated to Elettronica Industriale on 2 July. The other three multiplexes were allocated to Rai, Persidera and Cairo Communication, respectively. By virtue of the order to allocate this half-multiplex (signed on 13 August 2021), Elettronica Industriale will be able to operate with three multiplexes from 1 July 2022, which is the deadline given in EU law (Decision 2017/899) and Italian law for the 700 MHz band to be refarmed to mobile telephony services for the development of 5G.

On 30 July 2021, the Italian Ministry of Economic Development took on board up-to-date data on the prevalence of television sets capable of meeting the new transmission standards among Italian households and, accordingly, amended the Road Map Decree of 19 June 2019 (which had set out the timetable for implementing the objectives of Decision (EU) 2017/899). In doing so, the Ministry established a transition period (1 January 2020 to 30 June 2022) that would allow the refarming of frequencies by all network operators holding rights to their use at both a national and local level and the restructuring of the regional-information multiplex by public service concessionaires.

Based on those amendments, the following new dates have been set:

a) from 15 October 2021, national broadcasters will gradually stop using the MPEG2 transmission standard and will begin to transmit exclusively over MPEG4. The MPEG2 switch-off date will be defined in a subsequent order to be passed before the end of 2021. This will take into account the effects of switching off this transport stream as well as the prevalence of new television sets.

b) the DVB-T2 standard is due to be rolled out from 1 January 2023.

The previous decree planned for a simultaneous nationwide switch-off of MPEG2 on 1 September 2021, followed by the commencement of DVB-T2 transmissions on 30 June 2022.

The bonuses for purchasing televisions and decoders that meet the new standards were also revised. From 21 August, each family unit will receive a 20% discount upon scrapping an old device, with this bonus combinable with the EUR 50 bonus already available to low-income families. A total of EUR 250 million has been set aside for this scheme.

(II) 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 Consolidated Law on Audiovisual and Radio Media Services (**TUSMAR**) on dominant positions, in order to implement the judgment of the EU Court of Justice of 3 September 2020 (C-719/18). The amendments provide the following:

"*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 AGCOM 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 removed. To verify the existence of any distorting effects or any other detrimental position, the AGCOM is now required to conduct a substantive assessment of the subjects involved and on the financial, economic and organisational relationships between the shareholders, including with reference to subjects other than the company.

Therefore, by passing Resolution 640/20/CONS of 4 December 2020, the AGCOM made amendments and additions to Articles 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 the Company, 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 the claim filed by Vivendi, the Regional Administrative Court of Lazio annulled the above-mentioned resolution AGCOM 178/17/Cons on 23 December 2020. The Company has appealed to the Council of State, which has not scheduled the hearing for the discussion of the case yet.

(III) Programming and Investments in European Productions

On 6 August 2019, Italian lawmakers passed Act No. 81/2019 (as converted, with modifications, from Decree-Act No. 59/2019 of 28 June 2019, containing urgent measures regarding the personnel of symphonic and opera foundations, supporting the cinema and audiovisual sector and funding for the activities of the Ministry of Cultural Heritage and Activities and for (partially) hosting UEFA Euro 2021), which again affected investment and programming investment quotas and scheduling of European audiovisual productions by television broadcasters, such as the Group, thus amending the "Franceschini Decree".

Linear programming quotas for European productions by broadcasters were brought under a limit of 50% of airtime; from 1 January 2020. As regards quotas for investment in independently produced European productions, these were increased from their current level of 10% of the editor's revenues, net of revenues from pay-tv sports programming, to 11.5% for July 2020 and to 12.5% for 2021 and subsequent years. The quotas for investment in recent original Italian cinema production by independent producers are equal to 3.5% of revenues in 2020 and thereafter. Finally, a more restrictive and thorough system has been established for non-linear services.

(IV) Gambling Advertising with Cash Prizes

The Italian dignity decree No. 87/2018 of 12 July 2018 on urgent provisions concerning the dignity of workers and enterprises (the **Dignity Decree**) has implemented some measures to combat gambling addiction, including a specific provision concerning a ban on gambling and betting advertising in Article 9. This Article bans any form of direct or indirect advertising relating to gambling or betting with cash prizes, irrespective of the advertising vehicle, which shall include sporting, cultural and artistic events, television and radio broadcasting, daily and periodical newspapers, general publications, billboards and online advertising. Advertising agreements will be exempt from this ban if their execution is already under way, as of the date on which the Dignity Decree came into force, 14 July 2018 until 14 July 2019.

The Dignity Decree provides for a very severe penalisation mechanism. Failure to comply with its provisions gives rise to a fine payable by the customer and the owner of the vehicle equal to 5% of the value of the advertising. This fine will always be at least EUR 50,000 for each instance of non-compliance. AGCOM is responsible for the supervision of compliance and the imposition of penalties.

With Resolution No. 132/19/Cons, published on 26 April 2019, AGCOM adopted the Guidelines on the implementation methods of Article 9 of Decree-law 87/2018 of 12 July 2018, containing Urgent provisions "for the dignity of workers and businesses", following the December 2018 consultation in which the Company was a participant.

(V) AVMS Directive and other directives relevant to the broadcasting sector

On 19 December 2018, Directive (EU) 2018/1808 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in member states (the Audiovisual Media Services Directive, or **AVMS Directive**) came into force. The AVMS Directive concerns the provision of audiovisual media services in the face of changing market realities and advertising. The deadline for transposing the AVMS Directive into Italian law was set at 19 September 2020.

Article 3 of Law 22 April 2021, No. 53, delegated the Italian Government to adopt a Legislative Decree in order to implement the above Directive, as well as other directives relevant to the broadcasting sector. The draft Legislative Decree has been approved by the Italian Government and submitted to the Italian Parliament, whose opinion is required prior to the final approval. The above delegation law is consistent with the European Delegation Bill, which was approved by the European Commission on 17 December 2020, setting 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.

(VI) Ban on Press-TV Crossover

The Budget Act 2019 re-introduced and rendered permanent a ban on any persons carrying out nationwide televisual activities on any platform who have recorded revenues of more than 8% under the SIC (*Sistema Integrato delle Comunicazioni*, the integrated system of communications that includes newspapers and magazines, traditional and online publishing, radio, TV, cinema and advertising), from acquiring stakes in daily newspaper publishing houses.

(VII) Digital Services Tax

The Web Tax Act (Law No. 145/2018 of 30 December 2018 on the approval of the state budget forecast for the year 2019, as next amended by Article 1, paragraph 678, of Law No. 160/2019) introduced a tax on digital services, payable by: (i) entities (companies or groups) whose total revenues irrespective of where the services were provided are at least EUR 750 million; and (ii) entities whose revenues from digital services provided in Italy are at least EUR 5.5 million. The tax rate is 3%. All revenues from digital advertising, online supplies of goods and services and user-generated data are subject to tax.

(VIII) Update to the new plan to automatically number digital terrestrial television channels

By way of Resolution 116/21/Cons, and further to the public consultation launched by way of Resolution 17/21/CONS, the AGCOM updated 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 the positions allocated to the nationwide channels already in operation, save for some reductive changes to numbering allocable to paid services. Spain

6.3 Spain

(A) Developments in Television Sector Legislation

The recent approval of the AVMS Directive will cause the Spanish audiovisual legislation, the General Audiovisual Communication Act dated 1 May 2010 (the **Audiovisual Law**), to be further modified with regards to issues related to the protection of minors, in general, and of citizens with regard to hate speech and inducement to terrorism, as well as with respect to making advertising rules for broadcasting services more flexible, and the financing of European audiovisual content. The deadline for transposition is set at 19 September 2020. In this regard, the European Commission has sent formal notices warning Member States that have not yet transposed the law. Spain has a draft law that has not been passed yet.

Although the Audiovisual Law establishes the creation of the State Council of Audiovisual Media (*Consejo Estatal de Medios Audiovisuales*, the **Council**) to act as regulator and supervisor for the audiovisual sector, the audiovisual regulatory competencies have been assumed by the National Commission of the Markets and of Competition (*Comisión Nacional de los Mercados y de la Competencia,* **CNMC**), as per Act 3/2013 of 4 June 2013 (*Ley 3/2013, de 4 de junio, de creación de la Comisión Nacional de los Mercados y la Competencia*).

Additionally, former Royal Decree 805/2014 of 19 September 2014 approved the National Technical Plan for DTT, which rules the new allocation of spectrum to DTT services and certain aspects of the release of frequencies of the digital dividend to telecom operators. As a consequence, on 17 April 2015, the Spanish Government approved a Resolution that was published in the Spanish National Official Gazette (*Boletín Oficial del Estado*) on 18 April 2015 and that contained the basis for a public tender for the award of six new DTT national licences. One of those licences was awarded to Mediaset España. The new channel began its transmission in April 2016. This resolution was again challenged in court. However, the Spanish Supreme Court finally confirmed it in a decision issued in January 2018.

Following the Decision (EU) 2017/899 of the European Parliament and of the Council of 17 May 2017 on the use of the 470-790 MHz frequency band in the Union, the Spanish Government passed Royal Decree 391/2019 of 21 June 2019, approving the new National Technical Plan for DTT and the regulation of certain aspects of the liberalisation of the Second Digital Dividend. This Royal Decree regulates how the 700 MHz band will be liberalised and how the radio-electric channels and the new digital multiplexers will be distributed among the Spanish Public Radio and Television Corporation and other licence holders, their obligations of minimum range of reception and the technical specifications that the television services have to meet. The current number of multiplexers (and their coverage) on the sub 700MHz band will be maintained, as well as the offer of DTT channels. This Royal Decree also states that the DTT service will be offered in the sub-700 MHz band and that audiovisual communication service providers shall not use the 700 MHz band by 30 June 2020, in order to make it available for the 5G mobile services from that date onwards. The Royal Decree further establishes that the sub-700 MHz band will continue to be used for television broadcasting until, at least, 2030.

This regulation has been further complemented by the approval of two additional rulings (Royal Decree 392/2019 and Royal Decree 579/2019), both regulating the direct granting of subsidies in order to compensate them for the costs assumed, among others, by audiovisual communication service providers as a consequence of the implementation of the liberalisation of the Second Digital Dividend referred to above.

(B) Regulations Applicable to Audiovisual Content

The Audiovisual Law establishes the right of providers of audiovisual communication services to select content and determine scheduling, subject to limitations, which mainly refer to programming European content and to the broadcasting of advertising. It also sets out general programming principles in relation to the protection of minors, the rights of persons with a disability, and the prohibition of discrimination, with which the Group's broadcast content must comply.

(I) EU Content Programming Quota

In accordance with the Audiovisual Law, 51% of the annual broadcasting time of each channel or group of channels must be reserved for, and devoted to, European works, excluding time dedicated to news, sports broadcasts, games, advertising, teletext and telemarketing services. Furthermore, 50% of that reserved time must be devoted to European works that are produced in one of Spain's official languages. In addition, 10% of the total broadcast time must be dedicated to the broadcasting of European productions by independent producers, and half of those independently produced works must have been produced in the last five years.

(II) Protection of Minors

The use of the image and voice of minors in audiovisual communication services requires the consent of their legal representative, as per the applicable legislation. In all cases, the name, image and other data that may serve to identify minors in the context of criminal activities or transmissions related to their guardianship and filiation are prohibited. It is also forbidden to broadcast audiovisual content that may cause serious harm to the physical, mental and moral development of minors and, particularly, content that includes pornography, abuse, genre violence or unjustified violence. Measures are further established to protect minors from other content that may be prejudicial to the physical, mental or moral development of children, including advertising, which includes scheduling restrictions and the inclusion of visual and acoustic warnings with regard to linear content, as well as the implementation of parental control devices with respect to non-linear content.

(III) Audiovisual Content Financing Obligations

The Audiovisual Law provides that television broadcasters must make a yearly contribution to the financing of the production of European motion pictures, television films and series, as well as documentaries and animated movies and series. Such contribution shall be of 5% of their total revenues accrued during the previous year from the channels where such programmes had been shown, when those programmes were produced within the previous seven years. The financing may consist of a direct participation in the production or the acquisition of exploitation rights of such productions. At least 60% of this funding obligation must be dedicated to motion pictures of any genre and at least 50% of this amount must be invested in the work of independent producers. At least 60% of this amount has to be invested in works produced in any of the Spanish official languages.

The Audiovisual Law in this matter has been further developed by Royal Decree 988/2015 of 30 October 2015, regulating the legal regime of the obligation of financing certain European audiovisual works, as amended by Royal Decree 241/2019 of 5 April 2019.

(IV) Advertising

Specific advertising rules for audiovisual communication services are set forth in the Audiovisual Law and in the Royal Decree 1624/2011 of 14 November 2011, which approves the Regulation developing the Audiovisual Law in relation to television advertising communication.

In particular, time restrictions are established for the broadcasting of programmes and advertisements informing of own content and accessory products, and for commercial advertising and teleshopping. Regulations governing the integrity of the programmes where advertising is inserted, as well as directions on programme sponsorship and product placement, are further provided. Furthermore, the Audiovisual Law prohibits subliminal and covert advertising, advertising which is discriminatory, contrary to human dignity or which makes a discriminatory or vexatious use of the image of women, advertising that fosters behaviours with harmful health, environmental and human security effects and, particularly, advertising of certain products (tobacco, alcohol, etc.).

Additionally, the Gambling Regulation Act 13/2011 of 27 May 2011 (*Ley 13/2011, de 27 de mayo, de regulación del juego*) (the **Gambling Act**) establishes some general rules with regards to the advertising of gambling activities by, among others, audiovisual communication service providers, media and information social service providers.

(V) Acquisition of Audiovisual Rights on Football Matches

According to Legislative Royal Decree 5/2015 of 30 April 2015, establishing urgent measures with regard to the commercialisation of exploitation rights of audiovisual content in professional football competitions and the broadcasting of football matches must be jointly promoted by football clubs participating in the relevant competitions and the organising body of the competition, whether the Spanish National Professional Football League (*Liga Nacional de Fútbol Profesional*) or the Royal Spanish Football Federation (*Real Federación Española de Fútbol*) as from the 2016/2017 season onwards. Therefore, broadcasting entities cannot negotiate such broadcasts directly and individually with football clubs, but will negotiate them with an official organisational body, in order to obtain the rights required for the broadcasting of football competitions, following the procedures established for that purpose by the organisers.

(C) Restrictions on Interests in Television Companies

According to the Audiovisual Law, in order to own an audiovisual communication licence to provide audiovisual communication services, whenever required, individuals must be citizens of a member state of the European Economic Area (**EEA**) or any third country that applies the reciprocity principle to Spanish citizens. In the case of companies, they must have their domicile in a member state of the EEA or any third country recognising the reciprocity principle to Spanish companies. In all cases, the owner must have a representative with a domicile in Spain for notification purposes. As to companies, it is additionally required that any participation in their share capital by a third party who is a national of a non-EEA country must comply with the reciprocity principle. Furthermore, the single participation of an individual or company of a non-EEA country in a company holding a licence cannot directly or indirectly exceed 25% of its share capital. In addition, the total amount of shares that individuals or companies who are nationals of a non-EEA country may hold in such a company's share capital shall not exceed 50%.

Transactions of audiovisual communication licences require an authorisation from the audiovisual competent authority and they are subject to the payment of a fee. In particular, transmissions and leasing (subleasing is forbidden) cannot take place within a two-year period from the initial allocation of the licence. Moreover, if they involve individuals or legal entities who belong to a non-EEA country, they are subject to the reciprocity principle, except in extraordinary cases based on the application of the International Treaties and Conventions signed by Spain. In the event that the licence covers a full multiplex or two or more channels, its leasing shall not exceed 50% of the licence capacity and it shall comply with the regulation regarding the occupation of the radio-electric spectrum and the exploitation of pay TV channels.

All audiovisual communication service providers shall be registered before the corresponding public national or regional registry. Holders of significant shares in their share capital shall also register, indicating the percentage of their share. A shareholding shall be considered "significant" if it represents, directly or indirectly, 5% of the share capital or 30% of the voting rights or a lower percentage that enables the holder to appoint a number of directors that represent more than half the members of the company's governing body within 24 months following the acquisition. In this context, shares, voting rights or other assets owned or acquired by companies who belong to their same group of companies in a concerted manner or by forming a decision unit, or by entities who act in their own name but on behalf of those other individuals or companies, shall be considered owned or acquired by the same individual or company.

Individuals and companies may simultaneously hold shares or voting rights in different audiovisual communication service providers, provided they do not acquire a significant share in more than one national provider, when the average audience of the channels owned by those national providers exceeds 27% of the total audience during the consecutive 12 months prior to acquisition. Shares and voting rights owned by an individual or company from a non-EEA country will be subject to the reciprocity principle. Such shares shall be lower than 50% of the total share capital of the provider.

No individual or company may acquire a significant share or voting rights in more than one audiovisual communications service provider when: (i) the national provider holds rights to use the radio-electric public domain that exceed, as a whole, the technical capacity of two multiplex channels; (ii) the regional audiovisual communications service providers hold rights to use the radio-electric public domain that exceed, as a whole, the technical capacity of one multiplex channel; and (iii) acquiring significant shares or voting rights in the share capital of another provider of the same service would impede the existence of at least three national private audiovisual communication service providers.

(D) Funding of the Spanish Public Television Corporation

As concessionaire and provider of national television services, Mediaset España is obliged to contribute to the funding of the national public radio and television broadcaster *Corporación de Radio y Televisión Española* (**CRTVE**) in accordance with Act 8/2009 of 8 August 2009 on the funding of *Corporación de Radio y Televisión Española* (*Ley 8/2009, de 28 de agosto, de financiación de la Corporación de Radio y Televisión Española*, **CRTVE Law**). Mediaset España must make an annual contribution equal to 3% of the gross operating revenues recorded in that year. This contribution shall not exceed 15% of the total budgeted revenues for each year for CRTVE. This CRTVE Law has been recently modified to exclude from the definition of "advertising" certain activities carried out by CRTVE that include, among others things, self-promotion and institutional advertising.

(E) Restrictions on Foreign Investment

Exchange controls and foreign investments are regulated by Law 19/2003 of July 4 (**Law 19/2003**), as amended pursuant to Royal Decree-Law 8/2020 of March 17, Royal Decree-Law 11/2020 of March 31 and Royal Decree 34/2020 of 17 November. Foreign investments were generally liberalised until Article 7bis of Law 19/2003 was enacted in March 2020.

Article 7bis of Law 19/2003 establishes a screening mechanism for certain investments made by non-EU and non-EFTA residents, based on public order, public health and public security reasons (the **Screening Mechanism**). The Screening Mechanism aligns part of the Spanish foreign investment legal framework with Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the European Union. Certain provisions of Regulation (EU) 2019/452 – such as the list of sectors affecting public order and public security or the definition of state-owned enterprises and other similar investors – are mirrored in the regulations underlying the Screening Mechanism. That said, Regulation (EU) 2019/452 will not be applicable until 11 October 2020 and, once it is in force, adjustments to the Screening Mechanism could be required to comply with EU mandatory standards.

The Screening Mechanism can be summarised as follows:

(a) under the ordinary procedure, prior authorisation from the Spanish Council of Ministers (*Consejo de Ministros*) is required to close foreign direct investments subject to it. The legal term to issue a decision is six months;

(b) until the Screening Mechanism is further developed, a fast track 30-day procedure is applicable on a transitional basis to (i) investments agreed but not closed prior to 18 March 2020 and (ii) investments below EUR 5 million. Investments below EUR 1 million are not subject to the Screening Mechanism; and

(c) under both the ordinary and fast track procedures, the investment will be deemed unauthorised if the relevant authority does not respond to the authorisation request within the corresponding legal term.

For the purposes of the Screening Mechanism, the following persons are deemed "foreign investors":

(a) non-EU and non-EFTA residents; and

(b) EU or EFTA residents beneficially owned by non-EU and non-EFTA residents. This occurs when non-EU and non-EFTA residents ultimately possess or control, directly or indirectly, more than 25% of the share capital or voting rights of the investor, or otherwise exercise control, directly or indirectly, over the investor.

Foreign direct investments are:

(a) investments that result in a foreign investor reaching a stake of at least 10% of the share capital of a Spanish company; and

(b) any corporate transaction, business action or legal transaction, which enables effective participation in the management or control of a Spanish company.

Not all foreign direct investments are subject to the Screening Mechanism, as this will depend on: (i) the sector in which the target carries out its business and (ii) the personal circumstances of the foreign investor, regardless of the business of the target.

Foreign direct investments in the following sectors are subject to the Screening Mechanism:

(a) critical infrastructure, whether physical or virtual, including energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure, and sensitive facilities, as well as land and real estate crucial for the use of such infrastructure;

(b) critical technologies and dual use items as defined in point 1 of Article 2 of Council Regulation (EC) No 428/2009, including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace, defence, energy storage, quantum and nuclear technologies as well as nanotechnologies and biotechnologies;

(c) supply of critical inputs, including energy or raw materials, as well as food security;

(d) sectors with access to sensitive information, including personal data, or the ability to control such information;

(e) media; and

(f) other sectors designated by the Spanish Government from time to time that may affect public security, order or health.

Foreign direct investments by the following foreign investors are also subject to the Screening Mechanism, regardless of the business of the target:

(a) investors directly or indirectly controlled by the government, including state bodies or armed forces, of a non-EU/EFTA country;

(b) investors that have already made an investment affecting national security, public order or public health in another EU Member State, including an investment in any of the above-mentioned sectors; and

(c) investors subject to ongoing judicial or administrative proceedings for engaging in illegal or criminal activities.

Gun jumping will render the transaction invalid and without any legal effect, until the required authorisation is obtained. In addition, fines up to the value of the investment could be imposed.

Royal Decree 34/2020, of 17 November, established a temporary foreign investment regime (until 30 June 2021). Pursuant to such temporary amendment, the Screening Mechanism is also applicable, until the aforementioned deadline of 30 June 2021, for all investments by non-Spanish investors (even EU/EFTA investors) in those cases where the investment (i) refers to a Spanish listed company, or (ii) exceeds EUR 500 million in a Spanish non-listed company. Royal Decree- Law 12/2021 amended this provision and stablished the temporary foreign investment regime deadline until 31 December 2021.

7. BUSINESS

7.1 Overview

The Group is a multinational media group mainly operating in the television industry in Italy and Spain.

In Italy, the Group operates in the integrated media space, consisting of content production, FTA commercial television, radio, OTT services and digital publishing activities. The Company produces and distributes through different platform a broad range of content mainly centered on general entertainment, news, cinema, TV series, documentaries, sport events and children's television.

In Spain, the Company 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 in terms of audience and TV advertising shares (as shown by Kantar Media Data[5] and the Infoadex Report[6], respectively) with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels, operating also in the content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

7.2 Industry

The media and entertainment industry is experiencing rapid and significant changes, the new technological possibilities are driving the advent of alternative means of programme and content distribution different from the traditional products, such as FTA TV and radio. This technological progress sparks the internationalisation of the traditional broadcaster models. The media entertainment market accordingly internationalises with businesses that compete on a greater scale and on the global market. Additionally, customers expect more customised content with services, content and advertising that respond to the demands of technologically involved viewers and increasingly demanding and sophisticated investors. Overall, the demand for entertainment content, on traditional media and on new platforms, continues to record rates of growth. Additionally, in the digital context, media entertainment companies must invest more resources in fighting the piracy of feature films, television programming and other content.

7.3 Key Strengths and Strategy

Against an increasingly dynamic and complex competitive backdrop, the Group's strategy has in recent years been aimed at achieving the following objectives:

(a) the strengthening of the Group's advertising-market share both in Italy and Spain, offering linear and non-linear exposure to advertisers covering all commercial target audiences, including younger viewers;

(b) an editorial focus on local, original entertainment content, in-house movies and series, with FTA football events as the main catalyst for the viewer's attention;

(c) a continued review and optimisation of the Group's content mix (less US and more local content);

(d) a platform-expansion strategy aimed at making available the Group's FTA content not only linearly to all TV sets, but also to other devices (mobile, PC, tablet, gaming console, etc.) and at any time (on demand) under the motto "Everywhere, Anytime, on any Device";

[5] Kantar Media online database on Mediaset Españas audience share data as of 31 December 2020, which is available via subscription only at https://anuario.kantarmedia.es/ (the **Kantar Media Data**)

[6] InfoAdex, "Estudio InfoAdex de la Inversión Publicitaria en España 2021", February 2021 (the **Infoadex Report**).

(e) the strengthening of the Group's DTC (direct-to-consumer) offer through a wide variety of content (from local entertainment to live sports and blockbuster movies) and the integration of different business models (from free to pay per view) into one single platform; and

(f) a continued optimisation of the Group's organizational model to enable savings and further efficiencies.

By pursuing these lines of action, the Group was able to progressively and decisively improve its consolidated financial statement and cash generation.

In the coming years, technological innovation, evolution of consumer behaviour, new business models and other potential industry-specific developments are expected to pose significant challenges but also to create major opportunities for players in the increasingly complex media and entertainment industry.

In the European media space, content providers (e.g. Disney, Warner and Universal), pay TV broadcasters (e.g. Sky and Canal+), OTT players (e.g. Netflix and Amazon Prime), media agencies (e.g. WPP, Publicis and Havas) and media buyers across the European media and entertainment industry rely on, and benefit from, their global or pan-European footprint, leveraging on economies of scale and scope that allow integrated offer value proposition. The only notable exception is the FTA broadcasters, who are still deemed to be local businesses.

In this context, the current Group strategy is set on two main goals.

(a) On the one hand, the Group plans to keep the focus on the above-mentioned lines of action, striving to further improve its efficiency and effectiveness across its business units.

(b) On the other hand, the Company intends to play a significant role in the ongoing consolidation process of the European media industry.

Accordingly, the current Company strategy aims to create a pan-European media group in the entertainment and content industry, both linear and non-linear, starting from the strong position in its reference markets, seizing opportunities for external growth in Europe.

The long-term strategic goal of the Group to gain greater scale and a European footprint is considered to be essential for the future development of the Company, allowing operational benefits both in terms economies of scale and scope (e.g. streaming technology, ADTech), and new business opportunities, that the current local dimension would not allow (e.g. advertising, content production and distribution). This would also put the European FTA broadcasting sector, and the Company as one of the main players, on a level playing field vis-à-vis the above-mentioned global players in the industry.

(A) Description of Operations

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 multiplatform 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 Group has developed an integrated television FTA/pay TV, linear/non-linear content model, which generates synergies and leverages the know-how gained over time from producing entertainment, news and analysis programmes, together with the distinctive expertise in film distribution and the production of films and TV dramas, in addition to the acquisition of sports, film and television series content from third parties.

Also, in accordance with this model, the Group pursues the development of web campaigns, which are increasingly oriented towards free online television-based video. 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:

(a) advertising sales;

(b) media offering structure;

(c) content production and acquisition; and

(d) other activities, including radio broadcasting, film production, publishing, licensing and merchandising, and foreign third parties advertising concessions handled by the subsidiary Publieurope Ltd. (**Publieurope**).

Advertising sales and other activities are the main sources of revenues while the media offering structure and content production and acquisition activities only contribute to define the products that will be offered to content users and advertising customers.

7.4 Description of Operations by Country

(A) Italy

In Italy, based on Auditel data, the Company is the leading private FTA broadcaster in terms of viewers as regards linear and digital consumption through all forms of consumption (live programming and on-demand television), and in all supports and devices.

The Company operates in the integrated television operations sector, which consists of commercial television broadcasting over three of Italy's biggest general interest networks and an extensive portfolio of thematic FTA and pay TV channels (linear and non-linear), with a broad range of content also exclusively centred on news, sporting events, cinema, TV series, documentaries and children's television channels. Over the last three years, the Company has also set up its own radio segment through acquisitions, bringing together five of the largest national broadcasters.

In terms of the competition environment, the following main (types of) competitors are active on the Italian market:

(a) Radiotelevisione Italiana (**Rai**) is the exclusive concessionaire of the Public Broadcasting Service, which business consists of FTA television channels (three general channels, a large portfolio of multichannels and on-demand content), content production (TV and films), and radio and satellite channels on a digital terrestrial platform, that are financed both by: (i) fees payable for connecting one or more appliances suitable or adaptable to the reception of radio and television installed in the private home; and (ii) advertising revenues collected by its fully-owned sales advertising agency;

(b) Discovery Italy operates with an internal advertising sales agency, a large multiplatform portfolio of 12 channels (eight FTA channels and four pay channels available on Sky) and OTT Dplay (Video on Demand service of Discovery Networks), Eurosport Player and GOLFTV services. The Discovery offer includes multiplatform brands mainly focused on reality, talent show, documentary and science programmes, and sport events (having also acquired the TV rights for the Olympic Games from 2018 to 2024);

(c) Sky Italia, the Italian subsidiary of Sky Group (the European media company with pay TV also based in the UK, Germany and Belgium, and owned by Comcast NBC Universal Group) is the main pay TV player in Italy with a large variety of on-demand channels and content (the main live national and international sports and football events, entertainment, cinema and series, news, documentaries, and content for kids) transmitted by satellite, digital terrestrial platform, web streaming and via three FTA digital terrestrial channels "TV8", "Cielo" and "SkyTG24 ; and

(d) La7 is the Cairo Communication Group company that operates in the FTA television sector through two channels: La7, which focuses on current content, information, in-depth information and entertainment programmes; and La7d aimed at a younger and more female audience. La7 is visible both via a digital terrestrial platform and on satellite platforms.

In terms of the average 24-hour audience share measured for the commercial target (which is an audience aged between 15 and 64 years), in 2020 the share of the core and multichannel offering of Rai was 29.6%, which was second after the leading share of the Company. Comparatively, Discovery's share was 9.0%; Sky's share 7.7%; and La7's share 3.5%.[7]

In the last years, following a global trend, the main global OTT players, such as Netflix, Amazon Prime Video, Disney and Google, entered the Italian market with their pay streaming audiovisual services and strong investment plan in original content. Based on various estimates, their market shares are growing even though no official numbers of subscribers and advertising revenues are yet available.

(I) Advertising Sales

The Group operates through two fully-owned advertising sales agencies in Italy: Publitalia '80, the exclusive sales agency for the FTA networks of the Company, and Digitalia '08, which handles advertising sales for the Premium channels previously viewable on the pay TV platform Mediaset Premium and now exclusively viewable, since mid-2019, on the Sky platform. The Group also owns a 50% interest together with Arnoldo Mondadori Editore S.p.A. in Mediamond S.p.A. (**Mediamond**), which sells advertising space on the Group's websites and radio stations and on the websites of the publications of the Mondadori Group and other publishers.

The advertising market closed the year 2020 with total sales of EUR 5.0 billion, down 15.3%, which in value terms is equal to a loss of EUR 903 million. The performance for the first half-year of 2020 compared to the same period in 2019 saw a decline due to the economic impact of COVID-19 (-26.8%). However, the market recovered strongly during the second half-year of 2020, closing at -3.1%. If direct mail is not taken into consideration, the advertising market saw a decline of -14.6% in 2020.

Television advertising investment contracted by -9.5% year-on-year; however, its share went up by 3.8 percentage points compared to 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%). The Company's television advertising revenueclosed the year at -10.1%, with this figure affected, among other things, by lower revenues from pay channels. Over the year, the Company'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.[8]

Print media closed the year 2020 with a decline of 24.1%. The magazines segment (-36.6%) suffered heavier losses than newspapers (-16.2%). Radio was also heavily affected by the COVID-19 crisis: the segment closed

7 Auditel.
8 AC Nielsen.

the year at -25%. The best-performing segment was Digital, with investment virtually unchanged compared to 2019, at -0.8%.[9]

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%.[10]

The Company's total share of media (TV, radio, digital) was 40.3%, an increase of 2.0 percentage points increase compared to 2019.[11]

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.[12]

Advertising Market – Italy[13]	**2020**		**2019**		**2018**	
(media breakdown)	**EUR m**	**% share**	**EUR m**	**% share**	**EUR m**	**% share**
Printed Press	664	13.8%	874	15.5%	990	15.5%
Television	3,252	67.6%	3,595	63.8%	3,797	63.6%
Radio	329	6.8%	438	7.8%	431	7.8%
Outdoors	47	1.0%	86	1.5%	71	1.2%
Cinema	4	0.1%	25	0.5%	22	0.4%
Internet	451	9.4%	454	8.1%	473	8.7%
Transit	60	1.2%	139	2.5%	153	2.5%
Out-of-home TV	2	-	21	0.4%	20	0.4%
Total Market (classic area*)	**4,808**	**100.0%**	**5,633**	**100.0%**	**5,958**	**100.0%**

* Not including direct mail and internet advertising for the FCP-Assointernet figures.

In the first half-year of 2020, the advertising market grew by 26.7% when compared to the same period in 2019.[14]

(II) Media Offering Structure

(1) Linear FTA offering

The Group's FTA 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, La5, 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 RTI, which is responsible for the creation and development of programme schedules, the production of original content and the acquisition of television rights. The Group's 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 the Group is a strong market leader. Canale 5 is the Group's main network and is targeted at the modern Italian family. Italia 1

9 Nielsen, "Total Audience Report", 15 February 2021.
10 Nielsen, "Total Audience Report", 15 February 2021.
11 Nielsen, "Total Audience Report", 15 February 2021.
12 Nielsen, "Total Audience Report", 15 February 2021.
13 Nielsen, "Total Audience Report", 15 February 2021.
14 Nielsen, "Total Audience Report", 15 February 2021.

is the Group's general Italian channel for younger viewers. Rete 4 targets its scheduling at a more mature audience, in terms of age and income. The FTA multichannel offering includes the following channels:

(a) Boing, launched on 20 November 2004, is the first Italian FTA children's channel. The channel was set up as a joint venture between RTI, 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 cartoon series. Despite growing competition, the channel has capitalised on its strong position by promoting and boosting the fame and attractiveness of the brand;

(b) Cartoonito, launched on 22 August 2011, is a channel aimed at pre-school aged children (up to six years old). Like Boing, it is a joint venture with Turner Broadcasting Systems Europe Limited. Cartoonito is targeted at a more specific audience than Boing;

(c) Boing Plus, launched on 11 July 2019, the schedule of which is made up of a combination of programmes broadcast by the Boing and Cartoonito channels;

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

(e) La5, which features programmes targeted at a modern female audience;

(f) Mediaset Extra, which is a thematic channel that broadcasts a selection of the best in entertainment programmes from the past and present. The channel also reruns the most interesting programmes aired on the Group's channels the previous day, in a different time slot;

(g) Italia 2, which is targeted at younger male viewers, featuring TV series, sitcoms, cult cartoons and sports and music programmes, in addition to live coverage of sports events such as world championship motorcycle racing;

(h) Top Crime, launched in June 2013, is the network dedicated to the investigation and police drama genre;

(i) Cine 34 ("Italy to the Cinema"), which officially launched on 20 January 2020, boasting programming exclusively focused on Italian cinema;

(j) TGCOM24, is the Group's all-news channel, broadcasting FTA, 24 hours a day. It also broadcasts online at TGCOM24.it and is viewable on smartphones and tablets through free apps;

(k) R101TV, which is the thematic channel affiliated with R101, which covers music and broadcasts music videos on rotation and repeats of concerts already broadcast on Italia 1;

(l) Virgin Radio TV, which is the thematic channel affiliated with Virgin Radio, which covers music. It broadcasts music videos on rotation. Since January 2020, Virgin Radio has featured in Sky's satellite package and, since 1 March 2020, it has returned to DTT. At the outset of 2020, its position on DTT was taken over by Radio 105 TV, a new thematic affiliate channel of Radio 105, whose programming is based on broadcasting back-to-back music videos.

(m) Radio 105 TV, which is the thematic channel affiliated with Radio 105, covering music (it broadcasts music videos on rotation);

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

(o) Canale 20, launched on 3 April 2018, is dedicated to quality and modern features and innovative TV series and sport events; and

(p) Focus, launched in May 2019, is the TV version of Italy's most read cultural and scientific magazine, covering science, nature, the environment, animals, technology, history and current events in simple, clear and compelling language.

Following the agreement made with Sky on 30 March 2018, Mediaset Premium's traditional DTT offering was extended to Sky customers on satellite and via a new DTT subscription offered by Sky. On 31 May 2019, the Company stopped directly offering Mediaset Premium channels, including Premium Play, to its subscribers over the DTT platform. From 1 June 2019, Mediaset Premium cinema and series channels have been available on Sky Sat DTH, Sky DTT and Mediaset Infinity.

The Group's linear service is transmitted through the five digital multiplexes of subsidiary Elettronica Industriale, which manages traffic to and from the various production centres of parent company RTI, using the infrastructure and services provided by the associate company EI Towers, on the basis of a full service agreement in force from 1 July 2018 until 30 June 2025, and renewable for a further seven years subject to the negotiation of a consideration for the 12 months preceding the expiry date. Elettronica Industriale continued in 2020 to improve multiplex coverage and the quality of the television signal was substantial, resulting 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.

The following tables show the historic trend of the average audience share of the Group's channels in terms of total individuals and commercial target audience (aged between 15 and 64 years) for the main aggregate time slots (24 hour, prime time and daytime):[15]

	9M 2021			**2020**			**2019**			**2018**		
Audience Share – Italy Individuals	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	15.0%	13,9%	15.5%	15.%	14.8%	15.3%	15.%	14.9%	15.9%	15.6%	15.6%	15.8%
Italia 1	4.4%-	5.0%-	4.3%-	4.8%	5.3%	4.7%	4.8%	5.4%	4.8%	5.0%	5.7%	4.9%
Rete 4	3.8%-	4.7%-	3.7%-	3.8%	4.7%	3.6%	3.9%	4.7%	3.8%	3.8%	4.1%	3.8%
Total Generalist Networks	**23.2%-**	**23.6%-**	**23.5%-**	**23.6%**	**24.8%**	**23.6%**	**24.2%**	**25.0%**	**24.5%**	**24.4%**	**25.4%**	**24.5%**
Multichannel and Premium	**8.1%-**	**8.3%-**	**7.8%-**	**8.6%**	**8.5%**	**8.3%**	**7.4%**	**7.5%**	**7.2%**	**7.0%**	**6.9%**	**6.8%**
Total	**31.3%**	**31.9%**	**31.3%**	**32.2%**	**33.3%**	**31.9%**	**31.6%**	**32.5%**	**31.7%**	**31.4%**	**32.3%**	**31.3%**

15 The audience share figures are sourced from Auditel.

Audience Share – Italy Commercial Target	9M 2021 24 hours	9M 2021 Prime Time	9M 2021 Day Time	2020 24 hours	2020 Prime Time	2020 Day Time	2019 24 hours	2019 Prime Time	2019 Day Time	2018 24 hours	2018 Prime Time	2018 Day Time
Canale 5	15.8%	15.5%	16.1%	15.8%	16.7%	15.9%	16.0%	16.6%	16.1%	16.1%	17.2%	16.1%
Italia 1	6.1%	6,4%	6,1%	6.6%	6.9%	6.6%	6.8%	7.2%	6.8%	6.9%	7.3%	6.9%
Rete 4	2.8%	3,4.%	2.7%	2.9%	3.5%	2.7%	2.9%	3.2%	2.8%	2.9%	3.0%	2.9%
Total Generalist Networks	**24.7%**	**25.3%**	**24.9%**	**25.3%**	**27.1%**	**25.2%**	**25.7%**	**27.0%**	**25.7%**	**25.9%**	**27.5%**	**25.9%**
Multichannel and Premium	**8.8%**	**8.5%**	**8.6%**	**9.3%**	**8.9%**	**9.1%**	**8.3%**	**8.1%**	**8.1%**	**7.6%**	**7.3%**	**7.5%**
Total	**33.5%**	**33.8%**	**33.5%**	**34.6%**	**36.0%**	**34.3%**	**34.0%**	**35.1%**	**33.8%**	**33.5%**	**34.8%**	**33.4%**

The Company's 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. The Company established 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 the Company's total audience share by eight points and its commercial target audience share by over nine points.

(2) Linear pay TV offering

The fully-owned subsidiary RTI is also the publisher of the premium cinema and series channels that as per the multi-year agreement signed with Sky during 2018 are now distributed through Sky satellite and the DTT pay bouquet.

(3) Non-linear FTA offering

RTI oversees the digital activities of the Group and aims to create services and content for non-linear use deployable across all the main connected digital platforms (including desktop devices, mobile and wearable devices, tablets and smart TVs) and the promotion of digital extension initiatives for FTA programmes (radio and TV).

In 2020, the collection of the Company's websites and applications averaged 28.8 million unique users per month (+47% compared to 2019), with an average of over 295 million page views per month (+32% compared to 2019).[16] In the summer of 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 2020 (the autumn peak period), the Company positioned itself as the number one broadcaster with a 41% share measured by total time spent, with an advantage of approximately ten percentage points over the second-placed broadcaster.

The Company's digital product range is divided into two main areas:

(a) 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 the Company's websites and applications in 2020. This result was achieved by taking action on all essential levers: user experience, interface, technology, content

[16] Audiweb 2.0 average January-December 2020 average.

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.

(b) 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.

(c) 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 channel of the Company, viewers can use their remote to watch programmes of the Company (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).

(d) 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).

(e) 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.

(f) 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[17], 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.

(g) 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).

[17] Source: App Annie/App store

(h) Radio apps were also made available to Huawei users.

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, the Company confirmed itself as one of the leading media companies in creating engagement with its communities: 41 million total likes on the Company's 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.

(4) Non-linear pay offer – Infinity

In 2013, the Group launched Infinity, the first on-demand streaming service in Italy, offering a rich catalogue of films, cartoons, TV series, programmes and dramas. Through Infinity, the Group aims to create a service that makes great cinema available to all, easily and without the limitations of traditional pay TV. The content offered by Infinity mainly relates to movies. Through Infinity, the 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.

(5) Radio broadcasting offer

In the last years, the Group has established its commercial radio business through a series of acquisitions made up of R101, Radio 105 and Virgin Radio Italy, Radio Monte Carlo and Radio Subasio.

(a) R101 represents an 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 events).

(b) Radio 105 is an entertainment radio station targeting the young adults segment. All of 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, apps and social media).

(c) Virgin Radio Italy's strong rock music positioning puts musical programming at its heart, featuring carefully selected songs and the right balance of current and classic songs. Virgin Radio's mission is to be the go-to station for the community of rock music fans in Italy. Virgin Radio is also very active on the digital front, with a very large community on its website, social media channels and mobile app.

(d) Radio Monte Carlo is the Principality of Monaco's Italian radio station, an internationally recognised brand. Its sound is unmistakable, due to the passion and commitment that Radio Monte Carlo has put into its musical research and its constant discovery of new sounds and talent.

(e) Radio Subasio is the local radio station with network numbers. It has been a relevant player in broadcasting in Central Italy (Umbria, Marche, Lazio, Tuscany and Campania) for over 40 years. Subasio is very active in Central Italy and supports all kinds of initiatives and territorial events, not just musical ones.

(III) Content Production and Acquisition

The following table shows details of the programme schedules trends for the different types of offerings (generalist, multichannel and pay TV networks), broken down by the main television genres attributable to in-house productions and purchased rights.[18]

Media Networks Schedule Broadcast hours – Italy	**2020**		**2019**		**2018**	
	hours	**weight**	**hours**	**weight**	**hours**	**weight**
TV rights	146,620	63.7%	141,857	66.2%	133,137	65.3%
In-house productions	83,730	36.3%	72,345	33.8%	70,828	34.7%
Total	**230,350**	**100.0%**	**214,202**	**100.0%**	**203,966**	**100.0%**

(1) In-house content production

RTI manages the production of most of its television programmes in the main in-house production genres, such as entertainment, infotainment, news and sport programmes, and drama series. In 2020, RTI produced 233 television programmes. A total of 12,232 hours of final programme time was produced in 2020, compared to 12,065 hours in 2019.

The Group's entertainment aimed at the general public is a solid performer, with significant audiences (often as sector leader) and attracting many different viewer types (consistently for the network core-target, but also other audiences).

The associated production company Fascino Produzione Gestione Teatro S.r.l. consistently produces successful programmes (both day-time and prime time) with shows that continue to grow in viewer numbers year-on-year, such as "*Tu si que vales*", "*C'è posta per te*", "*Amici*" and "*Temptation Island*". There are continued positive results from reality shows ("*Isola dei Famosi*" and "*Grande fratello*") and from programmes featuring the network's leading personalities (Bonolis, Scotti and Hunziker).

As for news and sport productions, RTI developed and consolidated its integrated system model for news and sports across its networks and multimedia platforms. RTI also 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 web channel, thus contributing to covering production costs. As part of this strategy, RTI 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. As part of its production relationship with its subsidiary Taodue S.r.l., an Italian producer of drama content, it has developed audiovisual content on an exclusive basis for RTI, to be used for television and/or cinema.

(2) Content acquisition

RTI owns one of the largest television rights library in Italy and in Europe. The company's objective is to manage the Group's asset base of television broadcasting rights for Italy, by acquiring, developing and producing rights for domestic broadcasting on FTA TV and pay TV.

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

[18] Internal Mediaset database.

(a) Major American film studios: RTI has agreements with the main U.S. producers and distributors (Universal, Warner Bros. International, Twentieth Century Fox, Paramount, Walt Disney and Sony), under which 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. and Universal to ensure that the Group has exclusive access in Italy for all television platforms and exploitation windows, both in linear and non-linear pay, to movies and TV series distributed by the two U.S. major studios

(b) International television producers: RTI 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, and 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.

(c) Italian film producers/distributors: national operators provide packages consisting of both television broadcasting rights for self-produced films 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.

(d) Medusa Film, a wholly-owned subsidiary of RTI, is a major film distribution company in Italy. The company mainly produces and distributes Italian and foreign films in Italy, throughout the life cycle of the product. 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%. In line with its editorial approach, the company stood out for its focus on Italian cinema.

(IV) Other Activities

(1) Brand Extension

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

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.

(2) International advertising

Publieurope is the company responsible for managing the Group's strategy on the European advertising market. Its mission is to raise revenue through advertising sales to international investors by means of ongoing liaison with headquarters of multinational companies and by sourcing new licences and new products in other countries. These activities are conducted from offices in London, Munich and Paris, in cooperation with partners located in

Milan (Publitalia) and Madrid (Publiespaña). Publieurope's portfolio has expanded and grown more varied over the years, ensuring a cross-media commercial offering consisting of:

(a) all the Italian TV networks – generalist, theme, free and pay channels – of the Group;

(b) Mediaset España's TV networks, internet sites and outdoor TV;

(c) Mediamond's magazines, internet sites and radio channels;

(d) traditional and thematic TV channels as well as websites of P7S1;

(e) the main multichannel network in Europe, Studio 71, controlled by P7S1, which operates on the main free video distribution platforms;

(f) the SBS group of commercial television channels that broadcasts in Flanders (Belgium);

(g) the TV channels, websites and radio stations of Talpa TV in the Netherlands;

(h) all the TV networks and websites of the British Channel 4 group;

(i) the TV channels, websites and radio stations of the French group TF1;

(j) advertising spaces situated on luxury buildings in London and in the most important Italian cities;

(k) the various media operated by Rotana Media Services, a media group working in the Middle East and North Africa;

(l) the magazines, websites and apps of French group ReworldMedia, which also acquired the publications of Mondadori France; and

(m) the cross-border digital campaigns of EBX, a joint venture set up by Mediaset Italia, Mediaset España, ProSiebenSat.1, TF1 and Channel 4.

(B) Spain

The Company 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 listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia. It was first included in the Ibex35 index on 3 January 2005, where it still remains, as one of the thirty five biggest companies in Spain by market cap and average trading volume. Mediaset España's share price, like that of comparable undertakings throughout Europe, began to be affected in March 2020 with a sudden fall in its stock amidst a widespread impact on the financial markets during the initial and most acute phase of the COVID-19 pandemic. This phase lasted until the end of October 2020, before rallying by 59.1% in the final part of the year. On 22 June 2020, Mediaset España's 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 COVID-19 pandemic on its market cap. It was then admitted to the IBEX Medium Cap index.

Mediaset España's primary source of revenue is the sale of television advertising airtime on the seven FTA TV channels that it operates under concessions (Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity, Energy and Be Mad), but in addition it is focusing on similar, complementary and related activities, such as digital advertising through internet platforms and the sale of content to third parties; this allows it to take advantage of the important weight of in-house productions in Mediaset España's programme schedule together with the existence of a steadily increasing structural base for the creation of content both directly in-house or through its relationships with other affiliated production companies in which it holds different stakes.

Mediaset España group's strategic approach reflects that of the Group in Italy, operating as an integrated broadcasting group in the following key business areas:

a) Advertising revenues of Group-owned television media via the concessionaire Publiespaña Group;

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

c) Generalist television on nationwide channels Telecinco and Cuatro;

d) Multichannel broadcasting: Free thematic channels (Divinity, Factoria de Ficcion, Boing, Energy and Be Mad (which is HD));

e) OTTV activities via the Mitele and MitelePlus streaming platforms; and

f) Internet (via the company Conecta 5).

Other domestic market players, besides Mediaset España, include:

(a) the Atresmedia Group, which has two generalist commercial channels (Antena3 and la Sexta), four thematic channels and three radio networks;

(b) 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;

(c) eight free-to-air thematic TV channels broadcast nationwide: Trece, Ten, Dkiss, Real Madrid TV, Gol, Paramount, DMax and Disney Channel;

(d) a federation of independent local broadcasters, operating under the name La Forta.

(e) the digital satellite Pay TV platform Moviestar Fusion, pay-per-view channels such as AXN and FOX, and Vodafone cable television;

(f) "on-demand". This digital environment also contains a dedicated kids zone called PlayZ; and

(g) Pay OTT platforms such as Netflix, Amazon Prime, HBO, Rakuten, Filmin, AppleTV and Disney+ which have been rolled out in Spain in recent years.

(I) Advertising Sales

Similar to Italy, selling advertising airtime to TV advertisers is Mediaset España's principal source of revenue. Since the beginning of its operations, Mediaset España has entered into exclusive arrangements with its wholly-owned subsidiary Publiespaña to commercialise its advertising airtime in exchange for commissions paid on an arm's length basis.

Spain's television advertising market is the fifth largest 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 total conventional advertising market, set up by national channels and local broadcasters, in 2020 stood at 33.6%.[19]

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's share of the television market was 43.2%., while its share of the television and digital media market stood at 31.0%.[20]

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Advertising Market – Spain[21] (*media breakdown*)	2020 EUR m	2020 % share	2019 EUR m	2019 % share	2018 EUR m	2018 % share
Press	348	7.1%	512	8.6%	563	9.5%
Television	1,461	30.0%	1,803	30.3%	1,915	32.1%
Local Television	80	1.6%	92	1.5%	105	1.8%
Radio	375	7.7%	486	8.2%	481	8.1%
Outdoor	221	4.5%	423	7.1%	419	7.0%
Cinema	10	0.2%	37	0.6%	35	0.6%
Thematic Channels	99	2.0%	108	1.8%	107	1.8%
Internet (or Digital)	2,174	44.6%	2,296	38.6%	2,110	35.4%
Magazine	111	2.3%	195	3.3%	228	3.8%
Total Market	**4,879**	**100%**	**5,952**	**100%**	**5,963**	**100%**

(1) Sale of television advertising airtime on the seven FTA TV channels that Mediaset España operates under concession

Mediaset España sells its advertising airtime in two ways, through the sale of traditional spots (i.e. "conventional advertising") and through the sale of "special initiatives". The traditional spots (a publicity message in the form of a short film, which usually lasts about 20 seconds during which the product being advertised is displayed or information about its advantages is given) are usually shown in blocks and sold almost exclusively at cost per gross rating point. Both spots and special initiatives (which are described more fully below) are sold under a discount system used by Mediaset España with the goal of maintaining both profitability and customer loyalty.

Conventional television advertising. It includes conventional spots and qualitative spots (*espacios cualitativos*), which consist of conventional advertising products that add a greater degree of exclusivity to advertising campaigns by including greater differentiation, efficacy and notoriety (such as, for example, the so-called HQ blocks, where a maximum of five television spots are sold, all in high-audience slots). Mediaset España is committed to the short block strategy in the hours of greatest audience (prime time: 20:30-24:30). This commitment to the short block advertising market (with a duration of less than six minutes of conventional advertising per hour) translates into a greater memory and brand awareness.

Special initiatives. They are especially designed to fit each occasion and client, which allows Mediaset España to: (i) have a greater involvement in the product's value chain than in the case of spots; (ii) have a stricter control

[19] InfoAdex Report
[20] InfoAdex Report
[21] InfoAdex Report

over the final product; and (iii) increase its profit margins. Mediaset España is usually involved in the design, production and broadcasting of the advertising spot, while offering the television advertising airtime at the same time. As a result of these initiatives, Mediaset España has been able to develop a stronger relationship with its customers.

(2) Sale of advertising to external FTA TV channels and non-television advertising

Apart from the sale of television advertising products on the seven FTA TV channels that Mediaset España operates under concession, it also obtains agency TV revenues from the sale of advertising spots, through Publiespaña, in external FTA TV channels not operated by Mediaset España (for example, Gol TV). Additionally, it obtains revenues from the sale of non-TV advertising on other multimedia formats, such as internet (for example, the editorial sports site El Desmarque), teletext and Outdoor Digital.

(II) Media Offering Structure

(1) Linear FTA TV

Mediaset España's programming policy is generally aimed at capturing the commercial target audience. Mediaset España pioneered the new concept of reality television through "*Gran Hermano*" (Big Brother) in its different versions: the original "*Gran Hermano*", "*Gran Hermano VIP*" and "*Gran Hermano Dúo*", as well as several seasons of "*Supervivientes*". These shows have allowed Mediaset España to achieve record audiences.

Mediaset España's programming mix also includes fiction programmes, which it believes are perceived as high-quality entertainment and therefore attractive to its advertisers. It is a reference point for the Spanish television industry with its news programmes and in-house produced popular series such as "*La que se avecina*", "*Vivir sin permiso*", "*La Verdad*" and "*Señoras del (H)ampa*".

(a) *Entertainment*. This category includes entertainment productions, game shows, talk shows, magazines, and other special events. Mediaset España's involvement in the production of entertainment programming depends on whether: (i) it directly provides all production resources; or (ii) third parties provide the necessary production resources and it assumes production costs and supervision. Some examples of programmes in the entertainment category include "*Gran Hermano*" (Big Brother), "*Supervivientes*", "*Got Talent*", "*Sálvame*" and "*El Programa de Ana Rosa*".

(b) *Fiction*. Most of Mediaset España's fiction programmes are situation comedies and series. Fiction programmes can be in-house, external or mixed productions. The Company's involvement in in-house productions varies, depending on whether: (i) it directly provides all production resources; or (ii) third parties provide the necessary production resources and it assumes production costs and supervision. External productions are those where the Company purchases a finished product, with no involvement by it in the production process. Examples of in-house series include "*La que se avecina*", "*Vivir sin permiso*", "*La Verdad*" and "*Señoras del (H)ampa*". External productions currently include American series such as "*The Good Doctor*", "*Rescue 911*", "*The Rookie*" and "*Sirens*". For other channels, Mediaset España has reached specific agreements with Turkish production companies to broadcast Turkish series such as "*Kara Sevda*", "*Erkenci Kus*" and "*Dolunay*".

(c) *News*. All the activity is conducted in a single newsroom, which produces the news of Telecinco and cooperates with Cuatro's news programmes. Also, Atlas agency is in charge of the commercialisation to third parties of the images generated in the news department.

(d) *Movies*. Mediaset España has reached specific agreements with: (i) Universal for a two year selection of movies (such as "*Skyscraper*" starring Dwayne "the Rock" Johnson, "*The Mummy*" starring Tom Cruise, or "*American made*" also starring Tom Cruise); (ii) Fox for a two-year selection of the slate movies (including "*Dead Pool 2*", Guillermo del Toro's "*The Shape of Water*", and "*Red Sparrow*" starring Jennifer Lawrence); (iii) Sony, including more than three premieres (such as "*Jumanji 2*" starring Dwayne Johnson); and (iv) Eone, including premieres and a library (such as "*John Wick 3*" starring Keanu Reeves and "*12 Strong*" starring Chris Hemsworth).

(e) *Sports*. This category includes either retransmission of sporting events or programmes with a central sports theme. Mediaset España has a very selective acquisition policy for sports content, taking into account its high cost. According to this policy, Mediaset España acquires those that are an event per se. Therefore, in the last years, Mediaset España has broadcast World and European Championships in which the Spanish football team has participated: since the FIFA World Cup 2010 until the UEFA Euro 2021. Since 2013, Mediaset España has also acquired the rights to broadcast the Basketball World Cup and the Eurobasket tournament in which the Spanish team has participated. This agreement is valid until Eurobasket 2021. In addition, in the last years, Mediaset España has acquired the rights to broadcast the European Under-21 Championship. At present, Mediaset España has reached an agreement with Dazon to broadcast two of the races of the MotoGP motorcycle world championship as well as the summary of each day's races.

(f) *Children's Programming*. Children's programming is broadcast through Mediaset España's channel, Boing, which is a joint venture with Turner Group in Italy.

Moreover, Mediaset España's generalist and thematic television channels have the support of the majority of the spectators, with the "most viewed" content offered in all types of genres. Mediaset España is one of the most important television references in terms of information, sport, cinema and entertainment, where its fiction proposals and its own production formats stand out, and through which it has positioned itself as one of the main creators and producers of content in Spain.

(a) Telecinco is the most watched television channel in Spain. In the last year it has offered the most viewed products[22] in fiction, entertainment, large formats, contests, magazines, news and sports, with emblematic spaces such as "*Supervivientes*", "*Gran Hermano*", "*El programa de Ana Rosa*" or "*Sálvame*", fiction such as "*La que se avecina*", "*Vivir sin permiso*" or "*The Good Doctor*", and events such as the FIFA World Cup and "*Informativos Telecinco*".

(b) Cuatro is the third private channel in the commercial target. As a result of its commitment with innovative formats of its own production, it has consolidated its strength among the millennial public.

(c) Factoría de Ficción (FDF) offers thematic television and the third nationwide channel preferred by young people ranging from 13 to 24 years old, with its exclusive offer of Spanish and international drama series.

(d) Divinity is a female thematic TV channel for young, urban women ranging from 16 to 44 years old, which offers factuals, own production programmes and a selection of fictions (including Turkish soap operas).

(e) Energy is the international series channel aimed at the male audience with a young, urban profile and has had the highest growth in the last year.

(f) Be Mad is Mediaset España's first HD channel of general interest and is targeted at a male audience with the age range from 16 to 44 years old.

[22] Kantar Media Data.

(g) Boing is a children's channel of commercial television with an offer that includes exclusive series from the Turner factory, children's and family films, and contests of its own production.

The following tables show the historic trend of the average audience share of the Group's channels in terms of total individuals and commercial target audience for the main aggregate time slots.[23]

Audience Share – Spain Individuals	**2020**			**2019**			**2018**		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	14.6%	13.8%	14.9%	14.8%	14.8%	14.8%	14.1%	15.0%	13.7%
Cuatro	5.4%	5.8%	5.3%	5.3%	5.8%	5.1%	6.0%	6.2%	6.0%
Total Generalist Networks	**20.0%**	**19.6%**	**20.2%**	**20.2%**	**20.6%**	**19.9%**	**20.1%**	**21.2%**	**19.7%**
Multichannel	**8.4%**	**7.5%**	**8.8%**	**8.8%**	**7.8%**	**9.2%**	**8.7%**	**8.0%**	**9.1%**
Total	**28.4%**	**27.2%**	**29.0%**	**28.9%**	**28.4%**	**29.2%**	**28.8%**	**29.2%**	**28.8%**

Audience Share – Spain Commercial Target	**2020**			**2019**			**2018**		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	14.3%	13.6%	14.5%	14.1%	13.7%	14.3%	13.4%	14.0%	13.1%
Cuatro	6.1%	6.7%	5.8%	6.4%	7.0%	6.2%	7.4%	7.8%	7.2%
Total Generalist Networks	**20.4%**	**20.3%**	**20.4%**	**20.5%**	**20.7%**	**20.5%**	**20.8%**	**21.8%**	**20.3%**
Multichannel	**9.3%**	**8.0%**	**9.8%**	**10.1%**	**8.4%**	**10.9%**	**10.1%**	**8.7%**	**10.8%**
Total	**29.6%**	**28.3%**	**30.2%**	**30.6%**	**29.1%**	**31.3%**	**30.9%**	**30.5%**	**31.1%**

(2) Digital

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).

23 According to Kantar Media data available as of 31 December 2020.

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 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.

(III) Content Production and Acquisition

Mediaset España focuses on: (i) developing innovative and successful programming contents and formats; (ii) setting new trends; and (iii) adapting to market demands. As an example, Mediaset España pioneered concepts such as reality TV shows and viral television non-scripted content the duration of which (in terms of broadcasting time) is entirely up to Mediaset España. This enables Mediaset España to fill in the various programming slots with a high degree of flexibility as well as to discuss about the same topic across the various programmes. This has helped Mediaset España to maintain its leadership position in terms of audience.

In particular, Mediaset España focuses its resources and efforts on delivering attractive television content to the commercial target audience, which comprises the population segment with the highest disposable income, and during the prime time slot, when daily television consumption and commercial target audience viewing figures are at their highest.

Mediaset España has strengthened its content distribution business with the creation of Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U. (**Mediterráneo**), a company formed with the intention of bringing under the same organisational structure all of Mediaset España's existing production companies with the aim of maximising content sales contents. These companies produce audiovisual, movie and digital content, which already have a proven success record and encompass a diverse range of categories, such as entertainment, fiction, films, sports events and digital formats. Mediterráneo will allow for strengthened access to international markets (Mediaset España already has customers in approximately 190 territories) with the aim of acquiring and developing international formats. This goal may also be achieved 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) to Subscription Video on Demand platforms.

The following table shows airtime devoted to in-house productions versus external productions:

Networks Schedule Broadcast hours – Spain	**2020**		**2019**		**2018**	
	hours	**% weight**	**hours**	**% weight**	**hours**	**% weight**
TV rights	34,730	56.5%	33,002	53.8%	35.151	57.3%
In-house productions	26,757	43.5%	28,318	46.1%	26.168	42.7%
Total	**61,488**	**100.0%**	**61,320**	**100.0%**	**61,320**	**100.0%**

(1) In-house production

Mediaset España's current policy is to encourage in-house production within its programming mix (in particular on its two principal channels, Telecinco and Cuatro) as it believes this results in: (i) a greater degree of control over the final product, which increases its ability to adapt such product to the commercial target audiences' preferences; (ii) stricter cost control and increased flexibility; and (iii) the possibility to increase revenue as a result of subsequent sales to other broadcasters in Spain and overseas.

(2) External production (television rights library)

Mediaset España's library includes television rights to broadcast external productions. Mediaset España's library comprises, for the most part, productions and films acquired within the last two years, with a medium-long validity period, which keeps the library relatively up to date.

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.

(3) Audiovisual rights and cinema (co)-production

Mediaset España is continuing 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, the Group has been producing quality feature films for some years.

Among other production activities, Telecinco Cinema, S.A.U. (**Telecinco Cinema**), a wholly-owned company of Mediaset España, has been producing cinematic works enabling Mediaset España to satisfy the requirement to invest 3% of its gross revenue from the prior year in European and Spanish cinema.

The audiovisual rights of the Group are divided up as follows:

(a) Rights to third-party productions: these consist principally of rights acquired for a fixed number of runs or a pre-determined time lapse;

(b) Masters and dubbing: this corresponds to the information materials of audiovisual rights and the costs of the persons involved in the dubbing of original version productions, respectively;

(c) Co-production rights: this covers the rights acquired by the Group for the total exploitation of co-productions;

(d) In-house production rights: this covers the rights that the Group, as owner, can broadcast or sell;

(e) Distribution rights: this covers the rights acquired by the Group for exploitation via all windows in Spain;

(f) Other auxiliary work: amounts corresponding to the preparation and development of cinematographic productions;

(g) Rights relating to options, scripts and works-in-progress: this includes income that covers the analysis and development costs of new projects; and

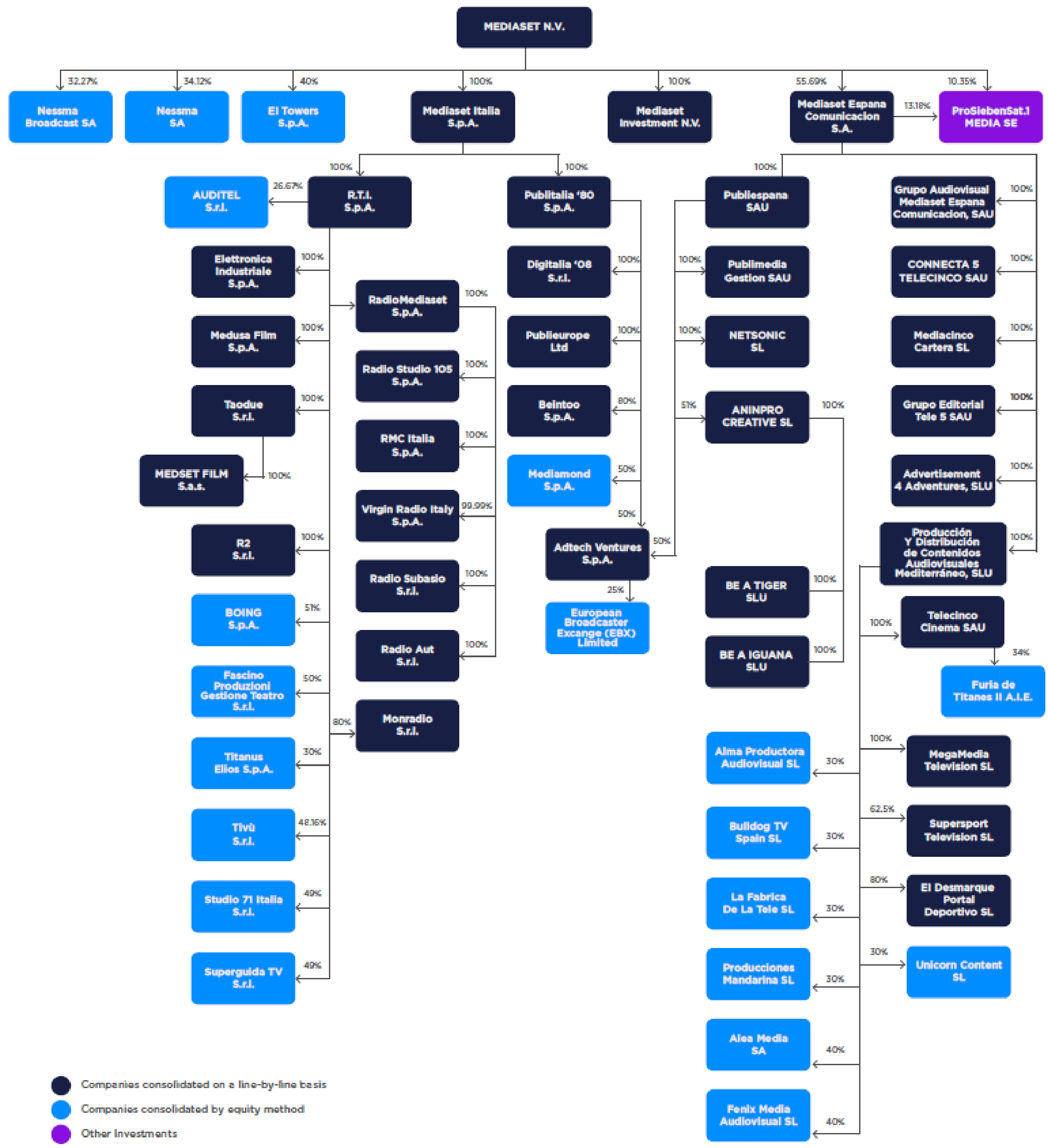
(h) Advances: amounts that are paid out prior to obtaining audiovisual rights as a provision under the relevant agreements.

(IV) Other Activities

Mediaset España carries out the exploitation of its brand based on the management at the editorial and commercial levels of the background music (either of its own or from others) for its productions ("*Grupo Editorial Telecinco*"), merchandising, licences and derivative products ("*Tienda Mediaset*") and events ("*Taquilla Mediaset*"), projecting the value of its brand beyond the screens.

7.5 Organisational Structure of the Group

As at 30 September 2021, the organisational structure of the Group is as follows:



7.6 Key Equity Investments and Joint Ventures

The following is an overview of the Group's key equity investments and joint ventures.

(I) Key Equity Investments regarding Associates

With reference to Italy, in accordance with a partnership agreement between the infrastructure fund F2i SGR and the Company dated 16 July 2018, the Company took a 40% interest in 2iTowers Holding S.p.A. (**2iTowers Holding**), an indirect subsidiary of F2i SGR. On the same date, 2iTowers Holding launched a voluntary takeover bid through 2iTowers S.p.A. (**2iTowers**) on the entire share capital of EI Towers, one of the biggest operators of electronic communications networks in Italy, in which the Company already held a 40% stake at that time. The takeover bid process was completed with the payment of the considerations on 12 October 2018 and the delisting of EI Towers' shares followed on 19 October 2018. Following a merger of 2iTowers Holding and 2iTowers into EI Towers on 28 March 2019, the shares in EI Towers are now held by F2I TLC 1 (60%) and the Company (40%).

On 30 April 2021, EI Towers SpA completed the sale of its 100% equity investment in Towertel SpA (the company that owns the service agreements and infrastructure for telco's operators) to Phoenix Towers Italy SpA, after having obtained the requisite regulatory authorisations.

In Spain as at 30 September 2021, the list of associated companies of Mediaset España includes: Producciones Mandarina, S.L. (30%); La Fábrica de la Tele, S.L. (30%); Alea Media, S.A. (40%) ; Bulldog TV Spain, S.L. (30%); Alma Productora Audiovisiual, S.L. (30%); Unicorn Content, S.L. (30%); Fenix Media Audiovisual (40%) and Furia de Titanes IIA.I.E. (34%).

(II) Joint Ventures

This section provides an overview of the Group's joint ventures as at 30 September 2021.

The companies Mediamond (50% shareholding), Boing S.p.A. (51% shareholding), Fascino S.r.l. (50% shareholding), Tivù S.r.l. (48.16% shareholding) and European Broadcaster Exchange Ltd (25% shareholding) are joint ventures of the Group.

Mediamond is an equal joint venture between Publitalia and Mondadori Pubblicità. Mediamond is the Group's advertising sales house, specialising in selling advertising space on the Group's radio and video websites and websites linked to Mondadori Group publications, as well as space on third party websites.

Boing S.p.A. is a joint venture between RTI (51%) and Turner Broadcasting System Europe (49%), which produces and manages the two FTA children's channels, Boing and Cartoonito, broadcast respectively since 2004 and 2011 on the digital terrestrial platform.

Fascino Produzione Gestione Teatro S.r.l. is an equal joint venture between RTI and Maria De Filippi. Due to the exclusive artistic and creative contribution of the partner, it develops, plans and executes television programmes mainly shown during Canale 5's prime time and day-time slots, including "*C'è Posta per te*", "*Amici*" and "*Uomini e Donne*".

Tivù S.r.l. is a company formed in 2008. Its shareholders are RTI and Rai Radiotelevisione Italiana S.p.A. (each holding 48.16%), La7 S.r.l. (3.49%) and other members. The company performs promotional and planned communication activities for users of the free digital terrestrial and satellite platform and, in particular, manages the services linked to the satellite platform for the free digital TV offering called "*TivùSat*", which supplements the digital terrestrial platform for users of some regions and autonomous provinces that this signal does not reach.

In order to meet the high in-house production broadcasting hours' needs, Mediaset España has stakes in the share capital of various associated production companies.

European Broadcaster Exchange Ltd (**EBX**) is a joint venture digital advertising agency founded by the Company, Mediaset España, P7S1, TF1 and Channel 4. The focus of EBX is on programmatic video campaigns, which involves the automated and data-driven management of digital advertising purchases and sales. The shareholding structure in EBX is as follows: 25% Channel 4; 25% TF1: 25% P7S1; and 25% Adtech Ventures, which is owned 50% by the Company and 50% by Mediaset España.

(III) Other Key Financial Equity Investments

On 29 May 2019, the Company announced that it secured the purchase of a minority interest of 9.6% of the share capital of the German broadcaster P7S1. Additionally, Mediaset España announced on 11 November 2019 that it had secured the purchase of a stake of 5.5% of the share capital of P7S1. In March 2020, the Company purchased a 0.74% stake in P7S1 and Mediaset España secured the purchase of a 4.25% stake in P7S1. All the above transactions amount to a total of 20.1% of the share capital of P7S1, which has been already financed by the Group. The value of of the 20.1% stake in P7S1 has been hedged through collar agreements.

On 21 January 2021, Mediaset España increased its stake in P7S1, acquiring a 3.4% equity interest

During the second and third quarter 2021, the Company and Mediaset España repaid - in the form of cash settlement – four tranches of the financial debt taken out for the equity investment in ProSiebenSat.1 Media SE, thus directly acquiring the underlying shares. As an integral part of the financial structure of this investment, the tranches of financial instruments (collars) hedging those shares were simultaneously realized with the counterparty of the transaction.

As a result of all the above transactions, as at 15 October 2021 (the date of the last notice to BaFin - the Financial Supervisory Authority), the aggregate stake secured by the Group was 23.53% in the capital of the company (24.2% of voting rights) of which 17.83% of the shares attributable to the Group were held directly and 5.70% through financial instruments.

P7S1 is one of the largest television groups in Europe, with a leadership position in Germany, Austria and Switzerland. It has a widespread shareholding and is listed on the Frankfurt Stock Exchange. These purchases are in line with the Group's strategy of international expansion, as fast-paced globalisation increasingly necessitates European broadcasters to develop their international footprint in order to compete with global players, such as Netflix and Amazon Prime (for further information on the Group's strategy of international expansion and the trends underlying that strategy, see "*Business – Key Strenghts and Strategy"*).

Moreover, the Group also operates in other lines of business such as Ad4Ventures, whose main objective is to invest minority stakes in national and international start-ups with high growth potential related to the technological and digital sector and active in distribution and consumption using available advertising space as a lever.

7.7 Macroeconomic Trends

The extent to which the COVID-19 pandemic affects the Group's business will depend on future developments, which are highly uncertain and rapidly changing. Currently, the world economy has been disrupted and Italy and Spain, the two core jurisdictions in which the Group operates, have particularly been affected by the COVID-19 pandemic. As at the date of this Prospectus, it is not possible to make reliable forecasts about the duration or the effects of the COVID-19 pandemic on the management and results of the Group and the rest of the world economy. Relevant factors include the effectiveness of governmental measures, the duration of the crisis, the speed at which affected countries emerge from the crisis, and the impact of the crisis on GDP and private consumption. The latter factors are key for the advertising market and, therefore, the Group's sector.

The political and economic developments have been affecting, and will continue to have an impact on, investment in advertising.

7.8 History

The following table sets out important events that have occurred since the creation of the Group.

1996	the Company is listed on the *Mercato Telematico Azionario*, opening up the shareholding to major institutional and small private investors (around 300,000).
1999	The Group expands its web-based activities with Mediaset.it, a television portal dedicated to Canale 5, Italia 1, Retequattro and TGCOM, a daily online news service accessible from a range of media.
2004	Mediaset España is listed on the Spanish Stock Exchanges.

2006	The Company builds Europe's first digital terrestrial Mobile TV network using DVB-H (Digital Video Broadcast Handheld) technology.
2010	Mediaset España acquires Cuatro. The online debut of www.video.mediaset.it, a catch-up TV service that allows viewers to watch again, on-demand, all of the the Company's television programmes broadcast during the previous days.
2013	The Group launches Infinity, Italy's first OTT service, offering subscribers streaming access to a catalogue of more than 6,000 titles, including films, TV series, TV dramas and TV shows.
2014	The Company wins exclusive rights for Italy, on all platforms, for live coverage of all of the matches and highlights of the UEFA Champions League for the three-year period 2015-2018.
2016	The Company creates a new group of radio stations. The new company is named RadioMediaset and brings together the commercial radio stations R101, Radio 105 and Virgin Radio, and initiates a partnership with Radio MonteCarlo.
2017	The Company's board of directors approves the Mediaset 2020 Plan, containing the development guidelines and 2017-2020 economic-financial objectives. The plan foresees an increase from 37.4% to 39% of the Company's total advertising market share and an improvement in operating result for the Company's Italian media assets of EUR 468 million.
2018	• Since 2018, all of the Company's TV content has been available free of charge on the web on Mediaset Play, a single destination that allows users to access all of the Company's programmes, both live and on-demand, as well as on TV, on computer or mobile device. 2018 saw the conclusion of the 2018 public offering of EI Towers. The sale of control of EI Towers by the Company resulted in a net capital gain of EUR 498.2 million. This represents a significant creation of value generated by a company established by the Company that can now play a leading role in the national and international process of development in the transmission towers sector.
2019	• On 29 May 2019, the Company announced that it secured the purchase of a minority interest of 9.6% of the share capital of the German broadcaster P7S1 for a consideration of approximately EUR 331 million. • The Company secured exclusive FTA broadcasting rights in Italy of the best Tuesday match during the next two editions (2019-20 and 2020-21) of the UEFA Champions League, as well as the highlights of the same match, images relating to the round-up of Italian teams' matches, and highlights of all the week's matches. • On 11 November 2019, Mediaset España announced that it had secured the purchase of a 5.5% stake in P7S1 for a consideration of approximately EUR 173 million. As a result, the stake held by the Group in the share capital of P7S1 reached a total of up to 15.1%.
2020	• In March 2020, the Company secured the purchase of a 0.75% stake in P7S1 and Mediaset España secured the purchase of a 4.25% stake in P7S1. On 23 April 2020, the Group announced that it had secured the future purchase of a further stake of up to 4.1% in P7S1 (equal to up to 9,462,000 shares). As a result of the above transactions, the aggregate stake secured by the Group is up to 24.16% of the share capital, as per the latest BaFin filing dated 15 June 2020.

- On 1 July 2020, Mediaset España Comunicación S.A. acquired a 51% stake in Aninpro Creative SL, a company that provides commercial solutions in digital and social media, offering its advertisers greater brand visibility.

- On 31 October 2020, RTI S.p.A. 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.

2021

- On 21 January 2021, Mediaset España increased its stake in P7S1, acquiring a 3.4% equity interest. Therefore, as at that date, the Group secured an equity interest of 23.5% in the company (24.2% of voting rights).
- In February 2021, the Company 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 and the Company will offer other matches for the next three seasons over its Infinity live pay streaming platform.

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

- On 30 April 2021, EI Towers completed the sale of its 100% equity investment in Towertel S.p.A. (the company that owns the service agreements and infrastructure for telco's operators) to Phoenix Towers Italy S.p.A., after having obtained the requisite regulatory authorisations.

- On 3 May 2021, Fininvest, the Company and Vivendi reached a global agreement putting an end to their disputes, in which the parties withdrew all pending actions and complaints, as described in the Company's annual report for 2020. In particular, Fininvest acquired from Vivendi a direct 5.0% shareholding in the Company for a price of EUR 2.70 per share (on account of the ex-dividend date and the payout date on 19 July and 21 July 2021, respectively), while Dailymotion, an investee of Vivendi, paid EUR 26.3 million to settle its copyright litigation proceedings with RTI and Medusa, a Group company. Under wider agreements, Vivendi also committed to Fininvest that the entire 19.19% stake in the Company held by Simon Fiduciaria would gradually be sold on the market over a five-year period. Fininvest will have the right to buy any unsold shares in each 12-month period, at the price established annually.

- On 17 June 2021, Digitalia'08 and DAZN signed an agreement to manage advertising revenues for Serie A TIM for the three-year period 2021-2024. Under this partnership, Digitalia'08 - a company with long-established experience in advertising for premium sporting events - will have the exclusive rights to collect advertising for TIM Serie A, working in close collaboration with DAZN Media.

- On 23 June 2021, the shareholders' meeting of the Company approved the proposal by shareholder Fininvest to distribute an extraordinary dividend of EUR 0.3 per each share in circulation, payable from the company's profits for the year and from available reserves. For shareholders who have exercised their right of withdrawal over the transfer of the registered office to the Netherlands, this amount will be deducted from the withdrawal price, meaning they will be paid the sum of EUR 1.881 per share (in other words, EUR 2.181 minus the extraordinary dividend). The extraordinary dividend was paid out on 21 July 2021.

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

- On 22 July 2021, Fininvest, the Company and Vivendi closed the agreement made on 3 May 2021 putting an end to their dispute, in which each of them withdrew all pending actions and complaints

7.9 Litigation

Below is an overview of all governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Company and/or Group's financial position or profitability. The overview also contains the contingent liabilities associated with them. No provisions have been made with respect to these legal proceedings.

(A) AGCOM proceedings

In January 2018, AGCOM ordered RTI to cease the self-promotion on television channels of the Group's radio programmes. AGCOM's stance is that such cross-platform advertising beyond the crowding limits is prohibited, although it is a widespread practice among various publishing groups operating in the Italian television market. RTI has brought its conduct in line with AGCOM's resolutions on 7 February 2018, but appealed these resolutions and filed an application for interim relief with the competent administrative court in Italy. On 16 April 2019, the Regional Administrative Court dismissed the appeals against AGCOM's cautionary resolutions against the television advertisements of the Group's radio stations. The Group has filed appeals against the relevant judgements with the Council of State.

In April 2018 AGCOM challenged Italia1, Canale5 and Rete4 with regard to their advertising overcrowding during January and February 2018 (despite the Council Chamber having met after those dates) for the tally of the Group's radio self-advertising spots. In November 2018, AGCOM ended the proceedings, imposing penalties of EUR 20,658 to Canale5, EUR 20,658 to Italia1 and EUR 20,658 to Rete4. All penalties were appealed with the Regional Administrative Court in January 2019 and a date for the hearing is pending.

In April 2019, an appeal was filed with the Regional Administrative Court against the penalties imposed by AGCOM in 2019 for the broadcasting of content unsuitable for underage viewers during "*Grande Fratello 15*".

(B) Tax proceedings

On 2 January 2019, RTI received a notice of assessment for the 2012 financial year in relation to corporate income tax (**IRES**), in which the Italian Tax Authority gave notice of a higher taxable income of EUR 13 million for the 2012 fiscal year / challenged the non-accounting of certain items that should have been recognised in profit and loss under the reconstruction of the office. On 16 February 2018, the Company, as the consolidating entity, submitted the IPEC Form to request a deduction of the consolidated tax losses from the higher taxable income ascertained of EUR 13 million. This request was granted by the Italian Revenue Agency on 18 April 2018.

On 23 June 2020, the Provincial Tax Commission of Rome, in judgment no. 3969/13/20, rejected the grounds put forward by RTI against the IRES tax assessment notice served on 2 January 2019. As a precaution, and in light of the Provincial Tax Commission's ruling, 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.

(C) CNMC proceedings

On 21 February 2018, Mediaset España was notified by the *Comision Nacional de los Mercados y Competencia* (**CNMC**) of the initiation of an assessment procedure (in parallel with one on AtresMedia) relating to a possible infringement of Article 1 of the *Ley de Defensa de la Competencia* due to alleged restrictive practices of the Spanish advertising market undertaken by Mediaset España and AtresMedia. On 12 November 2019, the CNMC sanctioned Mediaset España with a fine of EUR 39.0 million and ordered it to discontinue the sanctioned conduct.. On 13 January 2020, Mediaset España filed an administrative appeal against this 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. By ordinance of 4 September 2020, the *Audiencia Nacional* agreed to suspend the payment of the fines 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.

On 19 May 2021, the Supreme Court dismissed the appeal. The administrative dispute has continued to be processed and is pending a final resolution.

(D) Mediaset España - ITV Global Entertainment proceedings

On 1 October 2019, the Supreme Court dismissed the Mediaset España appeal against the ruling of the Provincial Court of Madrid issued on 20 September 2016 and sentenced Mediaset España to indemnify ITV Global Entertainment for the illicit enjoyment of the rights of the "Pasapalabra" format on the basis of the benefit that Mediaset España had obtained with it. The amount of such compensation will be determined pursuant to an ad hoc judicial proceeding.

(E) Vimeo proceeding

On 18 July 2019, the Court of Rome sentenced the website Vimeo to pay a compensation of approximately EUR 5 million to the Company for having uploaded 498 copyrighted videos to its website without authorisation.

The above ruling also imposed a penalty of EUR 5,000 on Vimeo for each day of delay in deleting the videos, which will also be automatically due if unauthorised the Company's material is uploaded in the future. The ruling, that was provisionally enforceable, was appealed by Vimeo. In the appeal, Vimeo requested and was granted a suspension of its compensation obligations arising from the ruling of the first-instance court until completion of the appeal proceeding. The injunction on the undue use of the Company's video content and the associated penalty for continued and further breaches was however upheld.

(F) Agreement between Fininvest, the Company and Vivendi

On 3 May 2021, Fininvest, the Company and Vivendi reached a global agreement putting an end to their disputes, in which the parties withdrew all pending actions and complaints, as described in the Company's Annual Report for the year ended on 31 December 2020. Vivendi undertook to contribute to the Company's international development by voting to abolish the enhanced voting mechanism and to transfer the Company's registered office to the Netherlands. The Company and Vivendi also entered into good neighbour agreements in free-to-air television and standstill for a duration of five years. The agreement stipulates that Vivendi pays the Group the compensation stipulated in the ruling that brought an end to proceedings no. 47205/2016 (EUR 1.7 million). Finally, Dailymotion, a subsidiary of Vivendi, agreed to pay EUR 26.3 million to settle its copyright litigation proceedings with RTI and Medusa, Group companies. The closing of the agreement was completed as provided for by the signed agreements on 22 July 2021.

8. CAPITALISATION AND INDEBTEDNESS

The tables below set forth the Group's capitalisation and indebtedness as at 30 September 2021. The tables are based on nonpublished and unaudited internal consolidated management accounts figures of the Group.

The capitalisation of the Company is set out below:

Capitalisation	As at 30 September 2021
Total Current debt (including current portion of long-term debt)	**398.5**
Guaranteed	-
Secured*	73.1
Unguaranteed/Unsecured	325.5
Total Non-Current debt (excluding current portion of long-term debt)	**798.9**
Guaranteed	-
Secured*	105.1
Unguaranteed/Unsecured	693.8
Shareholder's equity	
a. Share Capital	614.2
b. Legal Reserve	122.8
c. Other Reserves	1,878.9
Total	**2,616.0**

* The secured current debt relates to a pledge over part of the shares in P7S1.

The indebtedness of the Company is set out below:

Indebtedness	As at 30 September 2021
A. Cash	0.1
B. Cash equivalent	266.6
C. Other current financial assets	11,3
D. Liquidity (A)+(B)+(C)	**278.0**
E. Current financial debt (including debt instruments, but excluding current portion of non current financial debt)	(107.9)
F. Current portion of non current financial debt	(290.7)
G. Current financial indebtedness (E+F)	**(398.6)**
H. Net current financial Indebtedness (G-D)	**(120,6)**
I. Non-current financial debit (excluding current portion and debt instruments)	(798.9)

Indebtedness	As at 30 September 2021
J. Debt instruments	-
K. Non-current trade and other payables	-
L. Non-current Financial Indebtedness (I)+(J)+(K)	**(798.9)**
O. Total Financial Indebtedness (H)+(L)	**(919.5)**

8.1 No significant changes in capitalisation and indebtedness since 30 September 2021

There has been no material change in the Company's capitalisation and indebtedness since 30 September 2021.

8.2 Indirect and contingent indebtedness

There are no significant indirect or contingent indebtedness.

9. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Company's selected consolidated income statement, selected consolidated statement of financial position and selected consolidated statement of cash flows, as well as the condensed and reclassified financial information. It should be noted that the APMs have not been audited nor reviewed, as they are non-IFRS measures. The condensed and reclassified financial information is usually presented in the director's report on operation and contains the APMs used by the Group.

The financial information included is derived from the Financial Statements and the unaudited Interim Financial Statements. The comparative figures for 2018 are derived from the 2019 Financial Statements, as specified above. The Interim Financial Statements have been published on a voluntary basis by the Company. The figures in the Interim Financial Statements are presented in a condensed and reclassified form and are therefore not comparable to the Financial Statements.

The comparative income and cash flow statement figures for 9M 2020 have been derived from the 2021 Interim Financial Statements, while the comparative balance sheet figures for 9M 2020 have been derived from the 2020 Interim Financial Statements.

The unqualified auditor's report issued on the 2019 Financial Statements included the following emphasis of matter paragraph related to the status of the Merger (as specified below) at that moment in order to draw attention on the related disclosure included in the financial statements:

"We draw attention to the paragraph "MFE-MEDIAFOREUROPE cross-border merger project" included in note 4 "Key information relating to the scope of consolidation", which describes the plan for the cross-border merger approved by the Board of Directors of the Company on June 7, 2019. The plan foreseen the merger of Mediaset S.p.A. and Mediaset España Comunicaciòn S.A. (subsidiary of Mediaset S.p.A.) into Mediaset Investment N.V., a Dutch directly wholly owned subsidiary of Mediaset S.p.A., which will take the name "MFE – MEDIAFOREUROPE N.V.". As reported in the explanatory notes, the effects of the resolution of Mediaset España shareholders' meeting that approved the merger plan, are temporarily suspended at the date of preparation of Mediaset Group's consolidated financial statements, considering the status of some pending legal proceedings in relation to the abovementioned merger. Our opinion is not modified in respect of this matter."

The Company notes that the aforementioned cross-border merger project is no longer being pursued and the legal proceedings in relation thereto have been resolved. Therefore, the circumstances referred to in the aforementioned emphasis of matter are no longer relevant.

The selected consolidated financial information set out below is a summary only. It may not contain all the information that is important to prospective investors and, accordingly, should be read in conjunction with "*Risk Factors*", "*Capitalisation and Indebtedness*", "*Operating and Financial Review*" and "*Important Information – Presentation of Financial and Other Information*".

9.1 Financial Statements

(A) Selected Consolidated Statement of Income

	As at 31 December		
	2020	2019	2018[1]
		(EUR million)	
Total net consolidated revenues	**2,636.8**	**2,925.7**	**3,401.5**
Revenues from sales of goods and services	2,612.3	2,893.6	3,352.0
Other revenues and income	24.4	32.2	49.6

	As at 31 December		
	2020	2019	2018[1]
		(EUR million)	
Total costs	**2,367.0**	**2,571.1**	**3,327.8**
Personnel expenses	470.1	498.2	497.0
Purchases, services, other costs	1,330.2	1,490.2	1,838.4
Amortisation and depreciation	566.7	582.7	992.4
Operating Result	**269.7**	**354.6**	**73.7**
Financial expenses	(60.5)	(55.6)	(88.0)
Financial income	56.7	65.6	71.8
Income/(expenses) from equity investments	20.0	17.1	6.4
EBT	**285.9**	**381.7**	**64.0**
Income taxes	(66.6)	(93.9)	(19.3)
Net profit from continuing operations	**219.3**	**287.8**	**44.7**
Net profit from discontinued operations	-	-	550.0
Net profit for the year	**219.3**	**287.8**	**594.7**
Attributable to:			
• Equity shareholders of parent company	139.3	190.3	468.2
• Minority interests[3]	80.0	97.5	126.4
Earnings per share			
- Basic	0.12	0.17	0.41
- Diluted	0.12	0.17	0.41

[1] The figures for 2018 have been derived from the restated comparative figures in the 2019 Financial Statements. The restatement relates to the retroactive acknowledgement of the impact on the Group's associates' equity investment results derived from their goodwill purchase price allocation process.

(B) Selected Consolidated Statement of Financial Position

	As at 31 December		
	2020	2019	2018[1]
		(EUR million)	
Non-current assets			
Property, plant and equipment	335.1	356.5	216.9
TV and movie rights	932.7	974.7	972.2
Goodwill	803.2	796.7	794.1
Other intangible assets	534.8	612.4	605.5
Investments in associates and joint ventures	473.2	494.5	497.9
Other financial assets	749.7	610.6	75.1
Deferred tax assets	475.1	476.2	520.1

Total non-current assets	**4,304.0**	**4,321.6**	**3,681.9**
Current assets			
Inventories	47.9	44.7	41.2
Trade receivables	826.4	863.2	891.2
Tax receivables	44.9	54.3	48.8
Other receivables and current assets	216.6	182.7	170.2
Current financial assets	68.8	35.8	26.1
Cash and cash equivalents	447.9	245.1	389.8
Total current assets	**1,652.4**	**1,425.7**	**1,567.2**
Non-current assets held for sale	-	-	-
Total Assets	**5,956.4**	**5,747.3**	**5,249.1**
Share capital and reserves			
Share capital	614.2	614.2	614.2
Share premium reserve	275.2	275.2	275.2
Own shares	(389.7)	(401.3)	(408.6)
Other reserves	545.7	525.5	594.6
Valuation reserve	(35.2)	(66.1)	(32.6)
Retained earnings	1,518.7	1,340.1	898.3
Net profit for the year	139.3	190.3	468.2
Group shareholders' equity	**2,668.3**	**2,477.9**	**2,409.4**
Minority interests in net profit	80.0	97.5	96.5
Minority interests in share capital, reserves and retained earnings	417.3	314.9	347.3
Minorities Shareholders' Equity	**497.3**	**412.5**	**443.7**
Total shareholders' equity	**3,165.6**	**2,890.4**	**2,853.1**
Non-current liabilities			
Post-employment benefit plans	66.7	69.2	68.9
Deferred tax liabilities	95.7	89.8	86.5
Financial liabilities and payables	1,156.9	1,031.0	745.6
Provisions for risks and charges	41.3	48.1	61.7
Total non-current liabilities	**1,360.6**	**1,238.1**	**962.7**
Current liabilities			
Due to banks	449.5	612.2	6.7
Due to suppliers	638.6	722.7	720.6
Provisions for risks and charges	72.7	80.2	101.1
Current tax liabilities	8.6	3.5	3.2
Other financial liabilities	78.2	28.3	406.9
Other current liabilities	182.6	171.9	194.9
Total current liabilities	**1,430.2**	**1,618.8**	**1,433.3**

Total liabilities	**2,790.7**	**2,857.0**	**2,396.0**
Total shareholders' equity and liabilities	**5,956.4**	**5,747.3**	**5,249.1**

[1] The figures for 2018 have been derived from the restated comparative figures in the 2019 Financial Statements. The restatement relates to the retroactive acknowledgement of the impact on the Group's associates' equity investment results derived from their goodwill purchase price allocation process.

(C) Selected Consolidated Statement of Cash Flows

	As at 31 December		
	2020	**2019**	**2018**
		(EUR million)	
Cash flows from operating activities			
Operating Result	269.7	354.6	73.7
Depreciation and amortisation	566.7	582.7	992.4
Other provisions and non-cash movements	48.4	(12.1)	42.4
Change in trade receivables	36.9	27.9	80.2
Change in trade payables	(43.9)	115.0	57.1
Change in other assets and liabilities	(17.2)	(63.8)	(26.4)
Interests (paid)/received	0.9	(0.7)	1.4
Income tax paid	(40.4)	(47.5)	(51.5)
Net cash flow from discontinued operations	-	-	72.4
Net cash from operating activities [A]	**821.2**	**956.1**	**1,241.7**
Cash flow from investing activities			
Proceeds from the sale of fixed assets	3.2	6.0	16.8
Investments in TV and movie rights	(431.0)	(501.9)	(590.1)
Changes in advances for television rights	40.6	(32.1)	25.0
Purchases of other fixed assets	(60.6)	(64.6)	(53.0)
Equity investments	(0.2)	(1.1)	(465.6)
Changes in payables for investing activities	(40.2)	(121.7)	(303.5)
Proceeds/(Payments) for hedging derivatives	9.2	(35.0)	0.8
Changes in other financial assets	(73.7)	(504.5)	4.6
Loans to other companies (granted)/repaid	-	1.9	8.2
Cashed-in dividends	40.6	40.8	29.7
Business combinations net of cash and cash equivalents purchase	(7.6)	(18.4)	(3.3)
Changes in controlling interest/ consolidation area	(0.4)	(32.7)	648.4
Net cash flow from discontinued operations	-	-	(56.5)
Net cash flow from investing activities [B]	**(520.2)**	**(1,263.3)**	**(738.6)**
Cash flow from financing activities		-	-
Parent company and subsidiaries changes in treasury shares	(0.6)	(94.6)	-
Changes in financial liabilities	(62.7)	726.1	(156.9)
Corporate bond	-	(375.0)	0.0
Dividends paid	-	(46.6)	(95.5)
Changes in other financial assets/liabilities	(25.0)	(17.4)	(0.0)

	As at 31 December		
	2020	2019	2018
Interests (paid)/received	(9.9)	(30.0)	(28.3)
Net cash flow from discontinued operations	-	-	(5.2)
Net cash flow from financing activities [C]	**(98.2)**	**162.6**	**(286.0)**
Net Increase (Decrease) in cash and cash equivalents [D=A+B+C]	**202.9**	**(144.6)**	**217.1**
Cash and cash equivalents at the beginning of the year [E]	**245.1**	**389.8**	**172.7**
Cash and cash equivalents at the end of the period [F=D+E]	**447.9**	**245.1**	**389.8**

9.2 Alternative Performance Measures

The table below present sthe condensed and reclassified financial statement containing the alternative performance measures (**APMs**) as at and for the years ended 31 December 2018, 2019 and 2020. The figures for 2018 are derived from the comparative figures in the 2019 Financial Statements.

(A) Reconciliation Reported EBITDA

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Net profit for the period	219.3	287.8	594.7
+ Income Taxes	(66.6)	(93.9)	(19.3)
+/- Financial income/(expenses)	(3.8)	10.0	(16.2)
+/- Income/(Expenses) from equity investments valued with the equity method	20.2	17.1	6.4
+/- Income/(Expenses) from other equity investments	(0.2)		
+ Amortisation and depreciation	566.7	582.7	992.4
Reported EBITDA	**836.4**	**937.3**	**1,066.1**

(B) Reconciliation Operating Result

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Net profit for the period	219.3	287.8	594.7
+ Income Taxes	(66.6)	(93.9)	(19.3)
+/- Financial income/(expenses)	(3.8)	10.0	(16.2)
+/- Result of investments accounted for using equity method	20.2	17.1	6.4
+/- Income/(Expenses) from other equity investments	(0,2)		
Operating Result	**269.7**	**354.6**	**73.7**

(C) Reconciliation Net Financial Position

	As at 31 December		
	2020	2019	2018
		(EUR million)	

	As at 31 December		
	2020	2019	2018
Current financial assets	68.8	35.8	26.1
Cash and cash equivalents	447.9	245.1	389.8
Non-current financial liabilities and payables	(1,156.9)	(1,031)	(745.6)
Current Due to banks	(449.5)	(612.2)	(6.7)
Other current financial liabilities	(78.3)	(28.3)	(406.9)
Derivatives difference [1]	89.0	42.5	9.8
Loans and receivables difference [2]	14.6	-	(2.9)
Net financial position ((Debt)/Liquidity)	**(1,064.4)**	**(1,348.3)**	**(736.4)**

[1] Derivatives differences consist of: (i) the fair value of derivative instruments related to the exchange rate risk, except for the ineffective part of cash flow hedge; and (ii) the fair value of derivatives instruments related to the equity instruments.

[2] Loans and receivables difference consist of the financial loans to associated entities and financial liabilities relating to options over minority stake in subsidiaries.

(D) Reconciliation Net Invested Capital

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Total shareholders' equity	3,165.6	2,890.4	2,853.1
+/- Net financial position ((Debt)/Liquidity)	(1,064.4)	(1,348.3)	(763.4)
Net invested capital	**4,230.1**	**4,238.7**	**3,616.5**

(E) Reconciliation Free Cash Flow

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Net cash flow from operating activities	821.2	956.1	1,241.7
+/- Net cash flow from investing activities	(520.2)	(1,263.3)	(738.6)
+ Equity investments	(0.2)	(1.1)	(465.6)
+/- Changes in other financial assets	(73.7)	(504.5)	4.6
+/- Loans to other companies (granted)/repaid	-	1.9	8.2
+/- Cashed-in dividends	40.6	40.8	29.7
+/- Business combinations net of cash and cash equivalents purchased	(7.6)	(18.4)	(3.3)
+/- Changes in controlling interest/ consolidation area	(0.4)	(32.7)	648.4
+/- Net cash flows from discontinued operations	-	-	15.9
+/- Other adjustments [1]	52.1	59.2	(53.6)
Free cash flow	**311.8**	**265.9**	**211.7**

[1] Other adjustments entail the exclusion of (i) cash out related to equity instruments and equity investments included in the caption *proceeds/ (Payments) for hedging derivatives*; (ii) cash out related to the purchases of some strategic assets included in the caption *purchases of other fixed assets*; (iii) right of use recognition under IFRS 16 included in the *purchases of other fixed assets*; and (iv) include interests (paid)/ received reported in net cash flow from financing activities.

(F) Condensed and Reclassified Consolidated Income Statement

The APMs included in the condensed and reclassified consolidated income statement are *Reported EBITDA* and *Operating Result*.

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Total consolidated net revenues	**2,636.8**	**2.925,7**	**3,401.5**
Personnel expenses	(470.1)	(498,2)	(497.0)
Purchases, services, other costs	(1,330.2)	(1.490,2)	(1,838.4)
Reported EBITDA	**836.4**	**937,3**	**1,066.1**
Rights amortisation	(455.9)	(479,0)	(884.2)
Other amortisation and depreciation	(110.8)	(103,7)	(108.2)
Amortisation and depreciation	**(566.7)**	**(582,7)**	**(992.4)**
Operating Result	**269.7**	**354,6**	**73.7**
Financial income/(expenses)	(3.8)	10,0	(16.2)
Income/(expenses) from equity investments	20.0	17,1	6.4
EBT	**285.9**	**381,7**	**64.0**
Income taxes	(66.6)	(93,9)	(19.3)
Minority interests in net result	(80.0)	(97,5)	(96.5)
Net result from continuing operations	**139.3**	**190,3**	**(51.8)**
Net profit from discontinued operations	-	-	520.0
Group net result	**139.3**	**190,3**	**468.2**

(G) Condensed and Reclassified Consolidated Statement of Financial Position

The APMs included in the condensed and reclassified consolidated statement of financial position are *net financial position* and *net invested capital*.

	As at 31 December		
	2020	2019	2018
		(EUR million)	
TV and movie rights	932.7	974.7	972.2
Goodwill	803.2	796.7	794.1
Other tangible and intangible non-current assets	869.9	968.8	822.5
Equity investments and other financial assets	1,159.8	1,026.6	568.9
Net working capital and other assets/(liabilities)	531.1	541.0	500.9
Post-employment benefit plans	(66.7)	(69.2)	(68.9)
Net invested capital	**4,230.1**	**4,238.7**	**3,589.6**
Group shareholders' equity	2,668.3	2,477.9	2,409.4
Minority interests	497.3	412.5	443.7
Total shareholders' equity	**3,165.6**	**2,890.4**	**2,853.1**

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Net financial position Debt/(Liquidity)	**1,064.4**	**1,348.3**	**736.4**

(H) Condensed and reclassified Consolidated Statement of Cash Flows

The APM included in the condensed and reclassified consolidated statement of cash flows is free cash flow.

	As at 31 December		
	2020	2019	2018
		(EUR million)	
Net financial position at the beginning of the year (Debt)/Liquidity	**(1,341.2)**	**(877.0)**[1]	**(1,392.2)**
Free cash flow	**311.8**	**265.9**	**211.7**
Change in the consolidation area	(8.0)	(19,8)	671.2
Own share's (sell)/buyback of the parent company and subsidiaries	(0.6)	(94,6)	(0.0)
Equity investments/Investment in other financial assets and change of stake in subsidiaries	(67.0)	(617,0)	(479.0)
Cashed-in dividends	40.6	40,8	29.7
Dividends paid	-	(46,6)	(95.6)
Financial surplus/(deficit) from continuing operations	**276.8**	**(471.3)**	**338.0**
Financial surplus/(deficit) from discontinued operations	-	-	(40.1)
Net financial position of discontinued operations	-	-	357.8
Net financial position at the end of the year (Debt)/Liquidity	**(1,064.4)**	**(1,348.3)**	**(736.4)**

[1] The *net financial position* as at 31 December 2018 differs from the *net financial position* as at 1 January 2019 due to application of IFRS 16 in 2019. The net financial position at the beginning of 2020 differs from that reported in the Summary Balance Sheet at 31 Dicembre 2019 due to the reclassification of liabilities relating to options over minority shares in subsidiaries.

9.3 Interim Financial Statements

The figures in the Interim Financial Statements are presented in a condensed and reclassified form and, therefore, not comparable to the Financial Statements.

(A) Condensed and Reclassified Consolidated Income Statement

	As at 30 September	
	9M 2021 unaudited	9M 2020 unaudited
	(EUR million)	
Total consolidated net revenues	**1,992.7**	**1,722.8**
Personnel expenses	351.6	334.6
Purchases, services, other costs	1,021.8	903.9
Operating costs	**1,373.4**	**1,238.5**
Reported EBITDA	**619.3**	**484.2**
TV and Movie Rights amortisation	277.0	319.0
Other amortisation and depreciation	67.3	77.7
Amortisation and depreciation	**344.3**	**396.7**
Operating Result (EBIT)	**275.0**	**87.6**
Financial income/(losses)	22.2	(1.1)

	As at 30 September	
	9M 2021 unaudited	9M 2020 unaudited
Income/(expenses) from equity investments	102.9	10.2
EBT	**400.1**	**96.7**
Income taxes	(75.5)	(40.5)
Minority interests in net result	(50.8)	(45.7)
Net result from continuing operations	**273.8**	**10.5**
Net profit from discontinued operations	-	-
Group net result	**273.8**	**10.5**

(B) Condensed and reclassified Consolidated Statement of Financial Position

	As at 30 September	
	9M 2021 unaudited	9M 2020 unaudited
	(EUR million)	
TV and movie rights	888.9	932.7
Goodwill	803.2	803.2
Other tangible and intangible non-current assets	866.7	869.9
Equity investments and other financial assets	1,342.5	1,159.8
Net working capital and other assets/(liabilities)	256.5	531.1
Post-employment benefit plans	(64.6)	(66.7)
Net invested capital	**4,093.2**	**4,230.1**
Group shareholders' equity	2,616.0	2,668.3
Minority interests	557.7	497.3
Total shareholders' equity	**3,173.7**	**3,165.6**
Net financial position Debt/(Liquidity)	**919.5**	**1,064.4**

(C) Condensed and Reclassified Consolidated Statement of Cash Flow

	As at 30 September	
	9M 2021 unaudited	9M 2020 unaudited
	(EUR million)	
Net Financial Position at the beginning of the year (Debt)/Liquidity	**(1,064.4)**	**(1,348.3)**
Free Cash Flow	**423.6**	**236.0**
Cash Flow from operating activities[1]	624.6	456.3
Investments in fixed assets	(306.8)	(406.5)
Disposals of fixed assets	1.6	1.2
Changes in net working capital and other current assets/liabilities	104.3	185.1
Change in the consolidation area	-	(8.5)
Own share's (sell)/buyback of the parent company and subsidiaries	(0.7)	-
Equity investments/Investment in other financial assets and change of stake in subsidiaries	(103.5)	(72.6)
Cashed-in dividends	167.5	20.2
Dividends paid	(342.1)	-
Financial Surplus/(Deficit) from continuing operations	**144.9**	**175.0**

	As at 30 September	
	9M 2021 unaudited	**9M 2020 unaudited**
Net Financial Position at the end of the period (Debt)/Liquidity	**(919.5)**	**(1,173.3)**

[1] Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method +/- gains/losses on equity investments +/- deferred tax

10. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the rest of this Prospectus, including the information set out in sections "Selected Consolidated Financial Information" and "Business".

Except as otherwise stated, the figures in the Operating and Financial Review are derived from the Financial Statements, which have been prepared in accordance with IFRS. The figures in the Interim Financial Statements are presented in a condensed and reclassified form and, therefore, not comparable to the Financial Statements. For a discussion on the presentation of the Company's historical financial information included in this Prospectus, see section "Important Information – Presentation of Financial and Other Information". The following discussion contains forward-looking statements that involve risks and uncertainties. The Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in particular in the sections entitled "Risk Factors" and "Business" and elsewhere in this Prospectus. See section "Important Information – Information Regarding Forward-Looking Statements" for a discussion of the risks and uncertainties relating to those statements.

10.1 Overview

The Group is a multinational media group, mainly operating in the content television industry in Italy and Spain. In Italy, the Group operates in the integrated media space, consisting of content production, FTA commercial television, radio, OTT services and digital publishing activities. The Group produces and distributes through different platform a broad range of content mainly centered on general entertainment, cinema, TV series, documentaries, sport events and children's television.

In Spain, Mediaset España is the leading Spanish commercial television broadcaster in terms of audience and TV advertising share, with two main general interest channels (Telecinco and Cuatro) and a range of FTA thematic channels.[24] See the section entitled "*Business*" for further details.

10.2 Key Factors Affecting Results of Operations

The results of the Group's operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. This section discusses the key factors that have had a material effect on the Group's results of operations and financial condition during the periods under review and are reasonably likely to have a material effect on the Group's results of operations and financial condition in the future.

(A) Advertising Space Sales

The Group operates primarily free television and radio. As such, it is dependent on revenues from advertising space sales. Advertising revenues as a percentage of total consolidated sales of the Group amounted to 80.3% in 2018, 86.9% in 2019 and 84.1% in 2020, while the year-on-year development of the Group's advertising revenues was -12.9% in 2020, due to the COVID-19 pandemic, and -7.0% in 2019. The Group's advertising revenues depend on the general development of advertising expenditures in the free television and radio markets and in particular on expenditures for television, radio and, to a lesser extent, online advertising. The level of advertising expenditures in the markets in which the Group operates and the proportion of such expenditures accounted for by television, followed by radio or online advertising, is affected by general economic and market conditions in those markets, which generally influence the advertising budgets of the Group's clients.

Advertising expenditures generally tend to be cyclical, reflecting general economic conditions. Normally, when the economic outlook is positive, advertisers are more willing to invest and advertising expenditure tends to rise in response to anticipated increases in consumer demand. Conversely, in periods of economic slowdown, advertisers react quickly to declining demand or an anticipated decline in consumer demand by reducing their

[24] Kantar Media Data and InfoAdex Report.

advertising budgets. Lower employment rates and higher inflation rates affect consumer spending, which in turn can reduce advertising expenditures if advertisers do not perceive sufficient consumer demand or purchasing power to warrant the cost of advertising. Advertising expenditures also depend on advertisers' ability to access financial resources and make use of investment opportunities. A lack of financial resources and investment opportunities may result in declining spending in advertising.

The Group faces significant competition from other media companies for advertising revenues in Italy and Spain. The Group's ability to successfully compete for advertising accounts and maintain or increase its level of advertising sales depends on a number of factors, the most important being content success, audience share and the reach of its TV and radio stations. Falling audience shares for the Group's TV and radio stations could have negative effects on the Group's future advertising revenues. Furthermore, while the audience share is a core factor determining the Group's commercial success, the Group may not always be able to translate a high audience share into an equally high share of advertising sales or maintain or increase its prices for advertising space. Advertising clients tend to spread their media spending across market participants and other media verticals to avoid dependency on individual broadcasters or broadcasting groups. To the extent that new competitors emerge, thereby increasing fragmentation, or the Group's existing competitors gain larger market shares, greater name recognition, broader programming content, electronic programming guide positioning or better funding than the Group, the Group may suffer declining advertising revenues.

New platforms and content more readily accessible on such platforms may appeal to target audiences that advertisers covet, leading to a potential increase in advertising spend on these platforms at the expense of other platforms, such as television and radio.

The Group's European advertising activities are carried out by Publieurope. Its mission is to raise revenue through advertising sales to international investors by means of ongoing liaison with multinational companies and by sourcing new licences and new products in other countries. These activities are conducted from offices in London, Munich and Paris, in cooperation with partners located in Milan (Publitalia) and Madrid (Publiespaña).

(B) Audience Share

The Group's TV advertising revenues are affected by its audience share, which in turn typically depends on the popularity of the Group's programmes. The value of the Group's advertising space offering and, consequently, the Group's ability to maintain or increase prices, is determined by the Group's audience share as well as the qualitative characteristics of such audience.

Traditionally, advertisers require a certain minimum number of viewers and a high reach in audiences (i.e. a high numbers of viewers watching television simultaneously). Accordingly, prime time slots can be sold at relatively higher prices to advertisers.

The Company's channels closed the first half of 2021 in the individuals segment with a 31.8% audience share in the prime time slot, a 31.8% share over the 24-hour period and a 31.8% share of daytime viewers.[25] With regard to the commercial target, the Company's channels closed the first half of 2021 with a 34.0% audience share in the prime time slot, a 34.3% share over the 24-hour period and a 34.4% share of daytime viewers.[26] Mediaset España's channels closed the first half of 2021 in the individuals segment with a 26.5% audience share in the prime time slot, a 28.6% share over the 24-hour period and a 29.5% share of daytime viewers.[27] With regard to the commercial target, Mediaset España's channels closed the first half of 2021 with a 29.2% audience share in the prime time slot, a 30.8% share over the 24-hour period and a 31.5% share of daytime viewers.[28]

[25] The audience share figures are sourced from Auditel.
[26] The audience share figures are sourced from Auditel.
[27] According to Kantar Media data available as of 30 June 2021.
[28] According to Kantar Media data available as of 30 June 2021.

The Company's channels closed 2020 in the individuals segment 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.[29] With regard to the commercial target, the Company's channels closed 2020 with a 36.0% audience share in the prime time slot, a 34.6% share over the 24-hour period and a 34.3% share of daytime viewers.[30] Mediaset España's channels closed 2020 in the individuals segment with a 27.2% audience share in the prime time slot, a 28.4% share over the 24-hour period and a 29.0% share of daytime viewers.[31] With regard to the commercial target, Mediaset España's channels closed 2020 with a 28.3% audience share in the prime time slot, a 29.6% share over the 24-hour period and a 30.2% share of daytime viewers.[32]

Various factors can affect the quality and quantity of the Group's audience share, such as the ability to produce or purchase content that appeals to the Group's target audiences. Examples include the FIFA World Cup 2018, for which the Group held the exclusive FTA TV rights both in Italy and Spain, and the FTA TV rights for the UEFA Champions League, which were exclusively held by the Company for Italy in the first half of 2018 and which it will hold on a non-exclusive basis for weekly matches in the 2019/2020 and 2020/2021 seasons.

(C) Content Production and Sales

The editorial focus of the Group has been and continues to be on the development, production and distribution of original entertainment content and Italian films and local series, which it subsequently broadcasts via its own TV stations or licences and/or sells to third parties. The commercial success of the Group's production business depends on income derived from advertising space sales, but also on the generation of appealing and popular content. Sales of TV rights and productions and movie distribution revenues as a percentage of the Group's total consolidated net revenues amounted to 3.1% in 2018, 4.9% in 2019 and 8.1% in 2020. The year-on-year growth, 34.6% in 2019 and 48.2% in 2020.

The development and production of content is expensive and depends on access to creative talent. The market for content is also subject to a number of trends, such as digital transformation and changes in consumer habits. Original TV content requires the Group to make up-front investments, which are often of significant amounts. If the content produced by the Group is not commercially successful, this could result in a write-off of programme rights.

Traditionally, content is usually aired exclusively by one single TV station or by a family of channels in FTA linear broadcasting. The Group is able to use its exclusive content to distinguish itself from its competitors and to establish valuable brands with which consumers associate certain content and quality levels. The proliferation of video services in the digital and non-linear world has led to opportunities for content owners to increase the number of rights windows for their content, each with its own market dynamic. Certain types of content in the non-linear space, particularly movies and archive TV series (that are no longer on air), tend to be licensed non-exclusively to a wide variety of video services, making it harder for such services to differentiate themselves and their brands through content. Exclusivity, however, remains the norm in and around the free-TV broadcast window. The Group has used this exclusivity to sustain its TV channel brands.

Piracy may erode the commercial value of the Group's self-produced or licensed content such as movies and TV series. This may occur because its audience takes advantage of alternative viewing options that are offered without the requisite programme licences or because piracy grants access to content free of charge (with or without advertising) before the shows can be broadcast by the Group.

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29 The audience share figures are sourced from Auditel.
30 The audience share figures are sourced from Auditel.
31 According to Kantar Media data available as of 31 December 2020.
32 According to Kantar Media data available as of 31 December 2020.

(D) Access to Appealing Content Rights

The Group's access to rights to appealing content, such as TV shows and live events, from film studios, content production companies and other third parties, is essential to its ability to attract viewers. In the past, the Group has held the exclusive rights to the FIFA World Cup 2018 in Russia in both Italy and Spain. The costs of such content rights constitute a significant part of the Group's total cost. The Group's investment in production services and purchase of television products amounted to EUR 369.4 million in 2020, EUR 471.3 million in 2019 and EUR 596.7 million in 2018. Year-on-year growth was -21.6% in 2020 and -21.0% in 2019.

The Group, through its subsidiary Reti Televisive Italiane S.p.A. (**RTI**) in Italy and Mediaset España in Spain, owns one of the biggest library of television broadcasting rights in Europe, thanks to long-term agreements with leading American major studios and distributors and independent American and European producers (TV movies, soap operas, miniseries and TV serials). Moreover, the Group, through its investments in companies such as Medusa Film, Taodue S.r.l., Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U. and Telecinco Cinema, S.A., 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. This combination of acquired and generated contents ensures coverage of the needs of the Group's linear and non-linear TV businesses.

Nevertheless, a breach by third-party content providers of their contractual obligations or the inability to create popular original programming may disrupt the Group's programming, which in turn may adversely affect the Group's ability to attract viewers to its respective channels and online platforms.

(E) Digital Platforms and Media

Audiences increasingly engage digital platforms via connected devices to access content, enabling audiences to make use of catch-up television services and video-on-demand services. This development, triggered by the digital transformation of the media business, has impacted companies all across the media landscape, including FTA broadcasters, OTT players, media agencies, media buyers and advertisers, prompting them to improve their products and services propositions in line with consumer preferences. The wide variety of platforms and ways to engage those platforms has resulted in a fragmentation of the media and audience landscape. It has become increasingly more difficult to attract and retain audiences. This could have an adverse effect on media companies' advertising revenues, since advertisers are inclined to invest in advertisements provided that a certain quality and quantity of viewers is reached. Moreover, advertisers can spread their expenditures over an increasing number of players and media platforms.

Against the aforementioned background, the Group is continuously working on the development and expansion of its platforms, enabling audiences to watch Group's channels on any device and helping better scheduling. The content of the Group is spread out across all FTA and pay platforms, including DTT, satellite and online streaming. RTI oversees the Italian digital activities of the Group through its 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 FTA programmes (Radio and TV). The Spanish digital activities are overseen by Mediaset España.

(F) Transformation of the Group's Pay Model

A key factor contributing to redefining and improving the Group's profitability and cash generation profile is the digital transformation process of the pay model launched in 2018. By virtue of this process, the Company has gradually replaced the model of a complete pay-offer of sports content (Serie A and UEFA Champions League) and of cinema series channels in linear DTT and non-linear mode (reserved in Italy for Mediaset Premium subscribers), with a lighter and more flexible and modern pay-offer model. The latter model is focused on (i) the development of non-linear and OTT services; (ii) content and service provider activities to third party operators of cinema and serial content; (iii) exclusive pay TV content; (iv) DTT transmission capacity and retransmission rights on various platforms of the main free TV generalist channel; and (v) thematic channels of the Company. This transformation has supported the Group's profitability and cash generation, mainly driven by the strong reduction in the costs connected with the multi-year contracts for premium football content (Serie A and UEFA Champions League), which were not renewed when they expired at mid-2018, and to the revenues stream resulting from the multi-year agreements signed with Sky in March 2018.

(G) Technical Infrastructure

The Group's television offerings are primarily distributed via digital terrestrial transmission. The Group's ability to broadcast its television content and to generate advertising revenues is dependent on the availability of sufficient technical reach. The Company has in place measures and specific service level agreement provisions with its counterparties with the aim of preventing and/or reducing the risk of discontinuation.

The Group also derives income from renting out transmission capacity on digital terrestrial television and the sale of equipment by Elettronica Industriale S.p.A. to external customers. The total revenues derived from this activity amounted to EUR 81.7 million in 2020, EUR 96.4 million in 2019 and EUR 94.7 million in 2018. The year-on-year growth was -15.8% in 2020 and 1.8% in 2019.

The Group's digital business activities largely depend on the open internet as a distribution platform for the streaming and downloading of high-resolution audiovisual content. The Group currently distributes its digital content (websites, non-linear, linear and OTT content) via the open internet without incurring any costs beyond those for hosting and streaming.

(H) Acquisitions, Disposals and Investments

In the period under review, the Group has been involved in significant acquisitions, disposals and investments. The items that particularly influenced the Group's results in the period under review have been detailed below.

In accordance with a partnership agreement between the infrastructure fund F2i SGR and the Company dated 16 July 2018, the Company took a 40% interest in 2iTowers Holding S.p.A. (**2iTowers Holding**), an indirect subsidiary of F2i SGR that, at the same date, launched a voluntary takeover bid through 2iTowers S.p.A. (**2iTowers**) on the entire share capital of EI Towers, in which the Company already held a 40% stake at that time. The takeover bid process was completed with the payment of the considerations on 12 October 2018, and the delisting of EI Towers' shares followed on 19 October 2018. Following a merger of 2iTowers Holding and 2iTowers into EI Towers in the first quarter of 2019, the shares in EI Towers are now held by F2I TLC 1 (60%) and the Company (40%).

The EI Towers group is one of the biggest 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 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. In addition, the EI Towers group manages "broadcast contribution links" for the Group and other national operators' television productions in the sports events and news sectors through its own operations centres and network infrastructure. The Group is dependent on EI Towers' services from an operational and technical point of view for the diffusion process of the Company's television signal through the DTT platform.

On 29 May 2019, the Company announced that it secured the purchase of a minority interest of 9.6% of the share capital of the German broadcaster P7S1. Additionally, Mediaset España announced on 11 November 2019 that it had secured the purchase of a stake of 5.5% of the share capital of P7S1. In March 2020, the Company purchased a 0.74% stake in P7S1 and Mediaset España secured the purchase of a 4.25% stake in P7S1. All the above transactions amount to a total of 20.1% of the share capital of P7S1, which has been already financed by the Group. The value of of the 20.1% stake in P7S1 has been hedged through collar agreements. On 21 January 2021, Mediaset España increased its stake in P7S1, acquiring a 3.4% equity interest for the sum of EUR 103.9 million. Therefore, as at that date, the Group secured an equity interest of 23.5% in the company (24.2% of voting rights).

Both the equity investment and the collar agreements are accounted according to IFRS 9.

P7S1 is one of the largest television groups in Europe, with a leadership position in Germany, Austria and Switzerland. It has a widespread shareholding and is listed on the Frankfurt Stock Exchange. The friendly acquisitions are in line with the Group's long-term strategy to create value in an increasingly international playing field driven by globalisation. The transactions strengthen the industrial relations already in place between the two media groups.

(l) COVID-19 Pandemic

In late 2019, various media reported that a new coronavirus named SARS-CoV-2, which causes the disease COVID-19, emerged in Wuhan, China. Since then the coronavirus has spread across the world, resulting in a global pandemic. Governments across the world have implemented various measures with the objective of containing the rapid spread of the coronavirus. Such measures include travel bans, quarantines, bans on events and the closure of various public places. Consequently, the world economy has been severely disrupted. Italy and Spain, the two core jurisdictions in which the Group operates, have been particularly affected by the COVID-19 pandemic.

On 17 March 2020, the Italian Government adopted a EUR 25 billion (1.4% of GDP) "Cura Italia" emergency package. It includes: (i) funds to strengthen the Italian health care system and civil protection (EUR 3.2 billion); (ii) measures to preserve jobs and support the incomes of laid-off workers and the self-employed (EUR 10.3 billion); (iii) other measures to support businesses, including tax deferrals and the postponement of utility bill payments in most affected municipalities (EUR 6.4 billion); as well as (iv) measures to support credit supply (EUR 5.1 billion). On 6 April, the Liquidity Decree allowed for additional state guarantees of up to EUR 400 billion (25% of GDP). The guarantee envelope from this and earlier schemes is aimed at unlocking more than EUR 750 billion (close to 50% of GDP) of liquidity for businesses and households (see below). On 15 May, the government agreed on a further EUR 55 billion (3.2% of GDP) "Relaunch" package of fiscal measures. It provides, among other things, further income support for families (EUR 14.5 billion), funds for the healthcare system (EUR 3.3 billion), and other measures to support businesses, including grants for SMEs and tax deferrals (EUR 16 billion).[33]

Key measures in Spain (about 3.5% of GDP, EUR 36 billion; subject to changes in the usage and duration of the measures) include budget support from the contingency fund to the Ministry of Health (EUR 1.4 billion); advance transfer to the regions for the regional health services (EUR 2.8 billion); additional funding for research related to the development of drugs and vaccines for COVID-19 (EUR 46 million); entitlement to unemployment benefit for workers temporarily laid off under the Temporary Employment Adjustment Schemes (**ERTE**) due to COVID-19, with no requirement for a prior minimum contribution or a reduction in accumulated entitlement (EUR 18 billion); increased sick pay for COVID-19 infected workers or those quarantined, from 60% to 75% of the regulatory base, paid from the Social Security budget (EUR 1.4 billion); an allowance for self-employed workers affected by economic activity suspensions; a temporary subsidy for household employees affected by COVID-19 with an amount equal to 70% of their contribution base (EUR 3 million); a temporary monthly allowance of about EUR 430 for temporary workers whose contracts (at least two months' duration) expire during the state of emergency and are not entitled to collect unemployment benefits (EUR 17.6 million); extension of unemployment benefit to cover workers who were laid off during the probation period (since 9 March 2020), as well as those who were switching jobs but with the new offer falling through (EUR 42 million); expansion of ERTE to cover workers and companies with significant activity reduction in sectors considered essential; strengthened unemployment protection for workers under permanent discontinuous contracts who cannot resume work but are not qualified for unemployment benefits (EUR 99 million); additional budgetary funds of EUR 300 million and further budget flexibility for the provision of assistance to dependants.[34] Further measures include exemptions from social contributions by impacted companies that maintain employment under the ERTE (EUR 2.2 billion); tax payment deferrals for small and medium enterprises and the self-employed for six months, with the first four months exempt from interest; extension of the deadlines for filing tax returns and self-assessment to 30 May 2020

[33] IMF, Policy Responses to COVID-19 as at 10 July 2020, as made available at the IMF website.
[34] IMF, Policy Responses to COVID-19 as at 10 July 2020, as made available at the IMF website.

for SMEs and the self-employed; flexibility for SMEs and the self-employed to calculate their income tax and VAT instalment payments based on their actual profits in 2020 (EUR 1.1 billion); and a zero VAT rate on purchases of medical material essential to combat COVID-19 until 31 July 2020 (EUR 1 billion).[35]

The COVID-19 pandemic is having a severe impact on economic activity. As stated by the IMF in the "World Economic Outlook, June 2020", the global lockdown is projected to shrink global growth substantially. A partial recovery is projected for 2021, but the level of GDP will remain below the pre-pandemic trend, with considerable uncertainty about the strength of the rebound.

Italy and Spain, the two core jurisdictions in which the Group operates, have been particularly affected by the COVID-19 pandemic. In Q1 2020, the national governments of both countries declared a state of emergency and adopted several measures to contain the spread of the virus and/or to mitigate its economic consequences, which could negatively impact the Group's business. In its "World Economic Outlook, June 2020", the IMF projected a GDP growth rate of -12.8% in Italy in 2020 (from +0.3% in 2019) and -12.8% in Spain in 2020 (from +2.0% in 2019), while forecasting a GDP growth rate of +6.3% in Italy and +6.3% in Spain for 2021. However, these forecasts are surrounded by considerable uncertainty. The economic fallout depends on factors that interact in ways that are hard to predict, including the development of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, and shifts in spending patterns.

The Group saw a positive performance in 2019, which the Company followed up in the first months of 2020 with a market rise in TV, radio and online ratings which, in turn, generated positive results in terms of advertising revenues (+2.1%). These performances have enabled a structural strengthening of the Company compared to the previous year. However, visibility on the Group's future performance has diminished significantly in recent weeks due to the COVID-19 pandemic. Although the Group saw a rise in its advertising revenues during the first two months of 2020 compared to the same period in 2019 (+2.1%), it is expected that the Group's performance in the subsequent months will be affected by the COVID-19 pandemic. As per its latest information (beginning of May 2020), customers operating in resilient sectors represent around 60%-65% of the Company's advertising revenues (e.g. pharma products, personal hygiene products, household cleaning products, fast-moving consumer goods, distribution, retail, e-commerce, consumer electronic durables, tech, telco and OTT). These parties have maintained their advertising strategies at a better rate compared to the average of the market, due to the fact that the continuation of their businesses was not significantly impacted by the pandemic. Sectors such as automotive, finance and insurance, representing 20-25% of the Company's advertising revenues, were significantly impacted. They performed worse than the average of the market. The parties operating in these sectors were forced to postpone or stop their planned advertising investments. However, the dominant players in these sectors are anticipated to restart their businesses in May. Finally, sectors severely restricted by the lockdowns in Spain and Italy (leisure, catering, travel, clothing and footwear, household furniture and cosmetics) account for 6 to 8% of the Company's advertising revenues. The businesses in these sectors were brought to a halt, forcing market parties to cancel planned advertising investments. They are expected to restart their operations as soon as the governmental restrictions are lifted.

The extent to which the COVID-19 pandemic impacts the Group's business will depend on future developments, which are highly uncertain and rapidly changing. Relevant factors include the effectiveness of governmental measures, the duration of the crisis, the speed at which affected countries emerge from the crisis, and the impact of the crisis on GDP and private consumption. The latter factors are key for the advertising market and, therefore, for the Group's sector. As at the date of this Prospectus, it is not possible to make reliable forecasts about the duration or the effects of the COVID-19 pandemic on the management and results of the Group.

During the lockdown period (until late May) the Group's advertising agencies also maintained a commercial and price policy to preserve the profitability which will allow the Group to be better positioned than its competitors when the advertisers' demand will be normalised. On the other hand, the entire programme grid has been revised,

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[35] IMF, Policy Responses to COVID-19 as at 10 July 2020, as made available at the IMF website.

including the deletion or adaptation of entertainment and live news programmes without public, reality shows and in-house live entertainment programmes. Live sports events were replaced mainly with news and infotainment programmes, film and TV series, also with the view of saving costs and preserve cash flow generation.

Even in a context of low and limited visibility, a gradual return to investment by customers belonging to the sectors most affected by the lockdown can be observed starting from the end of May in combination with the new unlocking phase. This factor, combined with the maintenance of the prices applied by the Group concessionaires and the expected resumption of the final phase of the UEFA Champions League scheduled next August for which the Company holds the FTA rights for some matches, should allow a progressive improvement in the level of advertising revenues during the coming months. In a context of the progressive normalisation of operating and core activities, the Group's main in-house programmes were resumed in line with the new COVID-19 protocols for workplace safety in view of the progressive full recovery of the standard television offer starting from next autumn.

If the COVID-19 pandemic were to significantly disrupt the advertising market, this could have material consequences for the Group's ability to extract revenues from the market in 2020. Considering that advertising revenues represented approximately 88% of the Group's total revenues in FY2019, i.e. EUR 2,553 million, this could materially affect the Group's operations and results. Against this background, the Group has implemented a contingency plan intended to minimise the risks arising from the COVID-19 pandemic. It has facilitated smart-working and agile working methods for its employees. Moreover, the Company makes use of the public variable rate wage supplementation provided by the Italian government for over 2,370 workers, as introduced by the Law Decree 17 March 2020, n.18 (*Cura Italia*) for companies that have suspended or reduced their activities due to COVID-19. This governmental measure was applied by the Company for 14 weeks by the end of June 2020.

During the first months of the first half 2021, as the initial phase of the vaccine programme was being rolled out, new waves of infections linked to the pandemic gave rise to a renewed requirement for heavy restrictions at a national and local level. These measures were progressively eased during the second quarter as the vaccination programme gathered pace, albeit within a climate of maximum vigilance due to the spread of new variants of the virus in major European countries. In July, this situation led the state of emergency in Italy to be extended until 31 December 2021.

Against this backdrop and even though the winter months (strongly affected by the restrictions) put the brakes on economic expansion during the first half of the year, the economic recovery in Italy has been growing in strength. Indeed, the year-on-year growth in the macroeconomic indicators for all main areas of the economy are slightly up on the start-of-year forecasts, trending towards a consolidation in 2021 of the anticipated rebound of the global economy. This trend is motivated on the one hand by the progress made by vaccination programmes and, on the other, by the continuation of the monetary and fiscal stimulus measures taken by central banks. The economic growth estimates for subsequent years, both in EU countries and for Italy in particular, are contingent on achieving a sustainable recovery by delivering the investment scheme set out in the recovery plans.

Against this backdrop, the Group continued to effectively manage the COVID-19 emergency both in Italy and in Spain. This was achieved by monitoring the development of the pandemic, by updating and implementing specific safety protocols pursuant to government regulations, by continuing to provide its employees (through social partnerships) with all methodologies and tools (including preventive equipment) to protect personnel health and safety and maintain the Group's production capacity and business continuity, by limiting the risk of spreading infection as much as possible, and by extending the systematic use of flexible working methods to the rest of the workforce.

Furthermore, the Group continued to apply the monitoring and prevention system which it put in place in the second half of 2020 to gradually ensure that operations were being carried out safely across all premises and production sites. Under this system, workers were tested for infection; mandatory weekly swabs were taken for on-site employees and contractors; contact-tracing was carried out; masks were handed out daily; all working environments and common spaces were sanitised; drive-through testing stations were in operation for employees who developed flu symptoms while working from home to have a quick swab taken without leaving their cars;

returns from sick leave were managed by referring cases to the relevant doctors; and the employee vaccination programme was rolled out after having obtained all necessary authorisations.

While continuing to adopt a high-vigilance approach which requires the wearing of personal protective equipment on company premises, social distancing and weekly swabs (also in light of the spread of new variants) – thus taking into account the progression of the pandemic and the vaccination uptake across the country and observing the measures put in place by the authorities – restrictions have gradually been relaxed since the end of June and staff have gradually been invited back to the company premises. Accordingly, agreements were reached with trade unions and workers' representatives in both Italy and Spain at the end of the period, with the aim of running operations according to a new smart-working model starting in the autumn and running until at least the end of the requirement for flexible working arrangements set out by both national governments under emergency legislation.

The application of these measures during the reporting period enabled a safe and managed return to live programming, while continuing to protect news and analysis output. As described in greater detail below, audience shares confirmed the centrality and consolidation of the multimedia system of the the Company, in spite of the backdrop of high fragmentation of the linear and non-linear content offering. This situation enabled the scheduled spring programming to be delivered as normal in the presence of a market which, although still fragile, showed signs of improvement in line with the gradual normalisation of the economy as a whole. In the advertising market in particular, the Company gradually consolidated on its shoots of recovery, as its second-quarter advertising revenues in Italy were up on the same period in 2019. Meanwhile in Spain, where the advertising market is taking more time to recover, the advertising revenues of Mediaset España recorded strong growth from March onwards

In both geographic areas, the Group has maintained a strong focus on cost control without this affecting audience figures and investment capacity, as demonstrated by the agreements entered into in Italy for the broadcasting rights to the Champions League and the Coppa Italia over the next three seasons and the broadcasting rights to the European Football Championship in Spain, broadcast between June and July.

The Group also continued 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.

The Group also continued to operate with the aim of further enhancing its financial soundness in terms of its the structure, composition and counterparty diversification of its debt, its committed loan-to-value ratio, the extension of average maturity dates and the optimisation of low-cost conditions, and its availability to credit facilities in respect of average utilisation.

10.3 Description of Key Line Items

Below is a brief description of the composition of certain line items of the consolidated income statement. This description must be read in conjunction with the significant accounting policies elsewhere in this section and in the Financial Statements.

(I) Total Consolidated Net Revenues

Total consolidated net revenues consist mainly of advertising revenues, revenues from pay TV subscriptions and other revenues.

The advertising revenues derive from the sale of space for television advertising on the one hand and websites and radio advertising on the other. The television advertising revenue, excluding agency commissions, derive from the sale of advertising space on: (i) FTA networks by Publitalia; (ii) pay TV channels broadcast via digital terrestrial technology by Digitalia '08 S.r.l.; and (iii) Spanish broadcasters of the Mediaset España Group by Publiespaña S.A. The website and radio advertising revenue relates to amounts owed to the Group in respect of its advertising space on proprietary websites, which are managed by investees and its radio station under the exclusive agency of Mediamond.

Until May 2019, revenues from pay TV subscriptions were mainly generated by the sale of subscriptions and pre-paid cards relative to the Mediaset Premium offer.

Other revenues are generated with the sale of: (i) TV rights and television productions; (ii) goods; (iii) construction and maintenance of television equipment; and (iv) movie distribution. Revenues from the sale of TV rights and television productions mainly include revenues from the multi-platform sale of Mediaset Premium content and the sale of movie rights for home video and television. The revenues from the sale of goods relate to teleshopping operations and advertising bartering activities. Revenues from construction and maintenance of television equipment mostly relate to the income paid in return for the use of transmission capacity on digital terrestrial television networks. Movie distribution revenues include the movie distribution revenues of Mediaset España and the rental of movies to cinema operators throughout Italy by Medusa Film and Telecinco Cinema.

Finally, the Group received income from royalties relating to merchandising, telephone traffic originating from the interaction of various TV productions on the Company and Mediaset España networks, and the sale of multimedia content and services to telephone service providers.

(II) 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 includes wages, salaries and productivity bonuses accrued during the year, holidays accrued and not taken by employees, one-off bonuses, social security and welfare contributions, medium/long term incentive plans such as share-based payments.

(III) Purchases, Services and Other Cost

Purchases, services and other costs refer to goods and services used during the year and include consultancy services, production services and the purchase of television products, publishers' fees and other fixed fees, advertising spaces and public relations, EDP, personnel search training, full service relating to hospitality, the maintenance of equipment and signal transmission, royalties, rent of television studios and equipment, provisions for risks, and 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 TV.

(IV) Amortisation and Depreciation

Amortisation and depreciation consists of TV rights licences amortisation, and other tangibles and intangibles assets amortisation and depreciation and write-offs relating to the impairment of goodwill and other fixed assets.

(V) Financial income/(expenses)

Financial income/(expenses) includes interest expenses on financial liabilities measured at amortised cost, financial expenses for leases recognised under IFRS 16 ("Leases"), exchange differences arising from hedges of asset and liabilities denominated in foreign currencies, income/(losses) of financial instruments accounted at fair value through profit and loss, and dividends received from financial equity investments.

(VI) Income/(expenses) from Equity Investments

Income/(expenses) from equity investments includes income from the valuation by equity method of the investments in which the Group has significant influence. This includes the pro rata recognition of the net result of investments in associates or joint ventures, the value adjustments of their book value (in case of impairment of their incorporated goodwill) or of financial assets connected with them and gains/(losses) generated from the disposal of those assets.

(VII) EBT

EBT is the *net profit for the year* before *income taxes*.

(VIII) Net Result from Continuing Operations

Net result from continuing operations reflects the Group's after-tax earnings generated from its operational activities and minority interests' results.

(IX) Group Net Result

Group net result is the *net result from continuing operations* and the *net result from discontinued operations* (related to the interests of the Group) in accordance with IFRS 5.

(A) APMs

(I) Reported EBITDA

Reported EBITDA is measured starting from the IFRS measure *net profit for the year*, adding *income taxes*, deducting/(adding) *financial income/(expenses)* and *result of investments accounted for using equity method*, adding *amortisation, depreciation and write-downs*.

(II) Operating Result

Operating Result is measured starting from the IFRS measure *net profit for the year*, adding *income taxes*, deducting/(adding) *financial income/(expenses)* and the *result of investments accounted for using equity method*.

10.4 Results of Operations

This section presents the historical trend of the Group's consolidated results of operations for the period between 2018 and 2020, and the interim update for the first half-year of 2021. The comparative figures for 2018 and 2019 are derived from the 2019 Financial Statements and the 2020 Financial Statements, respectively. The comparative income and cash flow statement figures for 9M 2020 have been derived from the 2021 Interim Financial Statements, while the comparative balance sheet figures for 9M 2020 have been derived from the 2020 Interim Financial Statements. Investors should note the following for a better understanding of the trend of the results over the period reviewed.

Following the voluntary takeover bid on 16 July 2018 by 2iTowers Holding, a third-party company fully-owned by 2iTowers, and the subsequent sale of EI Towers at the beginning of the fourth quarter of 2018, the 40% controlling interest owned in the EI Towers group by the Company was de-consolidated at the beginning of the same fourth quarter. As a result of this transaction and in accordance with IFRS 5, the financial result for the financial year 2018 separately shows and reclassifies under the item *net profit/(loss) from discontinued operations*: (i) the net financial contribution for the Group's interest generated by the EI Towers group for the first nine months of 2018; and (ii) the consolidated net gain, including the direct operating cost and tax income, equal to EUR 498.2 million. The latter is the difference between the incoming cash from the disposal of EUR 644.4 million, and the consolidated net book value of the controlling interest of EI Towers realised at the end of the third quarter of 2018. In the same transaction, the Company reinvested EUR 465.3 million to acquire a 40% minority stake in 2iTowers, the new controlling company of 2iTowers Holding and the EI Towers group. Since the fourth quarter of 2018, the 40% stake in 2iTowers has been classified in the consolidated financial statement of the Company as an associate company accounted through the equity method under IAS 28.

Furthermore, since 1 January 2018, the Group has applied the new IFRS 15 and IFRS 9 accounting standards retrospectively with adjustments and without restating comparative data. The application of these standards did not have a material impact, except for the application of IFRS 9, which led to the reclassification of some immaterial cost items previously included in the financial expenses and classified in purchases, services and other costs since 2018.

As provided for in IFRS 9, equity investments categorised as financial assets available for sale according to IAS 39, are reclassified under the new category of financial assets measured at fair value; all changes are recorded in the statement of comprehensive income without recycling the profit and loss. The Group has chosen this method for the current portfolio assets as an alternative to recording changes through profit and loss.

On 1 January 2019, accounting standard IFRS 16 (Leases) came into force. The Group has applied this standard, adopting the "modified retrospective method", recognising the lease contracts existing as at the transition date (mainly concerning leaseholds on real estate and television studios and rentals of staff company cars). Rights of use have been recognised (under fixed assets) for a sum of EUR 140.6 million and, accordingly, financial liabilities were recognised for the same amount (under *net financial position*), calculated based on the present net value of outstanding lease payments due. Consequently, rights of use depreciation values recorded in the income statement have been determined based on the established lease terms and the relevant interests in liability-related financial expenses. In accordance with the "modified retrospective method", the financial data for the comparative period, which are used for comparison purposes and for which contracts the relevant lease payments for the period were required to be posted under operating costs, have not been restated.

The 2020 results were affected by an unprecedent level of operational uncertainty due to the COVID-19 pandemic. The Group implemented operating cost savings to address the reduction of its EBIT margin due to the strong decline in advertising revenues, which particularly affected the lockdown period from March to June 2020. The Company notes that the Group's advertising revenues recorded a gradual improvement from June 2020 onwards, supporting during the second half of 2020 a positive EBIT higher than in the same period of 2019.

In the first half of 2021, the COVID-19 pandemic continued to profoundly influence the wider economy, including in Italy and Spain, as the stringent local and nationwide restrictions aimed at staving off new outbreaks remained, before gradually being lifted in the second quarter of of 2021 as vaccination programmes gathered pace. The Group performed better than in the same period of 2020 and in particular achieved a higher operating profit (EBIT) and free cash flow both in Italy (where the recovery of advertising revenues continued) and at a consolidated level also compared to the same period of 2019. Following a strong performance during the first quarter, these results were further supported by strong second-quarter growth in advertising revenues in Italy, recording an increase of 66.2% compared to the same period in 2020, which was the period most heavily affected by the COVID-19-pandemic. This figure was also higher than the same period in 2019. In Italy, the second quarter of 2021 was therefore the fourth consecutive quarter with growth in advertising revenues.

In Spain, where the recovery of the advertising market continues to lag behind Italy, the second-quarter advertising revenues of Mediaset España grew by 92.3% compared to 2020. This was supported in June with the exploitation of exclusive broadcasting rights to the UEFA EURO 2020 football matches.

In both national markets, strong cost control measures were in place, with the operating costs during the reporting period falling below the figures for the first six months of 2019 (-7.9%).

Besides the good performance of its ordinary operations, the Group's consolidated net profit and cash flow generation for the period were also boosted by the Group's financial operations, benefitting from a EUR 86.7 million share of the capital gain realized by EI Towers (in which the Company holds a 40% stake) from the sale of Towertel, a transaction which also led the Company to receive EUR 133.9 million in dividends from EI Towers.

(A) Income Statement

(I) Group

<u>Comparison between FY2020 and FY2019</u>

GROUP Consolidated and Reclassified Income Statement	As at 31 December 2020	 2019	 change	 % change
	(EUR million)			
Total consolidated net revenues	**2,636.8**	**2,925.7**	**(288.9)**	**(9.9%)**
Personnel expenses	(470.1)	(498.2)	28.1	5.6%
Purchases, services, other costs	(1,330.2)	(1,490.2)	160.0	10.7%
Rights amortisation	(455.9)	(479.0)	23.1	4.8%
Other amortisation and depreciation	(110.8)	(103.7)	(7.1)	(6.8%)
Amortisation and depreciation	**(566.7)**	**(582.7)**	**16.0**	**2.7%**
Financial income/(losses)	(3.8)	10.0	(13.8)	(138.0%)
Income/(expenses) from equity investments	20.0	17.1	2.9	17.0%
EBT	**285.9**	**381.7**	**(95.8)**	**(25.1%)**
Income taxes	(66.6)	(93.9)	27.3	29.1%
Minority interests in net result	(80.0)	(97.5)	17.5	17.9%
Net result from continuing operations	**139.3**	**190.3**	**(51.0)**	**(26.8%)**
Net profit from discontinued operations	-	-		
Group net result	**139.3**	**190.3**	**(51.0)**	**(26.8%)**
APMs[1]				
Reported EBITDA	**836.4**	**937.3**	**(100.9)**	**(10.8%)**
Operating Result	**269.7**	**354.6**	**(84.9)**	**(23.9%)**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues decreased by EUR 288.9 million or 9.9%, from EUR 2,925.7 million in the year ended 31 December 2019 to EUR 2,636.8 million in the year ended 31 December 2020. This result was mainly driven by the year-on-year change in *revenues from sales of goods and services* (a decrease by EUR 281.3 million). This decrease is primarily due to a year-on-year decline in *television advertising revenues* by EUR 305.2 million, *other advertising revenues* by EUR 15.2 million, *pay TV revenues* by EUR 15.7 million and *construction, rental and maintenance of TV equipment* by EUR 14.7 million. The reduction in the *television advertising revenues* and *other advertising revenues* can be attributed to a sharp decline in investments by advertisers, particularly during the lockdown imposed by Italian and Spanish authorities in the second quarter of 2020 to address and contain the spread of the COVID-19 pandemic, which affected most production activities. The reduction in revenues from pay TV services is due to the discontinuation of the Mediaset Premium service in June 2019, partially compensated by the proceeds from non-linear content amd services streaming platforms, Infinity in Italy and MitelePlus in Spain, the latter launched during 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 2020. The decrease in the Group's revenues was partially offset by, *inter alia*, an increase in *marketing of TV rights and productions* (by EUR 70.9 million). The year-on-year increase in revenues from the *marketing of TV rights and 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.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 188.1 million or 9.5%, from EUR 1,988.4 million in the year ended 31 December 2019 to EUR 1,800.3 million in the year ended 31 December 2020. This result was primarily due to a decrease in *Purchases, services and other costs* (by EUR 160 million). This decrease was driven by lower costs related to various services, including *consultants, contractors and services*, *making and purchases of productions* and *other services* (including trade association costs for the use of intellectual property rights, costs for customer care activities, maintenance costs, commissions, utilities, and banking and insurance fees). *Leasing and rentals* decreased as well (by EUR 45 million). On the other hand, the Company's *purchases,* which includes, *inter alia*, purchases of broadcasting rights with a term of less than 12 months, increased by EUR 27.4 million. *Provisions for risks*, which includes the use of provisions accrued in previous years for onerous contracts in relation to some television productions, increased by EUR 41.3 million. Finally, *personnel expenses* decreased by EUR 28.1 million (EUR 27.1 million for Italian activities alone), due to (i) employee turnover and (ii) a recovery of costs to the sum of EUR 2.8 million through the government wage-support programme implemented during the first phase of the COVID-19 pandemic (Fondo Integrativo Salariale – F.I.S. under Italian Legislative Decree of 17 March 2020 – "Cura Italia" Decree), to which the Italian companies of the Group applied.

Reported EBITDA decreased by EUR 100.9 million or 10.8%, from EUR 937.3 million in the year ended 31 December 2019 to EUR 836.4 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *total consolidated net revenues* (a decrease by EUR 288.9 million) and operating costs (a decrease by EUR 188.1 million).

Amortisation and depreciation decreased by EUR 16.0 million or 2.7%, from EUR 582.7 million in the year ended 31 December 2019 to EUR 566.7 million in the year ended 31 December 2020. This result was mainly driven by a decrease in the *amortisation of TV and movie rights* (by EUR 22.3 million), which was partially offset by an increase in *amortisation of other intangible assets and tangible assets* (by EUR 4.7 million) and *impairments of receivables* (by EUR 2.3 million).

Operating Result decreased by EUR 84.9 million or 23.9%, from EUR 354.6 million in the year ended 31 December 2019 to EUR 269.7 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the decrease in *Reported EBITDA* (by EUR 100.9 million) and *amortisation and depreciation* (by EUR 16.0 million).

Financial (Income)/losses increased by EUR 13.8 million or 138.0%, from EUR 10.0 million in the year ended 31 December 2019 to minus EUR 3.8 million in the year ended 31 December 2020. In particular, this line item included in 2019 the dividend income attributable to the Company from subsidiary P7S1 and the costs associated with the collar agreement entered into to hedge that equity investment.

Income/(expenses) from equity investments increased by EUR 2.9 million or 17.0%, from EUR 17.1 million in the year ended 31 December 2019 to EUR 20.0 million in the year ended 31 December 2020. This line item 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 from the 40% stake in EI Towers (EUR 17.0 million in 2020, EUR 14.6 million in 2019), La Fábrica de la Tele (EUR 1.2 million), Fascino PGT S.r.l. (EUR 3.3 million) and Bulldog Tv Spain (EUR 0.9 million), and expenses from Boing S.p.A. (EUR 4.0 million) and Mediamond S.p.A (EUR 1.2 million). In 2019 this item included income of EUR 3.6 million related to the price adjustment paid to Mediaset Espana by Telefonica under the agreement for the sale of a 25% stake in Digital Plus (DTS) on 4 July 2014.

EBT decreased by EUR 95.8 million or 25.1%, from EUR 381.7 million in the year ended 31 December 2019 to EUR 285.9 million in the year ended 31 December 2020. The result was mainly caused by the trends underlying the year-on-year change in *Operating Result* (a decrease by EUR 84.9 million), as well as the increase in *financial income/(losses)* by EUR 13.8 million.

Net result from continuing operations decreased by EUR 51.0 million or 26.8%, from EUR 190.3 million in the year ended 31 December 2019 to EUR 139.3 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the year-on-year change in *EBT* (a decrease by EUR 95.8 million) and a decrease in *income taxes* (by EUR 27.3 million), mainly relating to a change in *deferred tax assets and liabilities,* and *minority interests in net result* (by EUR 17.5 million). 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.

Group net result decreased by EUR 51.0 million or 26.8%, from EUR 190.3 million in the year ended 31 December 2019 to EUR 139.3 million in the year ended 31 December 2020. This result was driven by the drivers underlying the *net result from continuing operations*. The main drivers for this result were a sharp decline in investments by advertisers and a reduction in revenues from pay TV services is due to the discontinuation of the Mediaset Premium service in June 2019. The Company obtained 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 exclusive agreements to sublicense the Cinema and TV Series Premium channels to Sky. The Company also realised a significant decrease in operating costs, as set out above.

Comparison between FY2019 and FY2018

GROUP Consolidated and Reclassified Income Statement	**As at 31 December** **2019**	**2018[1]**	**change**	**% change**
		(EUR million)		
Total consolidated net revenues	**2,925.7**	**3,401.5**	**(475.8)**	**(14.0%)**
Personnel expenses	(498.2)	(497.0)	(1.2)	(0.2%)
Purchases, services, other costs	(1,490.2)	(1,838.4)	348.2	18.9%
Rights amortisation	(479.0)	(884.2)	405.2	45.8%
Other amortisation and depreciation	(103.7)	(108.2)	4.5	4.2%
Amortisation and depreciation	**(582.7)**	**(992.4)**	**409.7**	**41.3%**
Financial income/(losses)	10.0	(16.2)	26.2	161.7%
Income/(expenses) from equity investments	17.1	6.4	7.6	80.0%
EBT	**381.7**	**64.0**	**317.7**	**496.4%**
Income taxes	(93.9)	(19.3)	(74.6)	(386.5%)
Minority interests in net result	(97.5)	(96.5)	(1.0)	(1.0%)
Net result from continuing operations	**190.3**	**(51.8)**	**242.1**	**467.4%**
Net profit from discontinued operations	-	520.0	(550.0)	-
Group net result	**190.3**	**468.2**	**(277.9)**	**(59.4%)**
APMs[2]				
Reported EBITDA	**937.3**	**1,066.1**	**(128.8)**	**(12.1%)**

GROUP Consolidated and Reclassified Income Statement	As at 31 December 2019	 2018[1]	 change	 % change
Operating Result	**354.6**	**73.7**	**280.9**	**381.1%**

[1] The figures for 2018 have been derived from the restated comparative figures in the 2019 Financial Statements. The restatement relates to the retroactive acknowledgement of the impact on the Group's associates' equity investment results derived from their goodwill purchase price allocation process.

[2] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues decreased by EUR 475.8 million or 14.0%, from EUR 3,401.5 million in the year ended 31 December 2018 to EUR 2,925.7 million in the year ended 31 December 2019. This result was mainly driven by the year-on-year change in *revenues from sales of goods and services* (a decrease by EUR 458.4 million). This decrease is primarily due to a year-on-year decline in *television advertising revenues* by EUR 199.4 million and *pay TV subscriptions and sales of pre-paid cards* by EUR 311.1 million. *Television advertising revenues* declined because of discontinuities in the Group's programming mainly relating to the FIFA World Cup 2018 and the Premium Calcio offering in the second half of 2018. *Pay TV subscriptions and sales of pre-paid cards* was impacted by the discontinuation of the Mediaset Premium offering in June 2019. The remaining decrease relates to a slight decline by EUR 6.5 million of revenues from *movie distribution*. The decrease in the Group's revenues was partially offset by increases in *other advertising revenues* (by EUR 13 million), *trading of TV rights and television production* (by EUR 43.6 million), *sales of goods* (by EUR 0.2 million) and *construction and maintenance of television equipment* (by EUR 1.7 million). *Other advertising revenues* relates to revenues from radio advertising space on proprietary websites for which the sales are managed in exclusivity by the associate Mediamond, as well as revenues for teletext commercial services and advertising revenues from non-TV media, earned by Publieurope and Publimedia. The change mainly reflects the increase in radio advertising revenues. *Trading of TV rights and television production* includes revenues from the multi-platform sale of premium content and the sale of movie rights for home video and television. The year-on-year increase is mainly due to the agreements with Sky to sublicense the Pay Cinema and Serie channels signed during the previous year. *Sales of goods* relates to teleshopping operations and advertising bartering activities. *Construction and maintenance of television equipment* relates to the income generated in return for the use of transmission capacity on digital terrestrial television networks and income from the sale of equipment by Elettronica Industriale S.p.A. to external customers.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 347.0 million or 14.9%, from EUR 2,335.4 million in the year ended 31 December 2018 to EUR 1,988.4 million in the year ended 31 December 2019. This result was primarily due to a decrease by EUR 348.2 million in *purchases, services, other costs*. The reduction in this item is mainly due to discontinuities in the Group's programming in 2019, including the absence of sporting events such as the FIFA World Cup 2018 and the UEFA Champions League matches, which resulted in a decline of EUR 125.4 million in *productions and acquisitions of television products*. Other significant drivers include the release of provisions accrued in previous years for onerous contracts in relation to some television productions (contributing to a reduction of EUR 70.4 million in costs), and a reduction by EUR 42.5 million in the acquisition of broadcasting rights with a term of less than 12 months. The remaining drivers include a reduction by EUR 27.3 million in *other services* (including trade association costs for the use of intellectual property rights, costs for customer care activities and maintenance costs), a cost reduction by EUR 20.8 million of *rentals* (costs relating to television signal transmission and the rental of towers for the two geographical areas of business, royalties and rents mainly for television studios and equipment and office space), and a reduction in other operating costs (by EUR 44.4 million), which relates 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. Finally, *personnel expenses* increased slightly by EUR 1.2 million.

Reported EBITDA decreased by EUR 128.8 million or 12.1%, from EUR 1,066.1 million in the year ended 31 December 2018 to EUR 937.3 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *total consolidated net revenues* (a decrease by EUR 475.8 million) and operating costs (a decrease by EUR 347.0 million).

Amortisation and depreciation decreased by EUR 409.7 million or 41.3%, from EUR 992.4 million in the year ended 31 December 2018 to EUR 582.7 million in the year ended 31 December 2019. This result was mainly driven by a decrease in the *amortisation of TV and movie rights* (by EUR 275.7 million) and *impairments/(reversal) of TV and movie rights* (by EUR 129.5 million). This decrease is mainly due to the termination of the long-term contracts for football content, as well as the lower amortisation resulting from the impairments recorded and provisions accrued in the context of the recoverability assessments on assets and purchase commitments relating to pay TV rights conducted for the 2018 Financial Statements.

Operating Result increased by EUR 280.9 million or 381.1%, from EUR 73.7 million in the year ended 31 December 2018 to EUR 354.6 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the decrease in *Reported EBITDA* (by EUR 128.8 million) and *amortisation and depreciation* (by EUR 409.7 million).

Financial (Income)/losses increased by EUR 26.2 million or 161.7%, from minus EUR 16.2 million in the year ended 31 December 2018 to a net income of EUR 10.0 million in the year ended 31 December 2019. *Financial expenses/income* included P7S1 dividends of EUR 26.0 million and expenses of EUR 18.6 million for the costs associated with the collar agreement entered into to hedge the equity investments made in P7S1. The remaining part of the change is due to the Company's repayment of the EUR 375 million corporate bond in January 2019.

Income/(expenses) from equity investments has increased by EUR 10.7 million or 167.2% from EUR 6.4 million in the year ended 31 December 2018 to EUR 17.1 million in the year ended 31 December 2019. The increase is mainly attributable to the portion (40%) of the net result pertaining to the equity investment held in EI Towers in 2019 equal to EUR 14.6 million compared to a net loss of EUR 6.6 million in 2018. The 2018 EI Towers figures include the retrospective impact (since 1 October 2018) of the depreciation of the assets identified in accordance with IFRS 3, equal to minus EUR 3.0 million in the allocation of goodwill generated following the closing of 2iTowers Holding's takeover bid of EI Towers, launched in 2018. The impact of the amortisations of the asset identified in EI Towers in the item *result from equity investments* was equal to minus EUR 12.3 million in 2019. *The income/(expenses) from equity investments* in 2019 also includes the income of EUR 2.9 million (EUR 4.5 million in 2018) from the price adjustment paid to Mediaset España by Telefonica under the agreements for the sale of a 22% stake in Digital Plus (**DTS**) on 4 July 2014. In 2018, this item also included the EUR 3.6 million capital gain made by Mediaset España for the sale of its 43.71% stake held in Pegaso Televisión INC.

EBT increased by EUR 317.7 million or 496.4%, from EUR 64.0 million in the year ended 31 December 2018 to EUR 381.7 million in the year ended 31 December 2019. The result was mainly caused by the trends underlying the year-on-year change in *Operating Result* (an increase by EUR 280.9 million), as well as the increase in *financial income/(losses)* by EUR 26.2 million.

Net result from continuing operations increased by EUR 242.1 million or 467.4%, from minus EUR 51.8 million in the year ended 31 December 2018 to EUR 287.8 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year change in *EBT* (an increase by EUR 317.7 million) and an increase by EUR 74.6 million in *income taxes*, relating to a corresponding change in *deferred tax assets and liabilities*. The item *deferred tax asset* mainly shows the financial movements for the year for the allocations and/or uses generated as a result of changes in the temporary differences between the values for tax and accounting purposes.

Group net result decreased by EUR 277.9 million or 59.4%, from EUR 468.2 million in the year ended 31 December 2018 to EUR 190.3 million in the year ended 31 December 2019. This result was mainly driven by the drivers underlying the *net result from continuing operations* and the fact that FY2018 includes the net profit of the EI Towers group. This includes capital gains, net of costs and direct taxes of EUR 498.2 million, calculated as the difference between the price received from the sale of the controlling interest held in EI Towers (EUR 644.4 million) and the consolidated carrying amount of assets relating to the Group at the date of sale. Other factors contributing to this result were: (i) lower amortisation resulting from the impairments recorded and provisions accrued in the context of the recoverability assessments on assets and purchase commitments relating to pay TV rights, which were conducted for the 2018 Financial Statements; and (ii) dividends and expenses for the costs associated with the collar agreement entered into to hedge the equity investments made in P7S1.

Comparison between 9M 2021 and 9M 2020

GROUP Consolidated and Reclassified Income Statement	As at 30 September 2021 unaudited	 2020 unaudited	 change	 % change
	(EUR million)			
Total consolidated net revenues	**1,992.7**	**1,722.8**	**269.9**	**15.7%**
Personnel expenses	351.6	334.6	17.0	5.1%
Purchases, services, other costs	1,021.8	903.9	117.9	13.0%
Rights amortisation	277.0	319.0	(42.0)	(13.2%)
Other amortisation and depreciation	67.3	77.7	(10.4)	(13.4%)
Amortisation and depreciation	**344.3**	**396.7**	**(52.4)**	**(13.2%)**
Financial income/(losses)	22.2	(1.1)	23.3	2,118.2%
Income/(expenses) from equity investments	102.9	10.2	92.7	908.8%
EBT	**400.1**	**96.7**	**303.4**	**313.8%**
Income taxes	(75.5)	(40.5)	35.0	86.4%
Minority interests in net result	(50.8)	(45.7)	(5.1)	(11.2%)
Net result from continuing operations	**273.8**	**10.5**	**263.3**	**2,507.6%**
Net profit from discontinued operations	-	-	-	-
Group net result	**273.8**	**10.5**	**263.3**	**2,507.6%**
APMs[1]				
Reported EBITDA	**619.3**	**484.2**	**135.1**	**27.9%**
Operating Result	**275.0**	**87.6**	**187.4**	**213.9%**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues has increased by EUR 269.9 million or 15.7% from EUR 1,722.8 million in the nine months ended 30 September 2020 to EUR 1,992.7 million in the nine months ended 30 September 2021. This result was driven by a +20.3% rise in aggregate gross advertising revenues from Italian and Spanish operations. In Italy, in the third quarter, advertising revenues continued the upward trend compared to the corresponding period in the last two years. This is particularly significant given that the two major international sporting events held during the period (the final stages of the UEFA EURO 2020 Football Championships and the Tokyo Olympics) were broadcast by competitors and given that the 2020 third quarter was the first quarter of post-lockdown growth and the period in which the Company broadcast the final stages of the UEFA Champions League, which had been postponed. Other revenues include the proceeds from settling the copyright dispute with Dailymotion and the increased contribution from television content sub-licensing to third-party operators and advertising sales activities carried out with third-party concessions. Revenues in 2020, on the other hand, included components linked to the pre-lockdown film distribution activities of Medusa and the activities of

Media4Commerce, which was sold late in 2020. Revenues from film distribution and sublicensing to third-party broadcasters declined in Spain following the production stop caused by the COVID-19-pandemic.

Operating costs (*personnel expenses, purchases, services and other costs*) has increased by EUR 134.9 million or 10.9% from EUR 1,238.5 million in the nine months ended 30 September 2020 to EUR 1,373.4 million in the nine months ended 30 September 2021. The increase in costs was due to the return to normal of scheduling both in Italy and in Spain in the second and third quarters of 2021 compared to the same period in 2020, when scheduling was heavily revised to mitigate the negative economic impact of the severe restrictions and social distancing measures adopted to comply with government orders put in place to tackle the COVID-19-pandemic and due to the recognition in Spain of the costs associated with broadcasting matches from the UEFA EURO 2020 Football Championships in June and July of 2021.

Reported EBITDA has increased by EUR 135.1 million or 27.9% from EUR 484.2 million in the nine months ended 30 September 2020 to EUR 619.3 million in the nine months ended 30 September 2021.

Amortisation and depreciation has decreased by EUR 52.4 million or 13.2% from EUR 396.7 million in the nine months ended 30 September 2020 to EUR 344.3 million in the nine months ended 30 September 2021.

Operating Result has increased by EUR 187.4 million or 213.9% from EUR 87.6 million in the nine months ended 30 September 2020 to EUR 275.0 million in the nine months ended 30 September 2021.

Financial Income/(losses) has increased by EUR 23.3 million or 2,118.2% from losses of EUR 1.1 million in the nine months ended 30 September 2020 to income of EUR 22.2 million in the nine months ended 30 September 2021. The increase is mainly due to the net income amounting to EUR 30.9 million linked to the ProsiebenSat1 investment (consisting of dividends collected and financial net income relating to hedge instruments), accounted during the first half of the year

Income/(expenses) from equity investments has increased by EUR 92.7 million or 908.8% from EUR 10.2 million in the nine months ended 30 September 2020 to EUR 102.9 million in the nine months ended 30 September 2021. The increase is mainly due to the EUR 86.7 million pro-quota capital gain made by EI Towers (in which the Company holds a 40% stake) from the sale of Towertel.

EBT has increased by EUR 303.4 million or 313.8% from EUR 96.7 million in the nine months ended 30 September 2020 to EUR 400.1 million in the nine months ended 30 September 2021.

Net result from continuing operations has increased by EUR 263.3 million or 2,507.6% from EUR 10.5 million in the nine months ended 30 September 2020 to EUR 273.8 million in the nine months ended 30 September 2021.

Group net result has increased by EUR 263.3 million or 2,507.6% from EUR 10.5 million in the nine months ended 30 September 2020 to EUR 273.8 million in the nine months ended 30 September 2021. The Group's financial results at the end of the first nine months benefitted from the strong third-quarter operating performance, which in turn consolidated on the strong growth figures recorded in the first half of the year in terms of both ordinary operations and financial operations, as well as those of investees, which generated a net income of EUR 30.9 million tied to the ProsiebenSat1 investment and a EUR 86.7 million pro-quota capital gain made by EI Towers from the sale of Towertel, a transaction which also led the Company to receive EUR 133.9 million in dividends.

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

GROUP	**9M 2021 unaudited**	**9M 2020 unaudited**	**2020**	**2019**	**2018**
Total consolidated net revenues	100%	100%	100%	100.0%	100.0%
Reported EBITDA	31.1%	28.1%	31.7%	32.0%	31.3%

GROUP	9M 2021 unaudited	9M 2020 unaudited	2020	2019	2018
Amortisation and depreciation	(17.3%)	(23.0%)	(21.5%)	(19.9%)	(37.3%)
Operating Result	13.8%	5.1%	10.2%	12.1%	2.2%
EBT	20.1%	5.6%	10.8%	13.0%	1.9%
Net profit for the year	13.7%	0.6%	5.3%	6.5%	13.8%

(II) Breakdown by Geographical Area

Below is the breakdown of the income statement by geographical area to report the contribution to performance of the Group's Italian and Spanish operations. For this purpose, the income statements of the two business units are stated net of any dividends received by Mediaset España. The difference between *total consolidated net revenues* and the sum of Italy and Spain *consolidated net revenues* are due to sales of TV rights between the two geographical areas.

(1) Italy

Comparison between FY2020 and FY2019

ITALY Condensed and Reclassified Income Statement	As at 31 December 2020	 2019	 change	 % change
	(EUR million)			
Total consolidated net revenues	**1,800.5**	**1,982.1**	**(181.6)**	**(9.2%)**
Personnel expenses	(349.5)	(376.6)	27.1	7.2%
Purchases, services, other costs	(993.9)	(1,085.8)	91.9	8.5%
Rights amortisation	(329.9)	(343.8)	13.9	4.0%
Other amortisation and depreciation	(88.7)	(84.6)	(4.1)	(4.8%)
Amortisation and depreciation	**(418.6)**	**(428.4)**	**9.8**	**2.3%**
Financial income/(losses)	(2.1)	10.2	(12.3)	(120.6%)
Income/(expenses) from equity investments	17.3	11.0	6.3	57.3%
EBT	**53.8**	**112.4**	**(58.6)**	**(52.1%)**
Income taxes	(16.0)	(37.5)	21.5	57.3%
Minority interests in net result	1.5	1.3	0.2	15.4%
Net result from continuing operations	**39.2**	**76.3**	**(37.1)**	**(48.6%)**
Net profit from discontinued operations	-	-	-	-
Net result	**39.2**	**76.3**	**(37.1)**	**(48.6%)**
APMs[1]				
Reported EBITDA	**457.1**	**519.7**	**(62.6)**	**(12.0%)**
Operating Result	**38.5**	**91.3**	**(52.8)**	**(57.8%)**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues decreased by EUR 181.6 million or 9.2%, from EUR 1,982.1 million in the year ended 31 December 2019 to EUR 1,800.5 million in the year ended 31 December 2020. The decrease in *total consolidated net revenues* is driven by a decrease in advertising revenues. From March 2020, advertising revenues for the reporting period were affected by the strong contraction of economic activity during the lockdown period that was imposed by the Italian government 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.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 119 million or 8.1%, from EUR 1,462.4 million in the year ended 31 December 2019 to EUR 1,343.4 million in the year ended 31 December 2020. All main cost items decreased significantly during 2020 due to, *inter alia*, the TV schedules review carried out from March 2020 onwards to address the impact of the COVID-19 pandemic.

Reported EBITDA decreased by EUR 62.6 million or 12.0%, from EUR 519.7 million in the year ended 31 December 2019 to EUR 457.1 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *total consolidated net revenues* (a decrease by EUR 181.6 million) and operating costs (a decrease by EUR 119 million).

Operating Result decreased by EUR 52.8 million or 57.8%, from EUR 91.3 million in the year ended 31 December 2019 to EUR 38.5 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the decrease in *Reported EBITDA* (by EUR 62.6 million) and slight decrease in *amortisation and depreciation* (by EUR 9.8 million).

EBT decreased by EUR 58.6 million or 52.1%, from EUR 112.4 million in the year ended 31 December 2019 to EUR 53.8 million in the year ended 31 December 2020. The result was mainly caused by the trends underlying the year-on-year change in *Operating Result* (a decrease by EUR 52.8 million), as well as the decrease in *financial income/(losses)* by EUR 12.3 million and increase in *income/(expenses) from equity investments* by EUR 6.3 million.

Net result from continuing operations decreased by EUR 37.1 million or 48.6%, from EUR 76.3 million in the year ended 31 December 2019 to EUR 39.2 million in the year ended 31 December 2020. This result was mainly driven by the trend underlying the year-on-year changes in *EBT* (a decrease by EUR 58.6 million) and a decrease in *income taxes* (by EUR 21.5 million).

Group net result decreased by EUR 37.1 million or 48.6%, from EUR 76.3 million in the year ended 31 December 2019 to EUR 39.2 million in the year ended 31 December 2020. This result was driven by advertising revenues for the reporting period that affected by the strong contraction of economic activity during the lockdown period that was imposed by the Italian government 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. Furthermore, all main cost items decreased significantly during 2020 due to, *inter alia*, the TV schedules review carried out from March 2020 onwards to address the impact of the COVID-19 pandemic.

Comparison between FY2019 and FY2018

	As at 31 December			
ITALY **Condensed and Reclassified Income Statement**	**2019**	**2018**[1]	**change**	**% change**
	(EUR million)			
Total consolidated net revenues	**1,982.1**	**2,421.4**	**(439.3)**	**(18.1%)**
Personnel expenses	(376.6)	(389.2)	12.6	3.2%
Purchases, services, other costs	(1,085.8)	(1,392.5)	306.7	22.0%
Rights amortisation	(343.8)	(731.5)	387.7	53.0%
Other amortisation and depreciation	(84.6)	(91.1)	6.5	7.1%

ITALY Condensed and Reclassified Income Statement	As at 31 December 2019	 2018[1]	 change	 % change
Amortisation and depreciation	**(428.4)**	**(822.6)**	**394.2**	**47.9%**
Financial income/(losses)	10.2	(14.6)	24.8	169.9%
Income/(expenses) from equity investments	11.0	(4.0)	15.0	375.0%
EBT	**112.4**	**(201.5)**	**313.9**	**155.8%**
Income taxes	(37.5)	45.9	(83.4.)	(181.7%)
Minority interests in net result	1.3	0.4	0.9	225.0%
Net result from continuing operations	**76.3**	**(155.1)**	**231.4**	**149.2%**
Net profit from discontinued operations	-	520.0	(520.0)	-
Net result	**76.3**	**364.8**	**(288.5)**	**(79.1%)**
APMs[2]				
Reported EBITDA	**519.7**	**639.7**	**(120.0)**	**(18.8%)**
Operating Result	**91.3**	**(182.9)**	**274.2**	**149.9%**

[1] The figures for 2018 have been derived from the restated comparative figures in the 2019 Financial Statements. Accordingly, the values for the following line items differ from those presented in the 2018 Financial Statements: *Result of investment accounted for using equity method*, *EBT*, *net profit from continuing operations*, *net profit for the year* The restatement relates to the retroactive acknowledgement of the impact on the Group's associates' equity investment results derived from their goodwill purchase price allocation process.

[2] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues decreased by EUR 439.3 million or 18.1%, from EUR 2,421.4 million in the year ended 31 December 2018 to EUR 1,982.1 million in the year ended 31 December 2019. This result was mainly driven by a decrease by EUR 146.0 million in *advertising revenues*, which includes revenues from 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 sublicence from the investee Mediamond. The decrease by EUR 293.4 million in *other revenues* is due to revenues from the Mediaset Premium offering, which was discontinued in June 2019.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 319.3 million or 17.9% from EUR 1,781.7 million in the year ended 31 December 2018 to EUR 1,462.4 million in the year ended 31 December 2019. This result was mainly driven by the decline by EUR 306.7 million in *purchases, services, other costs*. This decrease was primarily due to the termination of the multi-year contracts for premium football content, which were still in force at the beginning of 2018, as well as the lower cost of the FTA TV programme schedule, which last year included the costs of the broadcasting rights to the FIFA World Cup 2018. Total costs (*personnel expenses*, *purchasing and service costs* and *other expenses*, *amortisation of broadcasting rights and other fixed assets*, excluding the impact of the pay asset write-downs for both years) were reduced by 20.6% or approximately EUR 498.7 million, mainly due to the termination of long-term contracts for Premium Calcio content that were still active in the first half of 2018.

Reported EBITDA decreased by EUR 120.0 million or 18.8%, from EUR 639.7 million in the year ended 31 December 2018 to EUR 519.7 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *consolidated net revenues* (a decrease by EUR 439.3 million) and operating costs (a decrease by EUR 319.3 million).

Amortisation and depreciation decreased by EUR 394.2 million or 47.9%, from EUR 822.6 million in the year ended 31 December 2018 to EUR 428.4 million in the year ended 31 December 2019. The *lower amortisation and depreciation* was mainly driven by the write-downs of EUR 128.3 million posted for the recoverability assessments on pay TV cinema and series assets, which were conducted when presenting the consolidated financial statements at 31 December 2018. Consequently, this caused a lower amortisation of these assets in 2019 for an amount of EUR 51.4 million. The remaining amount of the decrease equal to EUR 214.5 million was mainly due to the amortisation of football pay TV rights still accounted in the first part of 2018. As already mentioned these contracts terminated at the end of the first half of 2018.

Operating Result increased by EUR 274.2 million or 149.9%, from minus EUR 182.9 million in the year ended 31 December 2018 to EUR 91.3 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *Reported EBITDA* (a decrease by EUR 120.0 million) and *amortisation and depreciation* (a decrease by EUR 394.2 million).

EBT increased by EUR 313.9 million or 155.8%, from minus EUR 201.5 million in the year ended 31 December 2018 to EUR 112.4 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year change in *Operating Result* (an increase by EUR 274.2 million) and the increase in *financial income* (by EUR 24.8 million) and *income from equity investments* (by EUR 15.0 million).

Net result from continuing operations increased by EUR 231.4 million or 149.2%, from minus EUR 155.1 million in the year ended 31 December 2018 to EUR 76.3 million in the year ended 31 December 2019. This result was mainly driven by the trend underlying the year-on-year changes in *EBT* (an increase by EUR 313.9 million) and an increase in *income taxes* (by EUR 83.4 million).

Group net result decreased by EUR 288.5 million or 79.1%, from EUR 364.8 million in the year ended 31 December 2018 to EUR 76.3 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends: (i) a decrease in *advertising revenues,* which includes revenues from 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 sublicence from the investee Mediamond; (ii) a decrease in *other revenues* from the Mediaset Premium offering which was discontinued in June 2019; and (iii) the termination of the multi-year contracts for premium football content, which were still in force at the beginning of 2018, as well as the lower cost of the FTA TV programme schedule, which last year included the costs of the broadcasting rights to the FIFA World Cup 2018.

Comparison between 9M 2021 and 9M 2020

	As at 30 September			
ITALY **Condensed and Reclassified Income Statement**	**2021** **Unaudited**	**2020** **Unaudited**	**change**	**% change**
		(EUR million)		
Total consolidated net revenues	**1,388.9**	**1,176.2**	**212.7**	**18.1%**
Personnel expenses	260.3	250.0	10.3	4.1%
Purchases, services, other costs	723.2	662.8	60.4	9.1%
Rights amortisation	215.9	248.7	(32.8)	(13.2%)
Other amortisation and depreciation	54.5	60.5	(6.0)	(9.9%)
Amortisation and depreciation	**270.4**	**309.2**	**(38.8)**	**(12.5%)**
Financial income/(losses)	19.4	(0.7)	20.1	2,671.4%
Income/(expenses) from equity investments	100.5	8.1	92.4	1,140.7%

ITALY Condensed and Reclassified Income Statement	As at 30 September 2021 Unaudited	 2020 Unaudited	 change	 % change
EBT	**254.9**	**(38.4)**	**293.3**	**563.8%**
Income taxes	(46.2)	(10.9)	(35.3)	(323.9%)
Minority interests in net result	1.1	1.7	(0.6)	(35.3%)
Net result from continuing operations	**209.9**	**(47.5)**	**257.4**	**341.9%**
Net profit from discontinued operations	-	-	-	-
Net result	**209.9**	**(47.5)**	**257.4**	**341.9%**
APMs[1]				
Reported EBITDA	**405.3**	**263.4**	**141.9**	**53.9%**
Operating Result	**135.0**	**(45.8)**	**180.8**	**394.8%**

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[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues has increased by EUR 212.7 million or 18.1% from EUR 1,176.2 million in the nine months ended 30 September 2020 to EUR 1,388.9 million in the nine months ended 30 September 2021. This result was driven by strong growths in advertising revenues, which reached EUR 1,346.2 million (up 21.5% compared to the same period in 2020, and up 1% from the same period in 2019, pre-pandemic. In the third quarter, advertising revenues continued the upward trend compared to the corresponding period in the last two years. This is particularly significant given that the two major international sporting events held during the period (the final stages of the UEFA EURO 2020 Football Championships and the Tokyo Olympics) were broadcast by competitors and given that the 2020 third quarter was the first quarter of post-lockdown growth and the period in which the Company broadcast the final stages of the UEFA Champions League, which had been postponed. Other revenues amounted to EUR 233.3 million, compared to EUR 225.4 million for the same period in 2020. These include the proceeds from settling the copyright dispute with Dailymotion and the increased contribution from television content sub-licensing to third-party operators and advertising sales activities carried out with third-party concessions. Revenues in 2020, on the other hand, included components linked to the pre-lockdown film distribution activities of Medusa and the activities of Media4Commerce, which was sold late in 2020.

Operating costs (*personnel expenses, purchases, services and other costs*) have increased by EUR 70.7 million or 7.7% from EUR 912.8 million in the nine months ended 30 September 2020 to EUR 983.5 million in the nine months ended 30 September 2021. The increase in costs was due to the return to normal of scheduling in the second and third quarters of 2021 compared to the same period in 2020, when scheduling was heavily revised to mitigate the negative economic impact of the severe restrictions and social distancing measures adopted to comply with government orders put in place to tackle the COVID-19-pandemic. Operating costs (*personnel expenses, purchases, services and other costs*), rights amortisation and other amortisation and depreciation / depreciation of fixed assets amounted to EUR 1,253.9 million, which was up (2.6%) on the same period in 2020 but markedly down on the same period in 2019 (-8.6%).

Reported EBITDA has increased by EUR 141.9 million or 53.9% from EUR 263.4 million in the nine months ended 30 September 2020 to EUR 405.3 million in the nine months ended 30 September 2021.

Operating Result has increased by EUR 180.8 million or 394.8% from minus EUR 45.8 million in the nine months ended 30 September 2020 to EUR 135.0 million in the nine months ended 30 September 2021.

EBT has increased by EUR 293.3 million or 563.8% from minus EUR 38.4 million in the nine months ended 30 September 2020 to EUR 254.9 million in the nine months ended 30 September 2021.

Net result from continuing operations has increased by EUR 257.4 million or 341.9% from a loss of EUR 47.5 million in the nine months ended 30 September 2020 to a positive result of EUR 209.9 million in the nine months ended 30 September 2021.

Group net result has increased by EUR 257.4 million or 341.9% from a loss of EUR 47.5 million in the nine months ended 30 September 2020 to a positive result of EUR 209.9 million in the nine months ended 30 September 2021. This result was driven by strong growths in advertising revenues and other revenues, including the proceeds from settling the copyright dispute with Dailymotion and the increased contribution from television content sub-licensing to third-party operators and advertising sales activities carried out with third-party concessions. In terms of costs the was due to the return to normal of scheduling in the second and third quarters of 2021 compared to the same period in 2020, when scheduling was heavily revised to mitigate the negative economic impact of the severe restrictions and social distancing measures adopted to comply with government orders put in place to tackle the COVID-19-pandemic.

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

ITALY	**9M 2021 Unaudited**	**9M 2020 Unaudited**	**2020**	**2019**	**2018**
Total consolidated net revenues	100%	100%	100.0%	100.0%	100.0%
Reported EBITDA	29.2%	22.4%	25.4%	26.2%	26.4%
Amortisation and depreciation	(19.5%)	(26.3%)	(23.2%)	(21.6%)	(34.0%)
Operating Result	9.7%	3.9%	2.1%	4.6%	(7.6%)
EBT	18.6%	3.3%	3.0%	5.7%	(8.2%)
Net profit for the year	15.1%	4.0%	2.2%	3.8%	(15.1%)

(2) Spain

<u>Comparison between FY2020 and FY2019</u>

SPAIN **Condensed and Reclassified Income Statement**	**As at 31 December**			
	2020	**2019**	**change**	**% change**
	(EUR million)			
Total consolidated net revenues	**836.6**	**946.2**	**(109.6)**	**(11.6%)**
Personnel expenses	(120.6)	(121.5)	0.9	0.7%
Purchases, services, other costs	(336.7)	(404.9)	68.2	16.8%
Rights amortisation	(126.7)	(135.9)	9.2	6.8%
Other amortisation and depreciation	(22.1)	(19.1)	(3.0)	(15.7%)
Amortisation and depreciation	**(148.8)**	**(154.9)**	**6.1**	**3.9%**
Financial income/(losses)	(1.8)	(0.2)	(1.6)	(-800.0%)
Income/(expenses) from equity investments	2.6	5.9	(3.3)	(55.9%)
EBT	**231.4**	**270.6**	**(39.2)**	**(14.5%)**
Income taxes	(50.4)	(56.8)	6.4	11.3%
Minority interests in net profit	2.3	2.0	0.3	15.0%

SPAIN Condensed and Reclassified Income Statement	As at 31 December 2020	 2019	 change	 % change
Net result from continuing operations	**178.7**	**211.7**	**(33.0)**	**(15.6%)**
Net result	**178.7**	**211.7**	**(33.0)**	**(15.6%)**
APMs[1]				
Reported EBITDA	**379.4**	**419.8**	**(40.4)**	**(9.6%)**
Operating Result	**230.5**	**264.9**	**(34.4)**	**(13.0%)**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues decreased by EUR 109.6 million or 11.6%, from EUR 946.2 million in the year ended 31 December 2019 to EUR 836.6 million in the year ended 31 December 2020. The decrease in *total consolidated net revenues* is driven by a decrease in advertising revenues, which were affected by the strong contraction of economic activity during the lockdown period that was imposed by the Spanish government to address and contain the spread of the COVID-19 pandemic.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 69.1 million or 13.1%, from EUR 526.4 million in the year ended 31 December 2019 to EUR 457.3 million in the year ended 31 December 2020. Operating costs decreased significantly during 2020 due to, *inter alia*, the TV schedules review carried out to address the impact of the COVID-19 pandemic.

Reported EBITDA decreased by EUR 40.4 million or 9.6%, from EUR 419.8 million in the year ended 31 December 2019 to EUR 379.4 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the year-on-year changes in *total consolidated net revenues* (a decrease by EUR 109.6 million) and operating costs (a decrease by EUR 69.1 million).

Operating Result decreased by EUR 34.4 million or 13.0%, from EUR 264.9 million in the year ended 31 December 2019 to EUR 230.5 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the increase in *Reported EBITDA* (by EUR 40.4 million) and slight decrease in *amortisation and depreciation* (by EUR 6.1 million).

EBT decreased by EUR 39.2 million or 14.5%, from EUR 270.6 million in the year ended 31 December 2019 to EUR 231.4 million in the year ended 31 December 2020. The result was mainly caused by the trends underlying the year-on-year change in *Operating Result* (a decrease by EUR 34.4 million), as well as the increase in *financial income/(losses)* by EUR 1.6 million and a decrease in *income/(expenses) from equity investments* by EUR 3.3 million.

Net result from continuing operations decreased by EUR 33.0 million or 15.6%, from EUR 211.7 million in the year ended 31 December 2019 to EUR 178.8 million in the year ended 31 December 2020. This result was mainly driven by the trend underlying the year-on-year changes in *EBT* (a decrease by EUR 39.2 million) and a decrease in *income taxes* (by EUR 6.4 million).

Group net result decreased by EUR 33.0 million or 15.6%, from EUR 211.7 million in the year ended 31 December 2019 to EUR 178.8 million in the year ended 31 December 2020. This result was driven by a decrease in advertising revenues, which were affected by the strong contraction of economic activity during the lockdown period that was imposed by the Spanish government to address and contain the spread of the COVID-19 pandemic and a significant decrease in operating costs during 2020 due to, *inter alia*, the TV schedules review carried out to address the impact of the COVID-19 pandemic.

Comparison between FY2019 and FY2018

SPAIN **Condensed and Reclassified Income Statement**	As at 31 December			
	2019	**2018**	**change**	**% change**
	(EUR million)			
Total consolidated net revenues	**946.2**	**981.6**	**(35.4)**	**(3.6%)**
Personnel expenses	(121.5)	(107.8)	(13.7)	(12.7%)
Purchases, services, other costs	(404.9)	(446.6)	41.7	9.3%
Rights amortisation	(135.9)	(153.1)	17.2	11.2%
Other amortisation and depreciation	(19.1)	(17.1)	(2.0)	(11.7%)
Amortisation and depreciation	**(154.9)**	**(170.2)**	**15.3**	**9.0%**
Financial income/(losses)	(0.2)	(1.6)	1.4	87.5%
Income/(expenses) from equity investments	5.9	10.3	(4.4)	(42.7%)
EBT	**270.6**	**265.6**	**5.0**	**1.9%**
Income taxes	(56.8)	(65.3)	8.5	13.0%
Minority interests in net profit	2.0	-	2.0	-
Net result from continuing operations	**211.7**	**200.3**	**13.5**	**6.7%**
Net result	**211.7**	**200.3**	**11.4**	**5.7%**
APMs[1]				
Reported EBITDA	**419.8**	**427.1**	**(7.3)**	**(1.7%)**
Operating Result	**264.9**	**256.9**	**8.0**	**3.1%**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

The *total consolidated net revenues* decreased by EUR 35.4 million or 3.6%, from EUR 981.6 million in the year ended 31 December 2018 to EUR 946.2 million in the year ended 31 December 2019. This result was mainly driven by a decrease by EUR 44.9 million in *advertising revenues*, partially offset by an increase by EUR 9.6 million in *other revenues*. The decrease in *advertising revenues* is primarily attributable to the evolution of the Spanish TV advertising market in the year and the presence of FIFA World Cup 2018 in Mediaset España's programming, which affects the basis of comparison. *Other revenues* mainly includes 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.

Operating costs (*personnel expenses, purchases, services and other costs*) decreased by EUR 28.1 million or 5.1%, from EUR 554.5 million in the year ended 31 December 2018 to EUR 526.4 million in the year ended 31 December 2019. This reduction stems mainly from lower direct broadcasting costs (in particular sports rights) (a reduction of EUR 39.5 million), which impacts the caption *purchases, services, other costs*, while the increase in personnel expenses (EUR 13.7 million) is due to the integration in the consolidated Group of companies previously reported through the equity method. This increase is offset by an equivalent reduction in overheads.

Reported EBITDA decreased by EUR 7.3 million or 1.7% from EUR 427.1 million in the year ended 31 December 2018 to EUR 419.8 million in the year ended 31 December 2019, the main reason for which is the above-mentioned decline of the TV advertisement market in the period, which had an impact on the operating revenues of the Group and which could not be totally absorbed by lower operating expenditures.

Amortisation and depreciation decreased by EUR 15.3 million or 9.0%, from EUR 170.2 million in the year ended 31 December 2018 to EUR 154.9 million in the year ended 31 December 2019. This result was mainly driven by a decrease in the *amortisation of rights* by EUR 17.2 million, which, in turn, reflects the relative shift in the period from the amortisation of third-party rights to direct programming costs.

Operating Result increased by EUR 8.0 million or 3.1%, from EUR 256.9 million in the year ended 31 December 2018 to EUR 264.9 million in the year ended 31 December 2019. This result was mainly driven by the aforementioned trends underlying the year-on-year changes of *Reported EBITDA* (a decrease by EUR 7.3 million) and *amortisation and depreciation* (a decrease by EUR 15.3 million).

EBT increased by EUR 5.0 million or 1.9%, from EUR 265.6 million in the year ended 31 December 2018 to EUR 270.6 million in the year ended 31 December 2019. This increase was driven by trends underlying the year-on-year change in *Operating Result* (a reduction by EUR 8.0 million), *financial income/(losses)* (an increase by EUR 1.4 million) and *income/(expenses) from equity investments* (a decrease by EUR 4.4 million). The increase reflects the offset of the contraction of TV advertising revenues in the year with an active policy of containment of costs, particularly those related to broadcasting.

Net result from continuing operations increased by EUR 13.5 million or 6.7%, from EUR 200.3 million in the year ended 31 December 2018 to EUR 213.8 million in the year ended 31 December 2019. The increase is a result in the trends underlying the year-on-year change in *EBT* (an increase by EUR 5.0 million) and a decrease in *income taxes* (by EUR 8.5 million).

Net result increased by EUR 11.4 million or 5.7%, from EUR 200.3 million in the year ended 31 December 2018 to EUR 211.7 million in the year ended 31 December 2019. This result was mainly driven by: (i) the evolution of the Spanish TV advertising market in the year and the presence of FIFA World Cup 2018 in Mediaset España's programming; and (ii) the 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.

Comparison between 9M 2021 and 9M 2020

	As at 30 September			
SPAIN **Condensed and Reclassified Income Statement**	**9M 2021 Unaudited**	**9M 2020 Unaudited**	**change**	**% change**
		(EUR million)		
Total consolidated net revenues	**603.8**	**546.6**	**57.2**	**10.5%**
Personnel expenses	91.3	84.6	6.7	7.9%
Purchases, services, other costs	298.6	241.1	57.5	23.8%
Rights amortisation	61.5	70.8	(9.3)	(13.1%)
Other amortisation and depreciation	12.9	17.2	(4.3)	(25.0%)
Amortisation and depreciation	**74.4**	**88.0**	**(13.6)**	**(15.5%)**
Financial income/(losses)	2.7	(0.4)	3.1	775.0%
Income/(expenses) from equity investments	2.4	1.9	0.5	26.3%
EBT	**144.7**	**134.4**	**10.3**	**7.7%**
Income taxes	(29.2)	(29.5)	0.3	1.0%
Minority interests in net result	(1.3)	(1.7)	(0.4)	(23.5%)

SPAIN Condensed and Reclassified Income Statement	As at 30 September 9M 2021 Unaudited	 9M 2020 Unaudited	 change	 % change
Net result from continuing operations	**114.2**	**103.2**	**11.0**	**10.7%**
Net profit from discontinued operations	-	-	-	-
Net result	**114.2**	**103.2**	**11.0**	**10.7%**
APMs[1]				
Reported EBITDA	**213.9**	**220.9**	**(7.0)**	**(3.2%)**
Operating Result	**139.6**	**132.9**	**6.7**	**5.0%**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Reported EBITDA* and *Operating Result*.

Total consolidated net revenues has increased by EUR 57.2 million or 10.5% from EUR 546.6 million in the nine months ended 30 September 2020 to EUR 603.8 million in the nine months ended 30 September 2021. This result was driven by an increase in TV and digital media advertising revenues. Gross advertising revenues stood at EUR 574.5 million, marking a 17.7% increase in respect to the EUR 488.3 million in the same period of the previous year. Other revenues stood at EUR 55.4 million, compared to EUR 76.5 million for the same period in 2020, due to the reduction in revenues from film distribution and sublicensing to third-party broadcasters following the production stop caused by the COVID-19-pandemic.

Operating costs (*personnel expenses, purchases, services and other costs*) has increased by EUR 64.2 million or 19.7% from EUR 325.7 million in the nine months ended 30 September 2020 to EUR 389.9 million in the nine months ended 30 September 2021. The increase in costs was due to the return to normal of scheduling in the second and third quarters of 2021 compared to the same period in 2020, when scheduling was heavily revised to mitigate the negative economic impact of the severe restrictions and social distancing measures adopted to comply with government orders put in place to tackle the COVID-19-pandemic and due to the recognition of the costs associated with broadcasting matches from the UEFA EURO 2020 Football Championships in June and July of 2021.

Reported EBITDA has decreased by EUR 7.0 million or 3.2% from EUR 220.9 million in the nine months ended 30 September 2020 to EUR 213.9 million in the nine months ended 30 September 2021. This result was driven by the factors underlying the changes in *total consolidated net revenues* and operating costs.

Operating Result has increased by EUR 6.7 million or 5.0% from EUR 132.9 million in the nine months ended 30 September 2020 to EUR 139.6 million in the nine months ended 30 September 2021. This result was driven by the factors underlying the changes in *total consolidated net revenues* and operating costs.

EBT has increased by EUR 10.3 million or 7.7% from EUR 134.4 million in the nine months ended 30 September 2020 to EUR 144.7 million in the nine months ended 30 September 2021. This result was driven by the factors underlying the changes in *total consolidated net revenues* and operating costs.

Net result from continuing operations has increased by EUR 11.0 million or 10.7% from EUR 103.2 million in the nine months ended 30 September 2020 to EUR 114.2 million in the nine months ended 30 September 2021.

Group net result has increased by EUR 11.0 million or 10.7% from EUR 103.2 million in the nine months ended 30 September 2020 to EUR 114.2 million in the nine months ended 30 September 2021. This result was driven by an increase in TV and digital media advertising revenues. Revenues from film distribution and sublicensing to third-party broadcasters declined following the production stop caused by the COVID-19-pandemic. The increase in costs was due to the return to normal of scheduling in the second and third quarters of 2021 compared to the same period in 2020, when scheduling was heavily revised to mitigate the negative economic impact of the severe restrictions and social distancing measures adopted to comply with government orders put in place to tackle the COVID-19-pandemic and due to the recognition of the costs associated with broadcasting matches from the UEFA EURO 2020 Football Championships in June and July of 2021.

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

SPAIN	9M 2021 Unaudited	9M 2020 Unaudited	2020	2019	2018
Total consolidated net revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Reported EBITDA	35.4%	40.4%	45.3%	44.4%	43.5%
Amortisation and depreciation	(12.3%)	(16.1%)	(17.8%)	(16.4%)	(13.0%)
Operating Result	23.1%	24.3%	27.6%	28.0%	26.2%
EBT	24.0%	24.6%	27.7%	28.6%	27.1%
Net profit for the year	18.9%	18.9%	21.4%	22.4%	20.4%

(B) Financial Position

Comparison between FY2020 and FY2019

GROUP Statement of Financial Positions	As at 31 December			
	2020	2019	Change	% Change
	(EUR million)			
Non-current assets				
Property, plant and equipment	335.1	356.5	(21.4)	(6.0%)
Television and movie rights	932.7	974.7	(42.0)	(4.3%)
Goodwill	803.2	796.7	6.5	0.8%
Other intangible assets	534.8	612.4	(77.6)	(12.7%)
Investments in associates and joint ventures	473.2	494.5	(21.3)	(4.3%)
Other financial assets	749.7	610.6	139.1	22.8%
Deferred tax assets	475.1	476.2	(1.1)	(0.2%)
Total non-current assets	**4,304.0**	**4,321.6**	**(17.6)**	**(0.4%)**
Current assets				
Inventories	47.9	44.7	3.2	7.2%
Trade receivables	826.4	863.2	(36.8)	(4.3%)
Tax receivables	44.9	54.3	(9.4)	(17.3%)
Other receivables and current assets	216.6	182.7	33.9	18.6%
Current financial assets	68.8	35.8	33.0	92.2%
Cash and cash equivalents	447.9	245.1	202.8	82.7%
Total current assets	**1,652.4**	**1,425.7**	**226.7**	**15.9%**
Non-current assets held for sale	-	-		
Total Assets	**5,956.4**	**5,747.3**	**209.1**	**3.6%**
Share capital and reserves				

Share capital	614.2	614.2	0.0	0.0%
Share premium reserve	275.2	275.2	0.0	0.0%
Treasury shares	(389.7)	(401.3)	11.6	2.9%
Other reserves	545.7	525.5	20.2	3.8%
Valuation reserve	(35.2)	(66.1)	30.9	46.7%
Retained earnings	1,518.7	1,340.1	178.6	13.3%
Net profit for the year	139.3	190.3	(51.0)	(26.8%)
Group shareholders' equity	**2,668.3**	**2,477.9**	**190.4**	**7.7%**
Minority interests in net profit	80.0	97.5	(17.5)	(17.9%)
Minority interests in share capital, reserves and retained earnings	417.3	314.9	102.4	32.5%
Minority interests	**497.3**	**412.5**	**84.8**	**20.6%**
Total shareholders' equity	**3,165.6**	**2,890.4**	**275.2**	**9.5%**
Non-current liabilities				
Post-employment benefit plans	66.7	69.2	(2.5)	(3.6%)
Deferred tax liabilities	95.7	89.8	5.9	6.6%
Financial liabilities and payables	1,156.9	1,031.0	125.9	12.2%
Provisions for non-current risks and charges	41.3	48.1	(6.8)	(14.1%)
Total non-current liabilities	**1,360.6**	**1,238.1**	**122.5**	**9.9%**
Current liabilities				
Due to banks	449.5	612.2	(162.7)	(26.6%)
Due to suppliers	638.6	722.7	(84.1)	(11.6%)
Provisions for risk and charges	72.7	80.2	(7.5)	(9.4%)
Current tax liabilities	8.6	3.5	5.1	145.7%
Other financial liabilities	78.2	28.3	49.9	176.3%
Other current liabilities	182.6	171.9	10.7	6.2%
Total current liabilities	**1,430.2**	**1,618.8**	**(188.6)**	**(11.7%)**
Total liabilities	**2,790.7**	**2,857.0**	**(66.3)**	**(2.3%)**
Total shareholders' equity and liabilities	**5,956.4**	**5,747.3**	**209.1**	**3.6%**

The *total non-current assets* decreased by EUR 17.6 million or 0.4%, from EUR 4,321.6 million in the year ended 31 December 2019 to EUR 4,304.0 million in the year ended 31 December 2020. The largest relative year-on-year changes were in *other intangible assets* (decrease by EUR 77.6 million) and *other financial assets* (increase by EUR 139.1 million). *Other intangible assets* primarily pertains to (i) 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 and (ii) rights/licences of use and authorisations for television and radio frequencies, and television broadcasting. *Other financial assets* includes the fair value measurement of the equity investments recognised.

The *total current assets* increased by EUR 226.7 million or 15.9%, from EUR 1,425.7 million in the year ended 31 December 2019 to EUR 1,652.4 million in the year ended 31 December 2020. The increase can be attributed mainly to an increase in *cash and cash equivalents* by EUR 202.8 million. A more detailed breakdown of changes in *cash and cash equivalents* is reported in the consolidated statement of cash flow.

The *total assets* increased by EUR 209.1 million or 3.6%, from EUR 5,747.3 million in the year ended 31 December 2019 to EUR 5,956.4 million in the year ended 31 December 2020. This result was driven by the trends underlying the changes in *total non-current assets* (a decrease by EUR 17.6 million) and *total current assets* (an increase by EUR 226.7 million).

The *total shareholders' equity* increased by EUR 275.2 million or 9.5%, from EUR 2,890.4 million in the year ended 31 December 2019 to EUR 3,165.6 million in the year ended 31 December 2020. The increase is mainly impacted by a decrease in *valuation reserve* (by EUR 30.9 million) primarily due to fair value adjustments and deferred tax effects, an increase in *retained earnings* (by EUR 178.6 million) primarily due to the recognition of the previous year's profits of EUR 190.3 million and a decrease in *net profit for the year* (by EUR 51.0 million); for which a detailed breakdown can be found in "*– Income Statement – Group – Comparison between FY2020 and FY2019*".

The *total non-current liabilities* increased by EUR 122.5 million or 9.9%, from EUR 1,238.1 million in the year ended 31 December 2019 to EUR 1,360.6 million in the year ended 31 December 2020. This increase was primarily driven by an increase in *financial liabilities and payables* (by EUR 125.9 million). (Non-current) financial payables refer to the portion of committed credit facilities maturing beyond 12 months held by the Company and Mediaset España (please see "*– Liquidity and Capital Resources – Interest-Bearing Loans and Borrowings*" for further details on the Group's credit facilities).

The *total current liabilities* decreased by EUR 188.6 million or 11.7%, from EUR 1,618.8 million in the year ended 31 December 2019 to EUR 1,430.2 million in the year ended 31 December 2020. This decrease mainly reflects a decrease in payables *due to banks* and *suppliers* (by EUR 246.8 million), which is partially offset primarily by an increase in *other financial liabilities* (by EUR 49.9 million), which includes, *inter alia*, cash pooling with associates and joint ventures.

The *total liabilities* decreased by EUR 66.3 million or 2.3%, from EUR 2,857.0 million in the year ended 31 December 2019 to EUR 2,790.7 million in the year ended 31 December 2020. This result was driven by the aforementioned trends underlying the changes in *total non-current liabilities* (an increase by EUR 122.5 million) and *total current liabilities* (an increase by EUR 188.6 million).

The *total shareholders' equity and liabilities* increased by EUR 209.1 million or 3.6%, from EUR 5,747.3 million in the year ended 31 December 2019 to EUR 5,956.4 million in the year ended 31 December 2020. This result was mainly driven by the aforementioned trends underlying the changes in *total shareholders' equity* (an increase by EUR 275.2 million) and *total liabilities* (a decrease by EUR 66.3 million).

Comparison between FY2019 and FY2018

GROUP **Statement of Financial Positions**	**As at 31 December** **2019**	**2018[1]**	**Change**	**% Change**
	(EUR million)			
Non-current assets				
Property, plant and equipment	356.5	216.9	139.6	64.4%
Television and movie rights	974.7	972.2	2.5	0.3%
Goodwill	796.7	794.1	2.6	0.3%
Other intangible assets	612.4	605.5	6.9	1.1%
Investments in associates and joint ventures	494.5	497.9	(3.4)	(0.7%)
Other financial assets	610.6	75.1	535.5	713.0%
Deferred tax assets	476.2	520.1	(43.9)	(8.4%)
Total non-current assets	**4,321.6**	**3,681.9**	**639.7**	**17.4%**

Current assets				
Inventories	44.7	41.2	3.5	8.5%
Trade receivables	863.2	891.2	(28.0)	(3.1%)
Tax receivables	54.3	48.8	5.5	11.3%
Other receivables and current assets	182.7	170.2	12.5	7.3%
Current financial assets	35.8	26.1	9.7	37.2%
Cash and cash equivalents	245.1	389.8	(144.7)	(37.1%)
Total current assets	**1,425.7**	**1,567.2**	**(141.5)**	**(9.0%)**
Non-current assets held for sale	-	-		
Total Assets	**5,747.3**	**5,249.1**	**498.2**	**9.5%**
Share capital and reserves				
Share capital	614.2	614.2	-	-
Share premium reserve	275.2	275.2	-	-
Treasury shares	(401.3)	(408.6)	7.3	1.8%
Other reserves	525.5	594.6	(69.1)	(11.6%)
Valuation reserve	(66.1)	(32.6)	(33.5)	(102.8%)
Retained earnings	1,340.1	898.3	441.8	49.2%
Net profit for the year	190.3	468.2	(277.9)	(59.4%)
Group shareholders' equity	**2,477.9**	**2,409.4**	**68.5**	**2.8%**
Minority interests in net profit	97.5	96.5	1.0	1.0%
Minority interests in share capital, reserves and retained earnings	314.9	347.3	(32.4)	(9.3%)
Minority interests	**412.5**	**443.7**	**(31.2)**	**(7.0%)**
Total shareholders' equity	**2,890.4**	**2,853.1**	**37.3**	**1.3%**
Non-current liabilities				
Post-employment benefit plans	69.2	68.9	0.3	0.4%
Deferred tax liabilities	89.8	86.5	3.3	3.8%
Financial liabilities and payables	1,031.0	745.6	285.4	38.3%
Provisions for non-current risks and charges	48.1	61.7	(13.6)	(22.0%)
Total non-current liabilities	**1,238.1**	**962.7**	**275.4**	**28.6%**
Current liabilities				
Financial payables	612.2	6.7	605.5	9,037.3%
Trade and other payables	722.7	720.6	2.1	0.3%
Provisions for current risks and charges	80.2	101.1	(20.9)	(20.7%)
Current tax liabilities	3.5	3.2	0.3	9.4%
Other financial liabilities	28.3	406.9	(378.6)	(93.0%)
Other current liabilities	171.9	194.9	(23.0)	(11.8%)
Total current liabilities	**1,618.8**	**1,433.3**	**185.5**	**12.9%**
Total liabilities	**2,857.0**	**2,396.0**	**461.0**	**19.2%**

Total shareholders' equity and liabilities	**5,747.3**	**5,249.1**	**498.2**	**9.5%**

[1] The figures for 2018 have been derived from the restated comparative figures in the 2019 Financial Statements. The restatement relates to the retroactive acknowledgement of the impact on the Group's associates' equity investment results derived from their goodwill purchase price allocation process.

The *total non-current assets* as at 31 December 2019 was EUR 4,321.6 million. This amount is an increase by EUR 639.7 million or 17.4% compared to EUR 3,681.9 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year change by EUR 535.5 million in the item other *financial assets*, which mainly relates to the equity investments of the Company and Mediaset España in P7S1 for the aggregate amount of EUR 503.5 million. Following these investments, the Group at 31 December 2019 held an aggregate equity interest of 15.1% in P7S1. The other significant change relates to the item *property, plant and equipment*, which increased by EUR 139.6 million. This increase relates to the introduction of a new accounting standard (IFRS 16 – Leases), establishing a single model for the recognition and measurement of lease agreements for the lessee. In accordance with the adoption of IFRS 16, the leased asset, which may also refer to an operating lease, is recognised as an asset. The adoption of IFRS 16 is reflected in the item *right-of-use property, plant and equipment*.

The *total current assets* as at 31 December 2019 was EUR 1,425.7 million. This amount is a decrease by EUR 141.5 million or 9.0% compared to EUR 1,567.2 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year change by EUR 144.7 million of the item *cash and cash equivalents*. A more detailed description of the underlying drivers of the change in *cash and cash equivalents* can be found in "*– Cash Flows*" below.

The *total assets* as at 31 December 2019 was EUR 5,747.3 million. This amount is an increase by EUR 498.2 million or 9.5% compared to EUR 5,249.1 million in the year ended 31 December 2018. This result was driven by the trends underlying the changes in *total non-current assets* (an increase by EUR 639.7 million) and *total current assets* (a decrease by EUR 141.5 million).

The *total shareholders' equity* as at 31 December 2019 was EUR 2,890.4 million. This amount is an increase by EUR 34.2 million or 1.2% compared to EUR 2,856.2 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year changes in the items *retained earnings* (an increase by EUR 441.8 million) and net profit for the year (a decrease by EUR 277.9 million). The change in *retained earnings* primarily relates to the recognition of FY2018's profits of EUR 468.2 million and the change in the Group's equity interest in Mediaset España following the buy-back of treasury shares. The change in *net profit for the year* has primarily to do with the *net profit from discontinued operations* in 2018. In FY2018 this item included the consolidated net result of EI Towers (EUR 21.8 million in the first nine months of FY2018), with the capital gains made from the sale of the controlling interest in EI Towers, net of costs and direct taxes, totalling EUR 498.2 million. The decrease in *net profit from discontinued operations* was partially offset by the increase *in net result from continuing operations* by EUR 242.1 million. A more detailed description of the underlying drivers of the change in *net result from continuing operations* can be found in "*– Income Statement*" above.

The *total non-current liabilities* as at 31 December 2019 was EUR 1,238.1 million. This amount is an increase by EUR 275.4 million or 28.6% compared to EUR 962.7 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year change in *financial liabilities and payables* (an increase by EUR 285.4 million). This item includes, among other things: (i) committed credit facilities maturing beyond twelve months held by the Company and Mediaset España (increase by EUR 126 million); (ii) payables for leasing recognised in accordance with IFRS 16 (EUR 113.1 million); and (iii) 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 P7S1 (EUR 43.4 million). The year-on-year change of EUR 126 million for the payables due to banks relate to: (i) the reclassification of two credit facilities taken out with BNL and Intesa Sanpaolo for a total nominal amount of EUR 250 million to financial liabilities; (ii) a new EUR 295 million nominal credit facility opened by the Company with Credit Suisse, with EUR 220.1 million recognised in financial liabilities and payables as the portion not due within twelve months; and (iii) a new credit facility opened by Mediaset España with Credit Suisse (EUR 153.7 million).

The *total current liabilities* as at 31 December 2019 was EUR 1,618.8 million. This amount is an increase by EUR 185.5 million or 12.9% compared to EUR 1,433.3 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year changes in *financial payables* (an increase by EUR 605.5 million) and *other financial liabilities* (a decrease by EUR 378.6 million). The change in *financial payables* is primarily attributable to: (i) the opening of new credit facilities and the reclassification of credit facilities for the nominal amount of EUR 250 million, falling due within 12 months, and (ii) the increased use of short-term financing. The change in *other financial liabilities* is mainly due to the January 2019 repayment of the corporate bond issued by the Company.

The *total liabilities* as at 31 December 2019 was EUR 2,857.0 million. This amount is an increase by EUR 461.0 million or 19.2% compared to EUR 2,396.0 million in the year ended 31 December 2018. This result was driven by the aforementioned trends underlying the changes in *total non-current liabilities* (an increase by EUR 275.4 million) and *total current liabilities* (an increase by EUR 185.5 million).

The *total shareholders' equity and liabilities* as at 31 December 2019 was EUR 5,747.3 million. This amount is an increase by EUR 498.2 million or 9.5% compared to EUR 5,249.1 million in the year ended 31 December 2018. This result was mainly driven by the aforementioned trends underlying the changes in *total shareholders' equity* (an increase by EUR 34.2 million) and *total liabilities* (an increase by EUR 461.0 million).

Comparison between 9M 2021 and 9M 2020

GROUP **Statement of Financial Positions**	**As at 30 September** **2021** **Unaudited**	**2020** **Unaudited**	**Change**	**% Change**
		(EUR million)		
TV and movie rights	888.9	1,060.1	(171.2)	(16.1%)
Goodwill	803.2	805.2	(2.0)	(0.2%)
Other tangible and intangible non-current assets	866.7	890.8	(24.1)	(2.7%)
Equity investments and other financial assets	1,342.5	1,057.9	284.6	26.9%
Net working capital and other assets/(liabilities)	256.5	376.6	(120.1)	(31.9%)
Post-employment benefit plans	(64.6)	(67.2)	2.6	3.9%
Net invested capital	**4,093.2**	**4,123.3**	**(30.1)**	**(0.7%)**
Group shareholders' equity	2,616.0	2,496.0	120.0	4.8%
Minority interests	557.7	454.0	103.7	22.8%
Total shareholders' equity	**3,173.7**	**2,950.0**	**223.7**	**7.6%**
Net financial position Debt/(Liquidity)	**919.5**	**1,173.3**	**(253.8)**	**(21.6%)**

The *net invested capital* has decreased by EUR 30.1 million or 0.7% from EUR 4,123.3 million in the nine months ended 30 September 2020 to EUR 4,093.2 million in the nine months ended 30 September 2021.

The *total shareholders' equity* has increased by EUR 223.7 million or 7.6% from EUR 2,950.0 million in the nine months ended 30 September 2020 to EUR 3,173.7 million in the nine months ended 30 September 2021.

The *net financial position* has decreased by EUR 253.8 million or 21.6% from EUR 1,173.3 million in the nine months ended 30 September 2020 to EUR 919.5 million in the nine months ended 30 September 2021, mainly due to the strong growth of free cash flow generation (equal to EUR 423.6 million in the first nine months of 2021 and EUR 75.8 million in the last quarter 2020). In 2021, the Group also made disbursements of EUR 103.9 million in connection with the equity increase realised by Mediaset España in its investment in ProsiebenSat1, the EUR 340.6 million in dividends paid by the Company, and the EUR 133.9 million in dividend collected by EI Towers.

(C) Cash Flows

Comparison between FY2020 and FY2019

GROUP Statement of Cash Flows	As at 31 December 2020	 2019	 Change	 % Change
	(EUR million)			
Cash flow from operating activities				
Operating Result[1]	269.7	354.6	(84.9)	(23.9%)
Depreciation and amortisation	566.7	582.7	(16.0)	(2.7%)
Other provisions and non-cash movements	48.4	(12.1)	60.5	500.0%
Change in trade receivables	36.9	27.9	9.0	32.3%
Change in trade payables	(43.9)	115.0	(158.9)	(138.2%)
Change in other assets and liabilities	(17.2)	(63.8)	46.6	73.0%
Interests (paid)/received	0.9	(0.7)	1.6	228.6%
Income tax paid	(40.4)	(47.5)	7.1	14.9%
Net cash flow from operating activities [A]	**821.2**	**956.1**	**(134.9)**	**(14.1%)**
Cash flow from investing activities				
Proceeds from the sale of fixed assets	3.2	6.0	(2.8)	(46.7%)
Investments in TV and movie rights	(431.0)	(501.9)	70.9	14.1%
Changes in advances for television rights	40.6	(32.1)	72.7	226.5%
Purchases of other fixed assets	(60.6)	(64.6)	4.0	6.2%
Equity investments	(0.2)	(1.1)	0.9	81.8%
Changes in payables for investing activities	(40.2)	(121.7)	81.5	67.0%
Proceeds/(Payments) for hedging derivatives	9.2	(35.0)	44.2	126.3%
Changes in other financial assets	(73.7)	(504.5)	430.8	85.4%
Loans to other companies (granted)/repaid	-	1.9	(1.9)	(100.0%)
Cashed-in dividends	40.6	40.8	(0.2)	(0.5%)
Business combinations net of cash and cash equivalents purchased	(7.6)	(18.4)	10.8	58.7%
Changes in controlling interest/consolidation area	(0.4)	(32.7)	32.3	98.8%
Net cash flow from investing activities [B]	**(520.2)**	**(1,263.3)**	**743.1**	**58.8%**
Cash flow from financing activities				
Parent company's and subsidiaries' changes in treasury shares	(0.6)	(94.6)	94.0	99.4%
Changes in financial liabilities	(62.7)	726.1	(788.8)	(108.6%)
Corporate bond	-	(375.0)	375.0	100.0%
Dividends paid	-	(46.6)	46.6	100.0%
Changes in other financial assets/liabilities	(25.0)	(17.4)	(7.6)	(43.7%)
Interests (paid)/received	(9.9)	(30.0)	20.1	67.0%
Net cash flow from financing activities [C]	**(98.2)**	**162.6**	**(260.8)**	**(160.4%)**
Change in cash and cash equivalents [D=A+B+C]	**202.9**	**(144.6)**	**347.5**	**240.3%**

GROUP Statement of Cash Flows	As at 31 December 2020	 2019	 Change	 % Change
	(EUR million)			
Cash and cash equivalents at the beginning of the period [E]	**245.1**	**389.8**	**(144.7)**	**(37.1%)**
Cash and cash equivalents at the end of the period [F=D+E]	**447.9**	**245.1**	**202.8**	**82.7%**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Operating Result*.

The *net cash flow from operating activities* decreased by EUR 134.9 million or 14.1%, from EUR 956.1 million in the year ended 31 December 2019 to EUR 821.2 million in the year ended 31 December 2020. The decrease is mainly driven by a decrease of *Operating Result* (by EUR 84.9 million – please see "*Income Statement – Group – Comparison between FY2020 and FY2019*" for the factors underlying this decrease) and *change in trade payables* (by EUR 158.9 million).

The *net cash flow from investing activities* decreased by EUR 743.1 million or 58.8%, from minus EUR 1,263.3 million in the year ended 31 December 2019 to minus EUR 520.2 million in the year ended 31 December 2020. The decrease was mainly due to a decrease in *investments in TV and movie rights* (by EUR 70.9 million), *changes in other financial assets* (by EUR 430.8 million), *changes in payables for investing activities* (by EUR 81.5 million) and *proceeds/(payments) for hedging derivatives* (by EUR 44.2 million).

The *net cash flow from financing activities* decreased by EUR 260.8 million or 160.4%, from EUR 162.6 million in the year ended 31 December 2019 to minus EUR 98.2 million in the year ended 31 December 2020. The Company's *corporate bond* (EUR 375 million) was repaid in full in January 2019 and no dividends were paid in 2020. Moreover, *changes in financial liabilities* changed by EUR 788.8 million and *parent company's and subsidiaries' changes in treasury shares* changed by EUR 94.0 million.

Comparison between FY2019 and FY2018

GROUP Statement of Cash Flows	As at 31 December 2019	 2018	 Change	 % Change
	(EUR million)			
Cash flow from operating activities				
Operating Result [1]	354.6	73.7	280.9	381.1%
Depreciation and amortisation	582.7	992.4	(409.7)	(41.3%)
Other provisions and non-cash movements	(12.1)	42.4	(54.5)	(128.5%)
Change in trade receivables	27.9	80.2	(52.3)	(65.2%)
Change in trade payables	115.0	57.1	57.9	101.4%
Change in other assets and liabilities	(63.8)	(26.4)	(37.4)	(141.7%)
Interests (paid)/received	(0.7)	1.4	(2.1)	(150.0%)
Income tax paid	(47.5)	(51.5)	4.0	7.8%
Net cash flow from discontinued operations	-	72.4	-	-
Net cash flow from operating activities [A]	**956.1**	**1,241.7**	**(285.6)**	**(23.0%)**
Cash flow from investing activities				
Proceeds from the sale of fixed assets	6.0	16.8	(10.8)	(64.3%)

GROUP Statement of Cash Flows	As at 31 December 2019	 2018	 Change	 % Change
		(EUR million)		
Purchases in television rights	(501.9)	(590.1)	88.2	14.9%
Changes in advances for television rights	(32.1)	25.0	(57.1)	(228.4%)
Purchases of other fixed assets	(64.6)	(53.0)	(11.6)	(21.9%)
Equity investments	(1.1)	(465.6)	464.5	99.8%
Changes in payables for investing activities	(121.7)	(303.5)	181.8	59.9%
Proceeds/(Payments) for hedging derivatives	(35.0)	0.8	(35.8)	(4475.0%)
Changes in other financial assets	(504.5)	4.6	(509.1)	(11,067.4%)
Loans to other companies (granted)/repaid	1.9	8.2	(6.3)	(76.8%)
Dividends received	40.8	29.7	11.1	37.4%
Business combinations net of cash acquired	(18.4)	(3.3)	(15.1)	(457.6%)
Changes in controlling interest/consolidation area	(32.7)	648.4	(681.1)	(105.0%)
Net cash flow from discontinued operations	-	(56.5)	-	-
Net cash flow from investing activities [B]	**(1,263.3)**	**(738.6)**	**(524.7)**	**(71.0%)**
Cash flow from financing activities				
Parent company's and subsidiaries' changes in treasury shares	(94.6)	-	(94.6)	-
Changes in financial liabilities	726.1	(156.9)	883.0	562.8%
Corporate bond	(375.0)	-	(375.0)	-
Dividends paid	(46.6)	(95.5)	48.9	51.2%
Changes in other financial assets/liabilities	(17.4)	-	(17.4)	-
Interests (paid)/received	(30.0)	(28.3)	(1.7)	(6.0%)
Net cash flow from discontinued operations	-	(5.2)	-	-
Net cash flow from financing activities [C]	**162.6**	**(286.0)**	**448.6**	**156.9%**
Change in cash and cash equivalents [D=A+B+C]	**(144.6)**	**217.1**	**(361.7)**	**(166.6%)**
Cash and cash equivalents at the beginning of the period [E]	**389.8**	**172.7**	**217.1**	**125.7%**
Cash and cash equivalents at the end of the period [F=D+E]	**245.1**	**389.8**	**(144.7)**	**(37.1%)**

[1] Please see "*Selected Consolidated Financial Information – Alternative Performance Measures*" and "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" for the reconciliation and definition of *Operating Result*.

The *net cash flow from operating activities* decreased by EUR 285.6 million or 23.0%, from EUR 1,241.7 million in the year ended 31 December 2018 to EUR 956.1 million in the year ended 31 December 2019. The most significant drivers of this result were an inflow of EUR 280.9 million from *Operating Result* and outflow from *depreciation and amortisation* of EUR 409.7 million due to write-downs of EUR 128.3 million of pay TV rights made in FY2018 and the decrease of pay TV football rights amortisation related to Premium Calcio Offer discontinuation in June 2018. See "*Operating and Financial Review – Results of Operations – Income Statement*" for a review of the year-on-year change in *Operating Result* and *depreciation and amortisation*.

The *net cash flow from investing activities* as at 31 December 2019 was minus EUR 1,263.3 million. This amount is a decrease by EUR 524.7 million or 71.0% compared to minus EUR 738.6 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year changes in *equity investments* (a decrease in outflows of EUR 464.5 million), *changes in payables for investing activities* (a decrease in outflows of EUR 181.8 million), *changes in other financial assets* (an outflow of EUR 509.1 million) and *changes in controlling interest/consolidation area* (an outflow of EUR 681.1 million). The change in *equity investments* relates to the acquisition of a 40% equity interest in 2iTowers Holding in FY2018. *Changes in payables for investing activities* declined due to the payment of Serie A TV rights contracts of Premium Calcio that expired in June 2018. The outflows in FY2019 for *changes in other financial assets* mainly refer to the EUR 503.5 million consideration for securing a 15.5% equity interest in P7S1. The *changes in controlling interest/consolidation area* refers to the cash out for the purchase of the acquisition of an additional 1.63% equity interest in Mediaset España by the Company. In the previous year, the item referred to the proceeds from the sale of the EI Towers group, as well as the proceeds from the disposal of R2 S.r.l.

The *net cash flow from financing activities* as at 31 December 2019 was EUR 162.6 million. This amount is an increase by EUR 448.6 million or 156.9% compared to minus EUR 286.0 million in the year ended 31 December 2018. This result was mainly driven by the year-on-year changes in *changes in financial liabilities* (an inflow of EUR 726.1 million), *corporate bond* (an outflow of EUR 375.0 million) and *parent company's and subsidiaries' changes in treasury shares* (an outflow of EUR 94.6 million). The outflows related to *changes in financial liabilities* refer to (i) the financial loan opened by the Company with Credit Suisse for the nominal amount of EUR 295 million, with EUR 220.1 million recognised in *financial liabilities and payables* as the portion not due within 12 months; (ii) the financial loan opened by Mediaset España with Credit Suisse (EUR 154.6 million) for securing the stakes in P7S1; and (iii) the increased use of short-term financing. The change in the item *corporate bond* refers to the repayment by the Company of the EUR 375.0 million corporate bond in January 2019. Finally, the outflows relating to the *parent company's and subsidiaries' changes in treasury shares* mainly refer to the buyback of treasury shares by Mediaset España.

Comparison between 9M 2021 and 9M 2020

	As at 30 September			
	9M 2021 unaudited	9M 2020 unaudited[1]	Change	% Change
	(EUR million)			
Net Financial Position at the beginning of the year (Debt)/Liquidity	**(1,064.4)**	**(1,348.3)**	**283.9**	**21.1%**
Free Cash Flow	**423.6**	**236.0**	**187.6**	**79.5%**
Cash Flow from operating activities[1]	624.6	456.3	168.3	36.9%
Investments in fixed assets	(306.8)	(406.5)	99.7	24.5%
Disposals of fixed assets	1.6	1.2	0.4	33.3%
Changes in net working capital and other current assets/liabilities	104.3	185.1	(80.8)	(43.7%)
Change in the consolidation area	-	(8.5)	8.5	100%
Own share's (sale)/buyback of the parent company and subsidiaries	(0.7)	-	(0.7)	-
Equity investments/Disposals of other financial assets and change in stake in subsidiaries	(103.5)	(72.6)	(30.9)	(42.6%)
Cashed-in dividends	167.5	20.2	147.3	729.2%
Dividends paid	(342.1)	-	(342.1)	-
Financial Surplus/(Deficit) from continuing operations	**144.9**	**175.0**	**(30.1)**	**(17.2%)**
Net Financial Position at the end of the period (Debt)/Liquidity	**(919.5)**	**(1,173.3)**	**253.8**	**21.6%**

	As at 30 September			
	9M 2021 unaudited	9M 2020 unaudited[1]	Change	% Change

[1] Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method +/- gains/losses on equity investments +/- deferred tax

The *net financial position at the beginning of the period* increased by EUR 283.9 million or 21.1% from minus EUR 1,348.3 million in the nine months ended 30 September 2020 to minus EUR 1,064.4 million in the nine months ended 30 September 2021.

The *free cash flow* increased by EUR 187.6 million or 79.5% from EUR 236.0 million in the nine months ended 30 September 2020 to EUR 423.6 million in the nine months ended 30 September 2021.

Equity investments/Disposals of other financial assets and change of stake in subsidiaries in 2021 mainly comprised the net cash flow from the financial investment held in ProsiebenSat 1, in particular relating to the increase in shareholding of 3.4% for EUR 103.9 million realised by Mediaset España. For the same period of 2020, this item included EUR 72.9 million in investment associated with the increase in the equity investment (4.99% stake) in ProsiebenSat1.

The *financial surplus/(deficit) from continuing operations* decreased by EUR 30.1 million or 17.2% from EUR 175.0 million in the nine months ended 30 September 2020 to EUR 144.9 million in the nine months ended 30 September 2021.

The *net financial position at the end of the period* increased by EUR 253.8 million or 21.6% from minus EUR 1,173.3 million in the nine months ended 30 September 2020 to minu EUR 919.5 million in the nine months ended 30 September 2021.

10.5 Liquidity and Capital Resources

(A) Overview

The Company's liquidity requirements relate primarily to the maintenance of a substantial balance between committed and uncommitted credit lines in order to avoid liquidity tensions in the event of requests for immediate repayment of drawn monies by credit counterparties. The Company's primary goals when managing its capital is to ensure sufficient liquidity to meet these expenses and debts as they fall due and safeguard its ability to continue operating as a going concern.

In order to maintain sufficient liquidity, the Company evaluates its working capital requirements on a regular basis and closely monitors its cash flows and the relationship between credit lines granted and used, and the balance between short-term debt, and medium- and long-term debt by acquiring adequate lines of financing and maintaining the average financial exposure to no more than 80% of the total value granted by the lenders.

The Company's primary sources of liquidity consist of operating activities.

(B) Interest-Bearing Loans and Borrowings

The management of the financial resources of the Group involves a centralised cash-pool with the Company (the group parent) and with Mediaset España 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. Within this context, the Group pursues its objectives using financial derivatives contracts entered into with third parties (see further "*– Financial Risk Management – Interest Rate Risk*" below).

An overview of the Group's drawn committed loans and bonds as at 30 September 2021 is provided below.

30/09/2021	Description of bank facility/ bonds	Notional Amount EUR million	Drawn amount EUR million	Term	IRR
Intesa	Committed term loan bullet	150.0	150.0	28/03/2025	0.51
	Committed term loan bullet	100.0	100.0	28/03/2025	1.07
Unicredit	Committed term loan bullet	100.0	100.0	18/07/2022	0.78
	Committed term loan bullet	100.0	100.0	14/05/2022	0.18
BNL	Committed term loan bullet	100.0	100.0	17/04/2023	0.27
Mediobanca	Committed term loan bullet	75.0	75.0	30/06/2024	0.87
BPER	Committed term loan bullet	100.0	100.0	28/04/2023	0.19
Banco BPM	Committed term loan amortizing	100.0	100.0	09/02/2026	0.67
Credit Suisse	Committed term loan amortizing	130.7	130.7	28/10/2024	0.30
Total		955.7	955.7		

The average all-in costs for the drawn facilities, defined as the average cost of the use of funds including the spreads and the upfront fees (annualised), correspond to 0.63%.

The Company has undrawn committed revolving credit facilities available for the amount of EUR550 million with the following maturity.

Maturity	Amount
2021	EUR 150 million
2022	EUR 50 million
2023	EUR 100 million
2024	EUR 250 million
2025	EUR 0 million
2026	EUR 0 million

The average all-in costs for the undrawn facilities, which includes the commitment fees and the up-front fees (annualised), correspond to 0.38%.

After 30 September 2021, the following credit lines were granted:

Renewal:

(a) Unicredit: EUR 100 million

(b) BNL: EUR 100 million

An overview of the Company's uncommitted loans as at 30 September 2021 is provided below:

30/09/2021	Description of bank facility	Amount (EUR million)	Drawn amount (EUR million)
Intesa	Uncommitted	130.0	0.0
Unicredit	Uncommitted	93.0	0.0
BNL	Uncommitted	150.0	40.0
BPER	Uncommitted	100.0	0.0
Banco BPM	Uncommitted	30.0	0.0
MPS	Uncommitted	20.0	0.0
Banco Pop. Sondrio	Uncommitted	50.0	0.0
Total		573.0	40.0

In accordance with the Company's policy on liquidity risk, the Company's average financial exposure does not exceed 80% of the total amount currently provided by lenders. Credit lines valued at a minimum of 20% of the total capacity must always be available. As of 30 September 2021, the capacity of available credit lines was at 54.3% – EUR 550 million of which was committed.

(C) Working Capital

In the opinion of the Company, the Group's working capital is sufficient for its present requirements; that is, for at least the next 12 months following the date of this Prospectus.

(D) Contractual Obligations and Commitments

All existing facility agreements are subject to terms, conditions and obligations (such as undertakings and commitments of the borrower, financial covenants, as well as representations and guarantees) that are customary for investment grade companies. The Company has included the relevant information related to the terms of these agreements below.

As far as the most significant undertakings and commitments are concerned, and by way of summary, the Company and Mediaset España may not approve – without the consent of the relevant financial institution – resolutions entailing, *inter alia*: (i) amendments to its corporate object; (ii) the transfer of the legal seat outside the EU; and (iii) the delisting of shares. Moreover, the existing facility agreements contain customary change of control provisions, which may trigger an event of default that would require the company to proceed with a pre-payment.

The transfer of the legal seat within the EU is explicitly authorised in all the facility agreements.

Extraordinary transactions such as mergers, demergers, spin-offs, sale and purchase of assets may be carried out provided that they do not constitute a "material adverse event" (i.e. an event caused by the company, the consequences of which would have a material adverse effect on the financial or economic condition of the company so as to jeopardise its capacity of fulfilling any of its obligations under the relevant agreement). In any case, such "material adverse event" is contractually excluded if such transactions are carried out at market conditions, ascertained by a fairness opinion issued from a primary-standing financial advisor.

The failure of the relevant company to meet its undertakings and commitments entails an event of default under the facility agreements (and, therefore, the relevant company may be required to proceed with an early mandatory prepayment).

The main financial covenant is the ratio based on net financial position/EBITDA (which should be less than two). Any breach of financial covenants, both for the loans and credit facilities, will require the Group to repay all amounts drawn.

(E) Capital Expenditures and Investments

The material commitments of the Group as at 31 December 2020 can be summarised as set out below. These commitments have been made in the Group's ordinary course of business on the basis of existing multi-year agreements:

- 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 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.

These aforementioned commitments will be financed by the operating cash flow generated by the Group, which the Group believes to be sufficient to fulfil its commitments with. See "*Business – Key Equity Investments and Joint Ventures*" and "*Business – History*" for capital expenditures and investments during the financial years covered in the Prospectus.

(F) Off-Balance Sheet Arrangements and Contingent Liabilities

Please see "*Business – Litigation*" for an overview as per 31 December 2020 of the main lawsuits pending and the contingent liabilities associated with them. There are no off-balance sheet arrangements.

10.6 Financial Risk Management

The Company 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, which has been entrusted with the task of collecting the information regarding the positions exposed to risk and hedging them. 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.

(A) 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 EUR, mainly in USD, carried out in their respective areas of operation by RTI and Mediaset España.

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 when 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 posted, the 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 position (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 recognised, and after the date, the payable is due but before it is settled, the Group takes out a cash flow hedge in which:

(a) 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.

(b) Changes in the intrinsic element of the hedging instrument are recognised 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 offset 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.

(II) Sensitivity Analysis

Financial instruments exposed to EUR/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 as at 31 December	**% change**	**Rectified EUR/USD exchange rate**	**Through profit and loss**	**Through equity**	**Total shareholders' equity**
		6.39	1.3055	0.1	(4.8)	**(4.6)**
2020	1.2271					
		-6.39	1.1487	(0.1)	5.4	**5.3**
		7.55%	1.1882	0.5	(11.6)	**(11.1)**
2019	1.1234					
		-7.55%	1.0586	(0.5)	13.0	**12.4**
		7.69%	1.2330	1.3	(21.3)	**(20.7)**
2018	1.1450					
		-7.69%	1.0570	(1.7)	24.8	**24.0**

(B) Interest Rate Risk

The management of the financial resources of the Group involves centralised cash pooling with the Company (the group parent) and with Mediaset España 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 recognised, the Group applies the hedge accounting methodology, documenting by way of the hedging relationship, the risk hedged and the purposes of the hedging through periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IFRS 9 is used. According to this 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 offset 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 of the Company's derivatives instruments are shown below:

	Fixed rate	**Variable rate**	**Floor**	**Validity**	**Expiry date**
Interest Rate Swap – UNICREDIT – notional amount EUR 50 million	-0.20%	Euribor 3M/365	-1.10%	31/01/2017	29/09/2021
Interest Rate Swap – UNICREDIT – notional amount EUR 25 million	-0.20%	Euribor 3M/365	-1.10%	31/01/2017	29/09/2021
Interest Rate Swap – UNICREDIT – notional amount EUR 100 million	-0.40%	Euribor 3M/360	-0.70%	15/05/2020	14/05/2022
Interest Rate Swap – BNL – notional amount EUR 100 million	-0.30%	Euribor 3M/360	-0.80%	21/07/2020	17/04/2023
Interest Rate Swap – BPER BANCA – notional amount EUR 100 million	-0.30%	Euribor 3M/360	-0.70%	31/07/2020	30/04/2023
Interest Rate Swap – INTESA SANPAOLO – notional amount EUR 150 million	-0.20%	Euribor 3M/360	-1.00%	31/03/2020	28/03/2025

(I) Sensitivity analysis

A sensitivity analysis was conducted on the financial instruments exposed to interest rate risk at the reporting date of the 2020 Financial Statements. 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-term 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 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 following 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:

	Changes	**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)**

	Changes	Through profit and loss	Through equity	Total shareholders' equity
	+50 b.p.	(1.1)	0.5	**(0.7)**
2018				
	-20 b.p.	(0.2)	(2.5)	**(2.8)**

(C) Liquidity Risk

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

This may be due to the unavailability of sufficient funds to satisfy financial commitments in accordance with the established terms and due dates in case of 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 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 the Company and Mediaset España, operating in their respective domestic markets as well as internationally, through the use of automatic cash pooling movements used by almost all of 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; and
- 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.

Item of balance as at 31 December 2020	**Book value**	**Time band**					**Total cash flows**
		from 0 to 3 months	**from 4 to 6 months**	**from 7 to 12 months**	**from 1 to 5 years**	**after 5 years**	
Financial Liabilities:							
Non-current due to bank	929.8	-	-	-			942.6
Current due to bank	449.5	105.5	75.4	276.9	-	-	457.8
Financial due to related parties	41.8	41.8	-	-	-	-	41.8

Item of balance as at 31 December 2020	Book value	Time band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
Due to suppliers for television and movies	254.6	196.6	17.9	25.2	14.9	-	254.6
Due to other suppliers	331.1	329.7	1.4	-	-	-	331.1
Due to related parties	52.8	52.8	-	-	-	-	52.8
Due to factoring companies	2.2	2.2	-	-	-	-	2.2
Due to leasing companies	111.0	3.7	7.1	8.3	52.6	49.9	121.6
Other debt and financial liabilities	15.2	0.7	-	-	14.5	-	15.2
Total	**2,188.0**	**733.0**	**101.8**	**310.4**	**1,024.6**	**49.9**	**2,219.7**
Derivatives: hedging derivatives (buying currency)							
(value to the contractual exchange).	3.3	186.3	0.9	0.2	41.3	228.6	
hedging derivatives (availability currency):							
(value to the exchange at the end of the year)	-	(182.6)	(0.9)	(0.2)	(42.9)	(226.6)	
hedging derivatives (rate risk)	3.5	0.3	0.4	0.7	2.6	4.0	
Total	**6.9**	**4.0**	**0.4**	**0.7**	**0.9**	**5.9**	

Item of balance as at 31 December 2019	Book value	Time band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
Financial Liabilities:							
Non-current due to bank	869.1	-	-	-	885.5	-	885.5
Current due to bank	612.1	285.9	251.9	76.7	-	-	614.5
Financial due to related parties	3.9	3.9	-	-	-	-	3.9
Due to suppliers for television and movies	204.1	148.8	17.3	22.9	15.1	-	204.1
Due to other suppliers	438.9	438.9	0.1	-	-	-	438.9
Due to related parties	79.4	79.4	-	-	-	-	79.4
Due to factoring companies	0.6	0.6	-	-	-	-	0.6
Due to leasing companies	132.0	4.3	4.2	-	60.5	52.6	132.0
Other debt and financial liabilities	5.9	0.7	-	-	5.2	-	5.9
Total	**2,346.2**	**962.4**	**273.4**	**110.1**	**966.3**	**52.6**	**2,365.0**
Derivatives: hedging derivatives (buying currency)							
(value to the contractual exchange).	(14.7)	280.7	0.9	0.2	84.2	-	365.9
hedging derivatives (availability currency):							
(value to the exchange at the end of the year)	-	(289.1)	(0.9)	(0.2)	(95.1)	-	(385.2)
hedging derivatives (rate risk)	0.6	0.2	(0.2)	0.1	0.2	-	0.6
Total	**(14.1)**	**(8.2)**	**0.2**	**0.1**	**(10.7)**	**-**	**(18.7)**

Item of balance as at 31 December 2018	Book value	Time band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
Financial liabilities:							
Non-current due to bank	743.1	-	-	-	763.2	-	**763.2**
Corporate bond	392.9	394.2	-	-	-	-	**394.2**
Current due to bank	6.7	1.9	1.7	3.5	-	-	**7.0**
Financial due to related parties	5.5	5.5	-	-	-	-	**5.5**
Due to suppliers for television and movies	249.3	187.9	18.7	24.4	18.3	-	**249.3**
Due to other suppliers	392.5	384.2	5.9	2.4	-	-	**392.5**
Due to related parties	78.8	78.8	-	-	-	-	**78.8**
Due to factoring companies	3.9	3.9	-	-	-	-	**3.9**
Due to leasing companies	0.2	-	0.2	-	-	-	**0.2**
Other debt and financial liabilities	4.2	3.6	-	0.6	-	-	**4.2**
Total	**1,876.8**	**1,059.9**	**26.5**	**30.9**	**781.6**	**-**	**1,898.8**
Derivatives: **hedging derivatives (buying currency)**							
(value to the contractual exchange)	(5.5)	173.9	0.1	-	205.3	-	**379.4**
hedging derivatives (availability currency)							
(value to the exchange at the end of the year)	-	(177.5)	(0.1)	-	(219.2)	-	**(396.8)**
derivatives with no hedging purpose (buying currency)							
(value to the contractual exchange)	(1.7)	141.1	-	-	-	-	**141.1**
derivatives with no hedging purpose (availability currency)							
(value to the exchange at the end of the year)	-	(132.0)	-	-	(0.0)	-	**(132.0)**
hedging derivatives (rate risk)	0.6	0.3	0.1	0.3	0.4	-	**1.1**
Total	**(6.6)**	**5.8**	**0.1**	**0.3**	**(13.4)**	**-**	**(7.2)**

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 cash flows is mainly due to the calculation of interest on the contractual duration of the amounts due to banks. In addition, with reference to loans valued using the amortised cost method, the interest calculation method involves the use of the nominal rate instead of the actual yield rate.

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.

(D) Price Risk

To hedge the risk of fair value changes caused by fluctuations in the share price of P7S1, the Company and Mediaset España entered into collar contracts for the purchase of put options and sale of call options, hedging their own equity investments and aimed at containing share price fluctuations within a 90% to 120% range of their initial value.

Looking at the hedges agreed by the Company, the first effect of the hedges is to set a maximum level (120% maximum gain – i.e. EUR 46.9 million) based on the strike price of the call options sold, and the second effect is to set a minimum level (90% maximum loss – i.e. EUR 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, assumming 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. Assuming 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 13.56 would now be “in the money” and would, therefore, have an intrinsic value of minus EUR 38.8 million and 100% effectiveness. This change in intrinsic value, too, would also 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. EUR 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. EUR 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, assuming a price per share of EUR 16.76 (equal to 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 minus EUR 3.1 million and 100% effectiveness. This change in intrinsic value, too, would have an impact on the shareholders’ equity reserve but would not impact profit or loss.

(E) Credit Risk

The credit risk mainly originates from the advertising sales on the Group’s Italian and Spanish television networks and from assets resulting from the sale of Mediaset Premium cards and subscriptions.

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 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 and 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 as at 31 December 2020	Receivables	Net matured				Total net matured	Provision for bad debts	Net receivables
		0-30 days	30-60 days	60-90 days	Further			
Italy 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:								
Phone and television operator	58.3	0.1	0.1	0.4	2.7	3.2	1.5	56.8
Film 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 as at 31 December 2019	Receivables	Net matured				Total net matured	Provision for bad debts	Net receivables
		0-30 days	30-60 days	60-90 days	Further			
Italy 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:								
Phone and television operator	87.6	6.9	1.3	4.6	3.9	16.8	2.8	84.8
Film 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	34.0
Receivables From Related Parties:								
Low	67.2	0.6	-	-	-	0.6	0.2	66.9
Total Trade Receivables	**904.0**	**79.9**	**15.8**	**14.65**	**41.6**	**151.8**	**41.0**	**863.2**

Risk Classes as at 31 December 2018	Receivables	Net matured				Total net matured	Provision for bad debts	Net receivables
		0-30 days	30-60 days	60-90 days	Further			
Italy Advertising Receivables:								
Low	405.5	27.9	10.9	3.7	10.9	53.5	0.2	405.3
Medium	34.9	4.4	1.7	0.3	2.5	8.9	1.6	33.3
High	28.5	2.2	0.7	1.6	10.1	14.7	13.3	15.2

Risk Classes as at 31 December 2018	Receivables	Net matured				Total net matured	Provision for bad debts	Net receivables
		0-30 days	30-60 days	60-90 days	Further			
Foreign Advertising Receivables:								
Low	212.3	30.3	2.1	0.4	0.1	32.9	2.0	210.3
Medium	11.7	0.9	0.1	0.4	0.0	1.4	0.1	11.6
High	7.6	0.2	-	0.0	0.1	0.3	6.4	1.2
Other Receivables:								
Distributors	1.1	-	0.0	0.0	-	0.0	-	1.1
Phone and television operator	53.8	0.7	0.1	0.1	2.3	3.1	1.5	52.3
Towers	-	-	-	-	-	-	-	-
Film area	26.8	13.3	0.8	0.3	6.3	20.7	8.8	18.0
Other customers	105.7	5.0	3.8	1.0	36.4	46.2	44.9	60.8
Receivables From Related Parties:								
Low	82.1	0.9	-	-	-	0.9	0.0	82.1
Total Trade Receivables	**969.8**	**85.8**	**20.2**	**7.8**	**68.9**	**182.6**	**78.9**	**891.2**

The changes in the bad debts provision are shown below.

	Balance at 1/1	Provisions made during the period	Employment of the period	Changes in controlling interest/ consolidation area	Balance at 31/12
2020	40.9	5.6	(11.1)	0.3	35.8
2019	78.8	6.0	(43.9)	-	41.0
2018	94.5	19.8	(26.3)	(9.2)	78.8

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	2018
Financial receivables	34.0	30.0	30.7
Other hedging derivatives	3.0	16.3	7.1
Derivatives with no hedging purpose	-	-	2.3
Trade receivables	826.4	863.2	891.2
Factoring receivables	99.6	64.2	56.8
Bank and postal deposits	447.8	245.0	389.7
Total financial asset	**1,410.7**	**1,218.7**	**486.7**

10.7 Alternative Performance Measures

See "*Important Information – Presentation of Financial and Other Information – Alternative Performance Measures*" and "*Selected Consolidated Financial Information – Alternative Performance Measures*".

10.8 Critical Accounting Policies and Estimates and Forthcoming Changes

(A) Critical Accounting Estimates and Judgements

The 2020 Financial Statements 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.

(I) 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 Financial Statements.

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

(II) 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.

(B) Future Accounting Developments

Standards issued but not yet effective at the date of preparation of the 2020 Financial Statements are listed below. This list contains standards and interpretations that the Company reasonably expects to be applicable in the future. The Company 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.

11. MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

11.1 General

This section summarises certain information concerning the Board of Directors, the Company's employees and its corporate governance. It is based on and discusses relevant provisions of Dutch law in effect as on the date of this Prospectus and the Company's New Articles of Association.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the relevant provisions of Dutch law as in force on the date of this Prospectus and the New Articles of Association. The New Articles of Association are available in electronic form on the Company's website (in Dutch and in English).

11.2 Management Structure

As at the date of this Prospectus, the Board of Directors is a one-tier board and consist of members having responsibility for the day-to-day management of the Company (**Executive Directors**) and members not having such day-to-day responsibility (**Non-Executive Directors**). The Executive Directors are responsible for the day-to-day management of the Company's operations, as well as the operations of the Group, subject to the supervision of the Non-Executive Directors.

11.3 Board of Directors

(A) Powers, Responsibilities and Function

The Board of Directors is the executive and supervisory body of the Company. It is entrusted with the management of the Company, it supervises the general course of affairs in the Company and the business affiliated with the Company, and is responsible for the continuity of the Company. The Board of Directors is accountable for these matters to the General Meeting.

The Board of Directors' responsibilities include, among other things: (i) setting the Company's management agenda; (ii) developing a view on long-term value creation by the Company; (iii) enhancing the performance of the Company; (iv) developing a strategy and identifying, analysing and managing the risks associated with the Company's strategy; and (v) carrying out activities and establishing and implementing internal procedures, to ensure that all relevant information is known to the Board of Directors in a timely manner. The Board of Directors may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the New Articles of Association. Pursuant to the New Articles of Association, the Board of Directors may delegate duties and powers to individual Directors, the joint Executive Directors and/or committees consisting of two or more Directors, whether or not assisted by staff officers. In fulfilling their responsibilities, the Directors must act in the interest of the Company and give specific attention to the relevant interests of the Company's clients, employees, lenders, suppliers, shareholders and other stakeholders of the Company.

Subject to certain statutory exceptions, the Board of Directors as a whole is authorised to represent the Company. Additionally, the chief executive officer and the chairman are also authorised to solely represent the Company. Pursuant to the New Articles of Association, the Board of Directors may grant one or more persons, whether or not employed by the Company, a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit.

(B) Composition, Appointment and Removal

Pursuant to the New Articles of Association, the exact number of Directors, as well as the number of Executive and Non-Executive Directors, is determined by the Board. The Board consists of one ore more Executive Directors and one or more Non-Executive Directors. The majority of the members of the Board must be Non-Executive

Directors. Directors are appointed by the General Meeting, either as an Executive Director or as a Non-Executive Director. Shareholders and/or other persons with meeting rights who, alone or jointly, represent at least three per cent (3%) of the issued share capital of the Company may recommend candidates for Non-Executive Director vacancies.

By way of a notice on the Company's website, the Board shall inform Shareholders and other persons with meeting rights of when, why and in accordance with what profile a vacancy must be filled in the Board. The Board shall then consider all candidates duly proposed when making its selection for who to recommend to the General Meeting for appointment. In this respect, the Board may elect two persons for one and the same vacant seat, leaving the decision between the two to the General Meeting. The term of office of Directors may not exceed a maximum period of four years at a time. On re-appointment of a Director the previous provisions regarding appointment of a Director apply accordingly.

Each Director may be suspended or removed by the General Meeting of shareholders at any an Executive Director may also be suspended by the Board of Directors. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end. A suspension by the Board of Directors may at any time be discontinued by the General Meeting.

(C) Board Meetings and Decisions

The Board of Directors meets as often as deemed desirable by the chairman of the Board, the chief executive officer or when requested by at least two Directors. The Board must however meet at least four (4) times per financial year.

Except as provided otherwise in the New Articles of Association, the board resolutions are adopted by absolute majority of the votes cast. If there is a tie in voting, the chairman will have a decisive vote. The Board of Directors may designate types of resolutions that are subject to requirements deviating from the foregoing. These types of resolutions and the nature of the deviation must be clearly specified and laid down in the Company's board regulations.

For adoption of a resolution other than at a meeting, it is required that the proposal be submitted to all Directors, none of them having objected to the relevant manner of adopting such resolution and such majority of the Directors as required having expressly declared to be in favour of the resolution thus adopted in writing.

Dutch law and the New Articles of Association provide that resolutions of the Board of Directors involving major changes in the Company's identity or character are subject to the approval of the General Meeting. Such changes include:

(a) the transfer of (nearly) the entire business and/or assets of the Company to a third party;

(b) entering into or terminating a long-term cooperation between the Company or a subsidiary (*dochtermaatschappij*) and another legal entity or company, or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company; and

(c) acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one-third of the sum of the assets of the Company according to its consolidated balance sheet and explanatory notes set out in the last adopted annual accounts of the Company, by the Company or a subsidiary (*dochtermaatschappij*).

In each of the above-mentioned situations, the absence of approval (from the General Meeting) does not affect the authority of the Board of Directors or the Directors to represent the Company.

(D) Conflict of Interest

Dutch law provides that a member of the board of directors of a Dutch public limited liability company, such as the Company, may not participate in the deliberation or decision-making of a relevant board resolution if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it. Such a conflict of interest in any event exists if, in the situation at hand, the director is deemed to be unable to serve the interests of the Company and the business connected to it with the required level of integrity and objectivity.

Pursuant to the New Articles of Association, a Director having a conflict of interest or an interest that may have the appearance of such a conflict of interest must declare the nature and extent of that interest to the other Directors. A Director may not participate in deliberation or decision-making by the Board of Directors if, with respect to the matter concerned, the Director has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. This prohibition does not apply if the conflict of interest exists for all Directors. The Director who, in connection with a (potential) conflict of interest, does not exercise certain duties and powers will insofar be regarded as a Director who is unable to perform his/her duties (*belet*).

(E) Members of the Board of Directors

(I) Composition of Board of Directors as per the Date of this Prospectus

As of the date of this Prospectus, the Board of Directors of the Company comprises the following members.

Executive Directors	**Year of Birth**	**Term**
Pier Silvio Berlusconi	28 April 1969	Until the date of the AGM called to approve the 2023 Financial Statements
Marco Giordani	30 November 1961	Until the date of the AGM called to approve the 2023 Financial Statements
Gina Nieri	2 December 1953	Until the date of the AGM called to approve the 2023 Financial Statements
Niccoló Querci	10 May 1961	Until the date of the AGM called to approve the 2023 Financial Statements
Stefano Sala	23 September 1962	Until the date of the AGM called to approve the 2023 Financial Statements
Non-Executive Directors	**Year of Birth**	**Term**
Marina Berlusconi	10 August 1966	Until the date of the AGM called to approve the 2023 Financial Statements
Fedele Confalonieri	6 August 1937	Until the date of the AGM called to approve the 2023 Financial Statements
Danilo Pellegrino	18 September 1957	Until the date of the AGM called to approve the 2023 Financial Statements

Non-executive independent directors	Year of birth	Term
Marina Brogi	15 July 1967	Until the date of the AGM called to approve the 2023 Financial Statements
Alessandra Piccinino	31 August 1962	Until the date of the AGM called to approve the 2023 Financial Statements
Carlo Secchi	4 February 1944	Until the date of the AGM called to approve the 2023 Financial Statements
Stefania Bariatti	28 October 1956	Until the date of the AGM called to approve the 2023 Financial Statements
Costanza Esclapon de Villeneuve	28 September 1965	Until the date of the AGM called to approve the 2023 Financial Statements
Giulio Gallazzi	8 January 1964	Until the date of the AGM called to approve the 2023 Financial Statements
Raffaele Cappiello	17 September 1968	Until the date of the AGM called to approve the 2023 Financial Statements

The Company's address (Viale Europa 46, 20093 Cologno Monzese, Milan, Italy), serves as the business address for all members of the Board of Directors.

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 and later moved to the Italia 1 television network. In November 1996, he became manager for the coordination of content and programmes of networks of the Company. In 1999, he was appointed deputy director general of content at RTI, and since April 2000 he has been chairman and chief executive officer of RTI. He was also deputy chair of the Group from April 2000 until September 2021. In April 2015, he was appointed chief executive officer of the Company. Since February 2020, he has been deputy chair and chief executive officer of Mediaset Italia. Since June 2020, he is chairman of Medusa Film. Moreover, he is a member of the board of directors of the following companies: Arnoldo Mondadori Editore S.p.A., Fininvest and Publitalia.

Marco Giordani – Marco Giordani was born in Milan on 30 November 1961. He was awarded a degree in Economics and Business from Bocconi University in Milan. Since 2000, he has been chief financial officer of the Group. He is chairman of Monradio S.r.l., RadioMediaset S.p.A., Virgin Radio Italy S.p.A. and the Company. Furthermore, he is chief executive officer of RTI, director of the Company, Mediaset España, Publitalia, Mediaset Italia and Medusa Film, as well as a member of the Company'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 Executive Committee of LA RINASCENTE S.p.A., as well as director of S.I.B. (*Società Italiana Bricolage*). In 1991, he became finance manager of the RINASCENTE Group and Chief Financial Officer in 1997.

Gina Nieri – Gina Nieri was born in Lucca on 2 December 1953. She earned a degree in Political Science from Pisa University and specialised in journalism and mass communication at Luiss University in 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 until 1990, and then joined the Fininvest Group as Manager for Relations with Trade Associations. At the Company, she is currently Director of Institutional and Legal Affairs and Strategic Analysis. Since June 2007, she has been Deputy

Chair of RTI, of which she has been a board member since 1999. In June 2021, she was re-elected as a member of the Board of Directors of the Company, a position that she has held since 1998, and as member of the Executive Committee. In April 2017, she was nominated as a member of the Board of Directors of Publitalia. 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 a 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. 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).

Niccoló Querci – Niccoló 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 Human Resources and Operations in the Group and Deputy Chairman of Publitalia. Since late 2014, he has been Central Manager, Procurement. From 2006 to 2010 he was Chairman of Media Shopping S.p.A.. Since 2003 he has been Managing Director of RTI for Human Resources, General Services and Safety. Since 2001 he has been Deputy Chairman of RTI; 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, and Account Executive from 1987 to 1988 at P. T. Needham. He is also Director of the Company and on the Executive Committee, of Mediaset Italia S.p.A. of Mediaset España Comunicación S.A.**Stefano Sala** – Stefano Sala was born in Milan on 23 September 1962. Graduated in Economy at "L. Bocconi" University in Milan. Member of the Board and of the Executive Committee of the Company (since April 2015), Board Member of RTI S.p.A. (since April 2017), Chief Executive Officer of Publitalia (since April 2014), Chairman of Digitalia '08 S.r.l. (since June 2020 and previously Chief Executive Officer since December 2012), Chairman of Publieurope Ltd (since September 2021 and previously Chief Executive Officer since April 2017), Chairman of Mediamond S.p.A. (since June 2020 and previously Deputy Chairman since February 2015), Board Member of RadioMediaset S.p.A. (since June 2016), Director of Mediaset Italia S.p.A. (from February 2020), Chairman of Videowall S.r.l. (since December 2019) and Board Member of Auditel (since May 2020). From December 2012 to March 2014 he has been serving as Commercial Chief Executive Officer of Publitalia. From January 2009 to November 2012 he has been Chairman and Chief Executive Officer of Groupm Italy. From March 2006 to December 2008 he has been serving as Chairman and Chief Executive Officer of Mediaedge:Cia Italy and Executive Vice President of Groupm Italy. From January 2004 to February 2006, he has been appointed as Chairman and Chief Executive Officer of Mindshare Italy; previously, from May 2001 to December 2003, he has been Managing Director of Mindshare Italy. From May 1999 to April 2001 he has been Managing Director of CIA Italy and previously from April 1998 to April 1999 Commercial Director of CIA Italy. From April 1996 to March 1998 he has been Commercial Director of Cairo Pubblicità. From March 1991 to March 1996, he has been appointed in Telepiù Pubblicità as Sales Manager and previously as Sales Executive.

Marina Berlusconi – Marina Berlusconi was born in Milan on 10 August 1966. She joined the Company at a very young age and has always been deeply interested and involved in the management and development of the Group's economic and financial strategies. In July 1996, she was appointed deputy chairman of Fininvest, a position she held until October 2005, when she was appointed chairman of the holding company. Since February 2003, she has been the chairman of Arnoldo Mondadori Editore S.p.A.

Fedele Confalonieri – Fedele Confalonieri was born in Milan on 6 August 1937. He graduated with a degree in Law from the University of Milan. He is a member of the Advisory Board of Confindustria and Assolombarda. He is chairman of Mediaset Italia. 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 directors of Mediaset España.

Danilo Pellegrino – Danilo Pellegrino was born in Milan on 18 September 1957 and studied Business and Economics at Cattolica University, Milan. In 1975, he joined Magneti Marelli S.p.A., a Fiat Group company, holding various positions in administration and control. At present, he is chief executive officer of Fininvest, deputy chairman of Il Teatro Manzoni, Milan, Alba Servizi Aerotrasporti and ISIM and he is on the board of A.C. Monza, a Fininvest group company. He is also a board director of Arnoldo Mondadori Editore S.p.A.

Marina Brogi – Marina Brogi was born in Rome on 15 July 1967. After graduating in Political Economy at Bocconi University in 1988 with 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.

Carlo Secchi – Carlo Secchi was born in Mandello del Lario (Lecco), Italy on 4 February 1944. He is an Emeritus Professor of European Political Economy at Bocconi University in Milan and also acted 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 12 legislatures (1994-1996). 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 on the board of directors of the Company. 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 the economy, economic integration and European issues. He is member of the CNR Commission for Ethics and Integrity in Research.

Alessandra Piccinino – Alessandra Piccinino was born in Naples on 31 August 1962. Graduated with honors in Economics from the University of Naples and completed the studies with a Masters in European Advanced Studies from the College of Europe, Bruges, Belgium. Spent a 20-year career at the American Corporation Dow Chemical covering various roles in Finance and Administration with responsibilities across multiple countries (1987-2009). CFO in a leading Italian security company, Axitea, owned by an English private equity firm (2010-13). Financial advisor for companies operating in the Fintech and Insurtech sectors, angel investor and member of Italian Angel for Growth (IAG), a network of business angels. Consultant for FIA (Federation Internationale de l'Automobile) in 2018. From 2019 to date Chief Financial and Operating Officer of Moleskine, a leading lifestyle brand with a global presence, part of the D'Ieteren Group, Belgium. In 2012 joined the Board of Directors of listed and unlisted companies: Ansaldo STS S.p.A. (2015-16), the Company (2015-18), American School of Milan (2012-2020) of which she was also President. From 2017 to date, independent non-executive director of Italgas Reti S.p.A., a leading operator in the distribution of natural gas in Italy and in Europe; from 2018 to date independent non-executive director of Pierrel S.p.A., a service provider for the pharmaceutical industries; from 2020 to today member of the Steering Committee of Italian Angel for Growth.

Stefania Bariatti – Stefania Bariatti was born in Milan on 28 October 1956. She is full professor of International Law at the School of Law of the University of Milan, member of the Governing Council of UNIDROIT – International Organisation for the Unification of Private Law and member of the Council and chair of the Antitrust Technical Committee of the Italian Banking Association – ABI. She served in the board of directors of Italian universities and no profit foundations and has been a member of the board of directors of Italian listed companies since 2013. She has represented Italy at the European Union and at the Hague Conference of Private International Law and she has assisted the European Parliament and the European Commission in drafting legislative acts in the field of judicial cooperation in civil matters. She is a member of the experts' group that assists the European Commission on restructuring and insolvency law (since 2011). She is co-director and member of the editorial board and the scientific board of several Italian and international legal journals, member of a number of international scientific associations and research centres, and author of more than 150 publications. She is a member of the Milan Bar.

Costanza Esclapon de Villeneuve – Costanza Esclapon de Villeneuve was born in Florence. She is the Founder and Chair of Escaplon & Co., a strategic communication consulting company, and was Director of Communications and External Relations for RAI, from 2012 to 2016. She previously held the position of Director of External Relations for Wind and Alitalia, and was press office director for Intesa Sanpaolo and Enel. She has taught Communication at La Sapienza University, Rome. She received the Bellisario Award in 2012, is on the board of FAI and of Prelios Sgr.

Giulio Gallazzi – Giulio Gallazzi was 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 the Company, 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.

Raffaele Cappiello – Raffaele Cappiello was born in Rome on 17 September 1968. He holds a First-Class Degree in Law from La Sapienza University, Rome. Since 1992 he been a legal consultant, also acting as counsel in legal proceedings regarding corporate, banking, financial and insolvency law for the legal practice of Professor Libonati, Rome. He was partner of the "Libonati-Jaeger" professional association until 2010, when he set up his own practice in Rome. He is a Lecturer of Business Law at the School for Legal Professional Specialisation of La Sapienza University, Rome (2013/2019) and of Insolvency Law for the Master's Course for insolvency practitioners at the Università degli Studi Niccolò Cusano University (since 2018). He has been a member of the Financial Banking Arbitration Board of Rome since 2015. He has been appointed to act in insolvency proceedings by Courts, the Italian Ministry of Economic Development and Bank of Italy, in a capacity as: Receiver of Stefanel S.p.A. in A.S. of Gruppo Cotorossi (in extraordinary administration), Gruppo Cogolo (in extraordinary administration), Gruppo Altiforni e Ferriere di Servola (in extraordinary administration), Cavirivest s.p.a. (in extraordinary administration); Liquidator of Il Manifesto soc coop (in compulsory liquidation) and Official Receiver in the creditor arrangement proceedings of Acqua Marcia RE spa.. He has held positions as independent director in financial and listed companies. At present, he holds the following positions: 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 the Company, listed on the Milan Stock Exchange; Minority-appointed Independent Director of Avio S.p.A., listed on the Milan Stock Exchange.

11.4 Audit Committee

The Company has an Audit Committee assisting the Board of Directors in monitoring the Company's systems of internal controls, the quality and integrity of its financial reporting process and the content of its financial statements and reports, and in assessing and mitigating its business and financial risks.

The Audit Committee assists the Board of Directors by advising on matters such as (a) the compliance by the Company with applicable laws and regulations; (b) the review of the Company internal risk management and control systems; (c) the recommendation for the appointment of the external auditor; (d) the relations with, and compliance with recommendations and following up of comments by, the internal and external auditors; (e) the Company's disclosure of financial and non-financial information; (f) the funding of the Company; (g) the application of information and communication technology by the Company, including risks relating to cybersecurity; (h) the Company's tax policy; and (i) the monitoring and evaluating reporting on the Company's ESG goals and programs.

The Audit Committee comprises the following members appointed by the Board of Directors: Alessandra Piccinino (chair), Raffaele Cappiello and Carlo Secchi.

11.5 Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee which fulfils the following tasks concerning remuneration:

- in accordance with provision 3.1.1 of the Dutch Corporate Governance Code submit a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued with regard to the Directors. The Board of Directors should present the policy (it should include the matters referred to Section 2:383 of the Dutch Civil Code – DCC) to the general meeting for adoption;

- prepare the remuneration report in accordance with the provision 3.4.1 of the Dutch Corporate Governance Code;

- periodic review of the adequacy, overall cohesion and actual application of the policy adopted by the Company for each Director, submitting the related proposals to the Board of Directors;

- give a prior non-binding opinion on proposals relative to the compensation and on establishing performance goals related to the variable part of the compensation package of the Chief Executive Officer;

- make proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

The Committee, concerning nomination, fulfils the preparatory activities, supporting resolutions of the Board of Directors, periodically reporting on the results of the analysis and the preparatory activities to the Board of Directors in accordance with provision 2.2.5 of the Code, including the activities referred to diversity policy and the maximum number of positions held by the Directors. In addition, the Committee fulfils also the task to support the Board of Directors on the activities of the evaluation of the board and its committees.

The Nomination and Remuneration Committee comprises the following members appointed by the Board of Directors: Stefania Bariatti (chair), Marina Brogi and Carlo Secchi.

11.6 Environmental Social and Governance Committee

The Company has an Environmental Social and Governance Committee which shall provide the Board of Directors with startegic advice aimed at supporting the Board in designing the Company's environmental, social and governance policies in accordance with the Company's strategy. To that end, the Environmental Social and Governance Committee may bring to the attention of the Board specific environmental, social and governance goals.

The decision whether to pursue such goals and the relevant implementing programs are remitted, respectively, to the Board of Directors and the management of the Company. The monitoring and evaluation of the achievement of the Company's environmental, social and governance goals and of the implementation of relevant programs is assessed periodically by the Audit Committee, and the relevant findings are included in its report to the Board of Directors.

The Environmental Social and Governance Committee comprises the following members: Marina Brogi (chair), Stefania Bariatti and Giulio Gallazzi.

11.7 Related Parties Transactions Committee

The Company has a Related Parties Transactions Committee which:

- shall periodically assess the Company's Related Party Transactions Policy and suggest to the Board of Directors any proposed amendment of the latter;
- to the extent that a transaction qualifies as a Material Related Party Transaction, shall provide the Board of Directors with a non-binding opinion, before such transaction is entered into; and
- shall conduct a review of the Related Parties Transactions entered into by the Company which do not qualify as Material Related Parties Transactions, on the basis of quarterly reports made available it.

The Related Parties Transactions Committee comprises the following members: Costanza Esclapon de Villeneuve (Chairman), Marina Brogi and Alessandra Piccinino.

11.8 Directors' Remuneration

(A) Current Remuneration Policy

The Company's current remuneration policy for its Directors consists of:

- a fixed component, that compensates for the responsibilities assigned and for the experience and distinctive skills possessed, in line with best-market practices such as to guarantee an adequate level of retention;
- a variable short-term component (a short-term target incentives bonus; see "*Medium/Long-Term Incentive and Loyalty Plan*"), that ensures a direct link between remuneration and the Group's performance results (with the purpose of rewarding the achievement of corporate and personal objectives) which in turn ensures financial balance and incentivizes performance;
- a variable medium/long-term component (a medium/long-term target incentive bonus; see "*Medium/Long-Term Incentive and Loyalty Plan*"), that ensures the growth of the Company's value and the achievement of sustainable performance results, as well as the loyalty of key personnel and the alignment of the objectives of management with those of the shareholders; and
- other benefits, which cover non-monetary forms of remuneration addressing the various needs of the Directors (welfare and improved quality of life).

This 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, and in parallel, evaluating development opportunities for supranational media activities. 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.

(B) Medium/Long-Term Incentive and Loyalty Plan

On 26 April 2021, the Board of Directors of the Company approved a proposal to establish a medium/long–term incentive and loyalty plan for the years 2021-2023 (the **2021-2023 Mediaset Plan**) which, on the back of the experience gained from previous plans, would apply exclusively to the delegated bodies and managers of the Company, as well as those of subsidiaries performing key strategic functions for the Group. In an extraordinary shareholders' meeting dated 23 June 2021, the shareholders of the Company approved the 2021-2023 Mediaset Plan, and on 27 July 2021 the Board of Directors approved the regulations relating to it.

The 2021-2023 Mediaset Plan aims to promote the creation of medium-term value to shareholders, and to incentivise loyalty among its beneficiaries. It grants beneficiaries the right to a given number of regular shares in the Company. These rights will be granted to beneficiaries subject to the latter allocating a portion of their short-term target incentive bonus for the period covered by the medium/long–term plan (25% or 50% of the bonus, as appropriate). Where this occurs (and in addition to the rights assigned in exchange for the portion of the short-term target incentive bonus allocated), the beneficiaries will also receive an identical number of rights free of charge. For the vesting of these rights, and consequently for the underlying shares to be allocated free of charge, the Board of Directors must first verify whether the three-year performance targets linked to the Group's financial results and set by the Board of Directors have been reached and whether the beneficiary remains in employment on the date on which the vesting period expires. The shares under the 2021-2023 Mediaset Plan will be provided from shares already in the possession of the Company (treasury shares) or will be purchasable under article 2357 et seq of the Civil Code as long as the Company does not intend to or cannot provide those already in its possession.

The details of the previous incentive and loyalty plans can be summarised as follows:

	2017 Incentive Plan*	**2018 Incentive Plan***	**2019 Incentive Plan***
Grant date	27/06/2017	11/09/2018	12/03/2019
Vesting period	from 27/06/2017 to 31/12/2019	from 11/9/2018 to 31/12/2020	from 12/03/2019 to 31/03/2022
Exercise period	from 1/7/2020	from 1/10/2021	from 01/04/2022
Fair value	EUR 3.447	EUR 2.508	EUR 2.811

From the medium/long-term incentive plan granted in 2019, 1,789,670 rights were allocated on the Company's shares, whose grant period will commence on 1 April 2022. On 16 September 2019, after having heard from the remuneration committee, the board of directors completed its assessment of the terms and conditions set forth in the 2015-2017 incentive plans, allocating 785,170 rights to beneficiaries for the 2016 financial year. Below is a summary of the changes to the medium/long-term incentive plans:

	2017 Incentive Plan*	**2018 Incentive Plan***	**2019 Incentive Plan***	**Total**
Options outstanding to 1/1/18	**1,304,534**	**-**	**-**	**2,141,446**
Issued during the year	-	1,622,110	-	1,622,110
Exercised during the year	-	-	-	-
Not exercised during the year	-	-	-	-
Expired/cancelled during the year	(57,029)	-	-	(108,771)

	2017 Incentive Plan*	2018 Incentive Plan*	2019 Incentive Plan*	Total
Options outstanding to 31/12/18	**1,247,505**	**1,622,110**	**-**	**3,654,785**
Options outstanding to 1/1/19	**1,247,505**	**1,622,110**	**-**	**3,654,785**
Issued during the year	-	-	1,789,670	1,789,670
Exercised during the year	-	-	-	(785,170)
Not exercised during the year	-	-	-	-
Expired/cancelled during the year	-	-	-	-
Options outstanding to 31/12/19	**1,247,505**	**1,622,110**	**1,789,670**	**4,659,285**

The incentive plans are recognised in the Financial Statements at their fair value:

(a) Stock Option Plan 2016: EUR 3.771 per share;

(b) Stock Option Plan 2017: EUR 3.447 per share;

(c) Stock Option Plan 2018: EUR 2.508 per share; and

(d) Stock Option Plan 2019: EUR 2.811 per share.

The fair value of the incentive plans was calculated based on the stock market price on the grant date.

Those who hold rights to acquire shares under existing stock option/grant plans on the Record Date will be entitled to acquire Ordinary Shares A and Ordinary Shares B when they exercise their right to acquire shares (or only Ordinary Shares A, to the extent the Company should amend the existing stock option/grant plans to that end).

(C) Employment, Service and Severance Agreements

The Company's 2022 compensation plan for its Directors is yet to be determined. The latest available compensation figures for the Company's Directors relate to the compensation they received from the Company in relation to the fiscal year ending on 31 December 2020. These figures do not necessarily reflect the compensation to be received by the Directors in the future. Therefore, prospective investors should not place undue reliance on these figures.

(D) Remuneration

In the fiscal year ending on 31 December 2020, the Company's Directors received the following remuneration:

Executive Directors	Base salary[i]	Compensation for participation in committees[36]	Other benefits[ii]	Fair value of equity compensation	Leaving/End of office benefits	Total[iii]
Pier Silvio Berlusconi	EUR 1,409,151.56	-	EUR 263,131.53	EUR 385,378.00	-	EUR 1,672,283.09
Marco Giordani	EUR 1,192,768.91	EUR 22,000.00	EUR 239,834.91	EUR 308,302.00	-	EUR 1,454,603.82
Gina Nieri	EUR 1,139,205.26	-	EUR 256,424.65	EUR 210,618.00	-	EUR 1,395,629.91
Niccoló Querci	EUR 1,235,131.84	EUR 14,000.00	EUR 274,237.40	EUR 173,210.00	-	EUR 1,523,369.24

[36] Starting from Annual General Meeting 2021 the compensation for participation in committees of the Company is fixed (30,000.00 euro for Chairmen and 20.000.00 euro for Non.executive Directors in each Committee)

Executive Directors	Base salary[i]	Compensation for participation in committees[36]	Other benefits[ii]	Fair value of equity compensation	Leaving/End of office benefits	Total[iii]
Stefano Sala	EUR 1,873,297.09	-	EUR 637,501.20	EUR 652,461.00	-	EUR 2,510,798.29

Non-executive Directors	Base salary[i]	Compensation for participation in committees	Other benefits[ii]	Fair value of equity compensation	Leaving/End of office benefits	Total[iii]
Marina Berlusconi	EUR 40,000.00	-	-	-	-	EUR 40,000.00
Fedele Confalonieri	EUR 1,905,000.00	EUR 34,000.00	EUR 17,434.08	-	-	EUR 1,956,434.08
Danilo Pellegrino	EUR 40,000.00	-	-	-	-	EUR 40,000.00

Non-executive independent Directors	Base Salary[i]	Compensation for participation in committees	Other Benefits[ii]	Fair Value of equity compensation	Leaving/End of office benefits	Total[iii]
Marina Brogi	EUR 40,000.00	EUR 84,000.00	-	-	-	EUR 124,000.00
Stefania Bariatti[iv]						
Alessandra Piccinino[iv]						
Raffaele Cappiello	EUR 40,000.00	EUR 24,000.00	-	-	-	EUR 64,000.00
Costanza Esclapon de Villeneuve	EUR 40,000.00	EUR 48,000.00	-	-	-	EUR 88.000.00
Giulio Gallazzi	EUR 40,000.00	EUR 18,000.00	-	-	-	EUR 58,000.00
Carlo Secchi	EUR 40,000.00	EUR 100,000.00	-	-	-	EUR 140,000.00

(i) Base Salary includes (a) compensation allocated by shareholders, (b) attendance fees for participation at Board of Directors' meetings, (c) lump-sum expenses reimbursement, (d) remuneration for performance of specific responsibilities and (e) fixed employee compensation including non-compete agreement.

(ii) Other Benefits are (a) variable non-equity compensation and (b) non-monetary benefits.

(iii) Total is the sum of (i) Base Salary, (ii) Compensation for participation in committees and (iii) Other Benefits.

(iv) Since the office came into effect in 2021, no payments were due in 2020 and no remuneration is indicated. Starting from annual general meeting 2021 the compensation allocated by shareholders is equal to EUR 40,000.00 for each Director, and the compensation for participation in committees is equal to EUR 30,000.00 for the Chairman and EUR 20,000.00 for Non-executive Directors in each Committee.

11.9 Shareholdings of Directors

The shareholdings of the directors in respect of the Company as at the end of 2020 are set out below.

Director	Number of shares	Percentage of share capital
Company shareholdings		
Fedele Confalonieri	400,000	0.0339%
Marina Berlusconi	320,000	0.0271%
Marco Giordani	197,458	0.0167%

Director	Number of shares	Percentage of share capital
Pier Silvio Berlusconi	222,318	0.0188%
Niccoló Querci	29,956	0.0025%
Gina Nieri	96,583	0.0082%
Stefano Sala	61,145	0.0052%

11.10 Potential Conflicts of Interest and Other Information

No agreements are in place between the Company and the Directors. There are no conflict of interests between the private interests and the duties of each of the Directors towards the Company.

Some of the members of the Board of Directors are also members of the board of directors of Fininvest, namely Pier Silvio Berlusconi, Marina Berlusconi and Danilo Pellegrino, but do not represent the majority of members of Fininvest's board of directors or the Board of Directors. Pier Silvio Berlusconi and Marina Berlusconi are first-degree relatives, but the Board of Directors does not consider this circumstance a factor that may result in a conflict of interest. Apart from the first-degree relative relationship between Pier Silvio Berlusconi and Marina Berlusconi, no Director has a family relationship with any other Director. Finally, some of the Directors own shares in the Company. As such, a conflict of interest may arise between the interests typically attributed to shareholders and the interests of Directors. Other than the circumstance that some Directors are both a Director and a shareholder of the Company, there are no other circumstances that may lead to a (potential) conflict of interest between the private interests and the duties of each of the Directors.

During the last five years, none of the members of the Board of Directors: (i) has been convicted of fraudulent offences; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by the statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs on any issuer.

11.11 Liability of Members of the Board of Directors

Under Dutch law, members of the Board of Directors may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company for infringement of the New Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil, administrative and criminal liabilities.

11.12 Insurance

The Directors are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as Directors.

11.13 Indemnification

The New Articles of Association include provisions regarding the indemnification, to the extent permissible by the rules and regulations applicable to the Company, of current and former Directors against: (i) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings; (ii) any damages payable by them; and (iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request, in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

However, there shall be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court, or in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Director and the Company, with the exception of legal proceedings that have been brought by one or more shareholders, according to Dutch law or otherwise, on behalf of the Company; or (iii) the costs or financial loss of the person concerned are covered by an insurance policy and the insurer has paid out the costs or financial loss.

11.14 Employees

On 31 December 2020, the Group had 4,906 employees (of whom 4,809 were in permanent posts), a 1.6% decrease compared to 2019 (4,984, of whom 4,797 were in permanent posts). The table below provides an overview of the numbers of employees the Group employed, subdivided per country and per main category of activity.

Number of employees (including temporary staff)	**FY 2020**	**FY 2019**	**FY 2018**
Italy	3,351	3,433	3,502
Spain	1,555	1,551	1,258
Total	**4,906**	**4,984**	**4,760**

Personnel (Group) Headcount	**FY 2020**	**FY 2019**	**FY 2018**
Managers	344	347	349
Journalists	627	655	491
Middle managers	799	819	807
Office workers	3,111	3,135	3,080
Industry workers	25	28	33
Total	**4,906**	**4,984**	**4,760**

Personnel (Italy) Headcount	**FY 2020**	**FY 2019**	**FY 2018**
Managers	224	235	234
Journalists	326	335	347
Middle managers	700	723	723
Office workers	2,092	2,128	2,186
Industry workers	9	12	12
Total	**3,351**	**3,433**	**3,502**

Personnel (Spain) Headcount	**FY 2020**	**FY 2019**	**FY 2018**
Managers	120	112	115
Journalists	301	320	144
Middle managers	99	96	84
Office workers	1,019	1,007	894
Industry workers	16	16	21

Personnel (Spain) Headcount	FY 2020	FY 2019	FY 2018
Total	**1,555**	**1,551**	**1,258**

11.15 Pension Schemes

Italy has a state pension scheme, which is a mandatory payment scheme based on income. The pension level of each retired employee is based on the contributions he/she paid into the public pension scheme during his/her working life. Besides the state pension scheme, there are also private pensions and retirement plans.

The Company provides an additional supplementary pension scheme for its employees. Employees participate in private funds (Mediafond, Fondo Forte, Previndai, Fondo Mario Negri) that provide members with an extra pension in addition to the compulsory pension, following the additional contribution given by Mediasaet as a percentage of remuneration. Membership in funds derive from collective bargaining with trade union organizations.

11.16 Works Council

The Company does not have a works council (*ondernemingsraad*) in place.

11.17 Dutch Corporate Governance Code

The Dutch Corporate Governance Code contains best practice principles for listed companies. The principles may be regarded as reflecting the general views on good corporate governance and they create a set of standards governing the conduct of the respective corporate bodies of a listed company.

The application of the Dutch Corporate Governance Code is based on the so-called "comply-or-explain" principle. Subsequently, listed companies are required to disclose, in their annual board reports, whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in the annual board report.

The Board of Directors acknowledges the importance of good corporate governance. The Board of Directors agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code.

However, considering the Company's interests and the interests of its shareholders, the Chairman, unlike what is provided for in best practice provision 5.1.3 and therein-mentioned best practice provisions 2.1.7 and 2.1.8 of the Dutch Corporate Governance Code, is not an independent Director.

The Company is aware of the fact that two Non-Executive Directors are not independent Directors, as they are both affiliated with Fininvest. The Company expects that it will not comply with best practice principle 2.1.7(iii) of the Dutch Corporate Governance Code, which states that, in order to safeguard the independence of the supervisory board, "*for each shareholder or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one supervisory board member who can be considered to be affiliated with or representing them*". These are the main deviations expected at the date of the Prospectus.

Any further deviations from the Dutch Corporate Governance Code will be explained in the context of the annual board report pursuant to the applicable provisions of the Dutch Corporate Governance Code.

12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

12.1 Major Shareholders

At the date of the Prospectus, according to the notices received from the AFM website, the material holdings in the share capital of the Company were as follows:

RELEVANT SHAREHOLDINGS		
Declarer	Direct Shareholder	% ownership of share capital
Berlusconi Silvio	Fininvest S.p.A.	49.2
Vivendi S.A. (*)	Vivendi S.A.	4.6
Ersel SIM S.p.A. (*)	Simon Fiduciaria S.p.A.	19.2
MFE – MEDIAFOREUROPE N.V. (treasury shares)	MFE – MEDIAFOREUROPE N.V.	3.4

(*) 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., concenming the exercise of voting rights attached to the shares held by the trust company based on the instructions given to it by Ersel SIM S.p.A., 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 their right to withdraw.

At the date of the Prospectus, Fininvest has control over the Company. On 4 May 2004, Fininvest notified the Company that pursuant to Article 2497 et seq of the Italian Civil Code, it would not conduct the management and coordination of the Company. 'Management and coordination' refers to a set of rules under Italian company law (Articles 2497 et seq. of the Italian Civil Code), pursuant to which parent companies are given the power to direct and coordinate the affairs of their subsidiaries and to influence the ordinary course of their business. If so, parent companies are subject to certain obligations as set out in Articles 2497 et seq. The statement referred to indicates that Fininvest has declared to abstain from exercising such power and the Company's board of directors has confirmed that under no circumstances is the Company being managed or coordinated by Fininvest. Specifically, Fininvest does not issue any directives to the Company nor does it provide assistance or technical, administrative or financial coordination on behalf of the Company and its subsidiaries. On 10 March 2020, the board of directors of the Company, after consulting with the board of statutory auditors, found that there are still no circumstances for management and coordination by Fininvest.

12.2 Related Party Transactions

For information regarding related party transactions, please see, for 2020, pages 229 and 230 of the 2020 Financial Statements, for 2019, pages 244 and 245 of the 2019 Financial Statements, and for 2018, pages 205 and 206 of the 2018 Financial Statements, in each of which a table is incorporated that shows the details of the companies that are the counterparts for the related transactions entered into by the Company and the impact of these transaction on the main income statement and balance sheet line items.

Also, for 2020, see pages 40 and 41 of the report on corporate governance and ownership structure 2020, for 2019, see pages 38 and 39 of the report on corporate governance and ownership structure 2019, and for 2018, see pages 39 and 40 of the report on corporate governance and ownership structure 2018, which contain information on: (i) the procedure for related party transactions; and (ii) the Related Parties Committee.

Regarding the related parties transactions from 2018 until 2020, the Related Parties Committee carried out the duties established by the Italian Regulation on related-party transactions and the aforementioned procedure.[37] Depending on the transaction, its opinion was either binding or non-binding; in non-material transactions, its opinion was not binding, and conversely, in material transactions its opinion was binding.

During the last three years there have been no other significant related party transactions other than those in the ordinary course of business (i.e. (i) sale of advertising revenues to joint venture companies or affiliated companies; (ii) revenues from Mediamond (joint venture between Publitalia 80 and Mondadori Pubblicità) refer to the amounts due to 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); (iii) fees paid to associates for the sale of advertising space managed through exclusive concessions by Group companies; (iv) acquisition of TV programmes and content from joint venture companies; and (v) since the fourth quarter of 2018, the full service agreement for the hosting, service and maintenance, and use of the transmission infrastructure, with EI Towers S.p.A., that previously was a controlled entity). Other than the above, reference should also be made to the voluntary takeover bid launched on 16 July 2018 by 2iTowers – which was at that time a subsidiary of 2iTowers Holding – and the subsequent acquisition of EI Towers in 2018, which qualify as related party transactions, since the Company owned 40% of 2iTowers Holding. These transactions were concluded at arm's length.

Between 31 December 2020 and the date of this Prospectus, the Company has not conducted any significant transaction with related parties. Finally, there are no agreements in place between the Company and its shareholders.

37 *Regulations containing provisions relating to transactions with related parties (adopted by CONSOB with Resolution no. 17221 of 12 March 2010, later amended by Resolutions no. 17389 of 23 June 2010, 19925 of 22 March 2017, 19974 of 24 April 2017 and No. 21624 of 10 December 2020.).*

13. DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of certain relevant information concerning the Company's share capital and of certain significant provisions of Dutch law and the New Articles of Association. It is based on the relevant provisions of Dutch law as in effect on the date of this Prospectus and the New Articles of Association.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the New Articles of Association and the relevant provisions of Dutch law. The New Articles of Association are available in electronic form on the Company's website (in Dutch and in English), or at the Company's business address in Milan, Italy during regular business hours. See also "*Management, Employees and Corporate Governance*" for a summary of certain material provisions of the New Articles of Association and Dutch law relating to the Board of Directors. The Company was incorporated in Italy on 26 November 1987 as Futura Finanziaria S.r.l. and converted to a public limited company (*naamloze vennootschap*) under the laws of and domiciled in the Netherlands under the name "Mediaset N.V." on 18 September 2021. On 25 November 2021, the extraordinary shareholders' meeting of the Company resolved to rename the Company "MFE-MEDIAFOREUROPE N.V." and to accordingly amend the Company's articles of association.

On 25 November 2021 the extraordinary shareholders' meeting of the Company resolved upon the introduction of the Dual Class Share Structure and to accordingly amend the articles of association of the Company. The exeecution of the said amendment is subject to the conditions precedent that: (i) the Ordinary Shares A are admitted to listing and trading on Euronext Milan and (ii) the required approvals from competent authorities are obtained.

The statutory seat (*statutaire zetel*) of the Company is in Amsterdam, the Netherlands, and its registered office is at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. The Company's email address is corporateaffairs@mfemediaforeurope.eu (telephone number +39 02 2514 9588). The Company is registered with the Netherlands Chamber of Commerce (*Kamer van Koophandel*) (**Chamber of Commerce**) under number 83956859.

13.1 Corporate Purpose

Pursuant to Article 3 of the New Articles of Association, the Company's purpose is to produce and provide audiovisual content, directly or through wholly-owned subsidiaries or participated companies, on every possible broadcasting and/or programming platform and by any transmitting and receiving means (on land, via satellite, cable or the internet, with analogue and digital signals) as well as any other industrial, business, financial and tertiary activity.

13.2 Share Capital

At the date of this Prospectus, 1,181,227,564 ordinary shares with a nominal value of EUR 0.52 each are issued. All such ordinary shares are fully paid and created under the laws of the Netherlands. The ordinary shares are denominated in and trade in euro.

As per the moment at which the New Articles of Association become effective, the Company's authorised share capital will be EUR 779,610,192.24 and the authorised share capital will be divided into the following classes of shares as follows Ordinary Shares A and Ordinary Shares B.

(a) 1,181,227,564 Ordinary Shares A, each with a nominal value of EUR 0.06; and

(b) 1,181,227,564 Ordinary Shares B, each with a nominal value of EUR 0.60.

(A) Form and Trading of Shares

The Company's share capital will be divided into Ordinary Shares A and Ordinary Shares B. All Shares are in registered form and are only available in the form of an entry in the Company's shareholders' register and not in certificate form. The shares are subject to, and have been created under, the laws of the Netherlands.

The transfer of rights a shareholder holds with regard to the Company's Shares included in the book-entry system, which is any book-entry system in the country where the Company's shares are listed from time to time, must take place in accordance with the provisions of the regulations applicable to the relevant book-entry system. The transfer of Shares not included in the book-entry system requires an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. The acknowledgement must be made in the instrument or by a dated statement of acknowledgement on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the Company is considered to have the same effect as an acknowledgement.

(B) The Dual Class Share Structure

Please see the section "*The Dual Class Share Structure*" for futher information on the Dual Class Share Structure.

13.3 Issuance of Shares

Shares can be issued either (i) if and to the extent the Board of Directors has been designated by the General Meeting as the authorised corporate body to resolve to issue Shares, pursuant to a resolution by the Board of Directors, or (ii) if and to the extent the Board of Directors has not been designated as the authorised corporate body to resolve to issue Shares, pursuant to a resolution by the General Meeting (adopted with a simple majority) on a proposal to that effect by the Board of Directors. This also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. An authorisation as referred to above will only be valid for a fixed term of no more than five years and may each time only be extended for a maximum period of five years.

Following the Extraordinary General Meeting held on 25 November 2021, it is expected that the Board of Directors will be authorised, in one or more tranches and for a period of eighteen (18) months starting from the date of said Extraordinary General Meeting, to:

a) issue Ordinary Shares A and grant rights to subscribe for Ordinary Shares A in the capital of the Company up to 1,181,227,564 Ordinary Shares A; and

b) in connection therewith, restrict or exclude the pre-emptive rights of any or all Shareholders.

This authorisation is subject to the AoA Amendment II becoming effective and will only be used to issue Ordinary Shares A (i) to shareholders (with the exception of the Company) at the Record Date, and to (ii) those persons who on the Record Date hold rights to acquire shares in the capital of the Company under existing stock option/grant plans. For any other issuance of shares, the Board of Directors would require further approval of the General Meeting.

13.4 Pre-emptive Rights

Upon issue of Shares or grant of rights to subscribe for Shares, each shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his or her Shares.

It is expected that the Board of Directors will at all times ask the general meeting to exclude the statutory pre-emptive rights when issuing shares. By doing so, the Board of Directors will be able to preserve equal treatment between the holders of Ordinary Shares A and Ordinary Shares B by means of granting contractual pre-emptive rights to all shareholders in proportion to the number of Ordinary Shares A and Ordinary Shares B held.

Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind, Shares issued to employees of the Company or a group company thereof or Shares issued to persons exercising a previously granted right to subscribe for Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the Board of Directors. The Board of Directors is authorised to resolve on the limitation or exclusion of the pre-emptive right if and to the extent the Board of Directors has been designated by the General Meeting to do so. The designation will only be valid for a specific period and may from time to time be extended by the General Meeting, in each case not exceeding five years. Unless provided otherwise in the designation, the designation cannot be cancelled.

As set out above, it is expected that the Board of Directors will be authorised by the General Meeting to restrict or exclude pre-emptive rights accruing to shareholders in relation to the issue of Shares.

13.5 Capital Reduction

Subject to the provisions of Dutch law and the New Articles of Association, the General Meeting may, but only if proposed by the Board of Directors, and in compliance with Sections 2:99 and 2:100 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by: (i) cancelling Shares; or (ii) reducing the nominal value of the shares by amendment of the New Articles of Association. A resolution to cancel shares may only relate to: (i) shares held by the Company or of which it holds the depositary receipts; or (ii) all shares of a particular class. A reduction of the nominal value of shares, whether without redemption or against partial repayment on the shares or upon release from the obligation to pay up the nominal value of the shares, must be made pro rata on all Shares. This pro rata requirement may be waived if all shareholders concerned so agree. A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast if less than 50% of the issued and outstanding share capital is represented at the General Meeting. If 50% or more of the issued and outstanding share capital is represented at the General Meeting, the resolution of the General Meeting requires an absolute majority. In addition, a resolution to reduce the share capital shall require the prior or simultaneous approval of each group of holders of shares of a similar class (if any) whose rights are prejudiced.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

13.6 Acquisition by the Company of its own Shares

Subject to certain statutory conditions having been met, the Board of Directors will be authorised to acquire fully paid-up Shares either for no consideration (*om niet*), under universal succession of title, or if: (i) the Company's equity, less the payment required to make the acquisition, does not fall below the sum of called-up and paid-up share capital and any statutory reserves; (ii) the aggregate nominal value of the shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Board of Directors has been authorised by the General Meeting to repurchase Shares. The Company may, without authorisation by the General Meeting, acquire its own Shares for the purpose of transferring such Shares to its employees under a scheme applicable to such employees, provided such Shares are quoted on the price list of a stock exchange.

The General Meeting's authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting must determine the number of Shares that may be acquired, the manner in which the shares may be acquired and the limits within which the price must be set.

The Company may not cast votes on Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum. Votes may be cast on Shares held by the Company if the shares are encumbered with a right of usufruct that benefits a party other than the Company or a subsidiary, the voting right attached to those shares accrues to another party and the right of usufruct was established by a party other than the Company or a subsidiary before the shares belonged to the Company or the subsidiary.

No dividend shall be paid on the shares held by the Company in its own capital, unless such shares are subject to a right of usufruct or pledge. For the purpose of determining the profit distribution, the shares held by the Company in its own capital shall not be included. The Board of Directors is authorised to dispose of the Company's own Shares held by it.

13.7 Dividend Distributions

(A) General

The Company may only make distributions to its shareholders if its equity does not fall below the sum of the called-up and paid-up share capital, and any statutory reserves and conversion reserves. Any and all distributions on the Ordinary Shares A and the Ordinary Shares B shall be made in such a way that on each Ordinary Share A and Ordinary Share B an equal amount or value will be distributed. The dividend payout can be summarised as follows.

(B) Right to Reserve

The Board of Directors may decide that the profits realised during a financial year are fully or partially appropriated to increase and/or form reserves.

(C) Annual Profit Distribution

The Company may only make distributions to its shareholders if its equity exceeds the amount of the paid-in and called-up part of the issued capital plus the reserves as required to be maintained by the Company's articles of association or by Dutch law.

The Board of Directors determines which part of the profits will be added to reserves, taking into account the financial condition, earnings, cash needs, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Board of Directors deems relevant in making such a determination. The Board of Directors makes a proposal for the remaining part of the profits that will be at the disposal of the General Meeting. Dividends and other distributions will be made payable pursuant to a resolution of the Board of Directors within four weeks after the decision by the General Meeting to pay dividends or another distribution, unless the Board of Directors sets another date for payment. A claim of a shareholder for payment of a distribution shall be barred after five years have lapsed after the payment date. Reference is made to Articles 28 and 29 of the New Articles of Association.

(D) Interim Distribution

Subject to Dutch law and the New Articles of Association, the Board of Directors may resolve to make one or more interim distributions provided that it appears from an unaudited interim statement of assets signed by the Board of Directors that the Company's equity does not fall below the sum of called-up and paid-up share capital, any statutory reserves and conversion reserves.

(E) Distribution in Kind

The Board of Directors may decide that a distribution be made not in cash but in shares, or decide that shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in shares, provided that the Board of Directors is authorised by the General Meeting to resolve to issue shares and exclude pre-emptive rights.

13.8 Meetings of Shareholders and Voting Rights

(A) General Meetings

The annual General Meeting must be held on or before 30 June each year. Typical agenda items of the annual General Meeting are: the report of the Board of Directors, the implementation of the remuneration policy, the approval of the annual accounts, the policy on reserves and dividends, the proposal to distribute dividends (if applicable), the release of the members of the Board of Directors from liability, the appointment of an independent auditor, the designation of the Board of Directors as authorised by the corporate body of the Company to issue Shares and to exclude pre-emptive rights, the authorisation of the Board of Directors to cause the Company to acquire its own Shares, and any other subjects presented for discussion by the Board of Directors.

Additional extraordinary General Meetings are held whenever the Board of Directors deems such to be necessary. In addition, one or more shareholders, who solely or jointly represent at least 10% of the issued share capital of the Company, may, on application, be authorised by the court to convene a General Meeting.

Within three months of it becoming apparent to the Board of Directors that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures.

(B) Place of Meetings, Chairman and Minutes

The New Articles of Association provide that General Meetings must be held in Amsterdam or Haarlemmermeer (including Schiphol Airport), the Netherlands at the choice of those who call the General Meeting.

The General Meeting shall in principle be presided over by the chairman of the Board or his or her replacement.. The Board may also appoint any other person to preside over the General Meeting. If the chairmanship of the meeting is not provided for, the meeting will itself elect a chairman, provided that so long as such election has not taken place, the chairmanship will be held by a member of the Board designated for that purpose by the Directors present at the General Meeting in question.

The chairman of the meeting will have all the powers he may deem required to ensure the proper and orderly functioning of the General Meeting.

Minutes will be kept of the proceedings at the General Meeting by, or under the supervision of, the Company secretary, which will be adopted by the chairman and the secretary and will be signed by them as evidence thereof. However, the chairman of the meeting may determine that notarial minutes will be prepared of the proceedings of the meeting. In that case, the co-signature of the chair will be sufficient.

(C) Convocation Notice and Agenda

A General Meeting can be convened by the Board of Directors by a convening notice, which must be given no later than the 42th day before the date of the General Meeting. Such notice must include the location and the time of the meeting, an agenda indicating the items for discussion and any proposals for resolutions, the admission, participation and voting procedure, the record date and the address of the Company's website. All convocations, announcements, notifications and communications to shareholders have to be made in accordance with the relevant provisions of Dutch law and the convocation and other notices may also occur by means of sending an electronically transmitted legible and reproducible message to the address of those shareholders that consented to this method of convocation.

Proposals of shareholders and/or other persons entitled to attend and address the General Meetings will only be included in the agenda if the shareholders and/or other persons entitled to attend and address the General Meetings, alone or jointly, represent shares amounting to at least 3% of the issued share capital and such proposal (together with the reasons for such request) is received in writing by the Board of Directors at least 60 days before the date of the General Meeting.

(D) Admission and Registration

Each shareholder is entitled to attend and address the General Meetings and to exercise voting rights pro rata to his holding of Shares, either in person or by proxy. Shareholders may exercise these rights if they are holders of shares on the record date, which is the 28th day before the day of the General Meeting. The convocation notice shall state the record date and the manner in which persons holding such rights can register and exercise their rights.

Members of the Board of Directors have the right to attend and address the General Meeting. In these General Meetings, they have an advisory role. The independent auditor of the Company is authorised to attend and address the General Meeting as well.

(E) Voting Rights

Each Ordinary Share A confers the right to cast one vote. Each Ordinary Share B confers the right to cast ten votes.

13.9 Amendment of Articles of Association

The General Meeting may pass a resolution to amend the New Articles of Association of the Company. Any such proposal must be stated in the notice of the General Meeting. A resolution of the General Meeting to amend the New Articles of Association requires the absolute majority of the votes cast without any quorum being required.

In the event of a proposal to the General Meeting to amend the New Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons holding meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons holding meeting rights from the day it was deposited until the day of the meeting.

13.10 Dissolution and Liquidation

The Company may be dissolved pursuant to a resolution to that effect by the General Meeting with an absolute majority of the votes cast without any quorum being required. When a proposal to dissolve the Company is to be made to the General Meeting, this must be stated in the notice convening the General Meeting. In the event of dissolution, the Company will be liquidated in accordance with Dutch law and the New Articles of Association and the liquidation shall be arranged by the members of the Board of Directors, unless the General Meeting appoints other liquidators. During liquidation, the provisions of the New Articles of Association will remain in force for as long as possible.

The balance remaining after payment of the debts of the dissolved Company must be transferred to the Shareholders in proportion to the number of Shares held by each.

For the avoidance of doubt, the Ordinary Shares A and Ordinary Shares B rank *pari passu* in respect of economic rights.

13.11 Transparency Directive

The Netherlands will be the Company's home member state for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU) (the **Transparency Directive**), as a consequence of which the Company will be subject to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (**Dutch Financial Supervision Act**) in respect of certain ongoing transparency and disclosure obligations, as discussed below.

13.12 Annual and Semi-Annual Financial Reporting

Annually, within the statutory period, the Board of Directors must prepare the annual accounts. The annual accounts must be accompanied by an independent auditor's statement, a report of the Board of Directors and certain other information required under Dutch law. All Directors must sign the annual accounts. If the signature of one or more of them is missing, this will be stated and reasons for this omission will be given. The annual accounts must be adopted by the General Meeting.

The annual accounts, the annual report and other information required under Dutch law must be made available at the offices of the Company to the shareholders and other persons entitled to attend and address the General Meeting from the date of the notice convening the annual General Meeting.

The annual accounts, the annual report, the report of the Board of Directors and other information required under Dutch law must be filed with the AFM within five days following adoption.

After the proposal to adopt the annual accounts has been discussed, a proposal shall be made to the General Meeting, in connection with the annual accounts and the statements made regarding them at the General Meeting, to discharge the Directors from their management in the last financial year.

Within three months after the end of the first six months of each financial year, the Board of Directors must prepare semi-annual financial statements and make them publicly available. If the semi-annual financial statements are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual financial statements.

13.13 Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the **FRSA**), the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that the issuer's financial reporting meets such standards and (ii) recommend the issuer to make available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) to order the Company to (a) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (b) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

13.14 Squeeze-out Proceedings

Pursuant to Section 2:201a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of a Dutch limited liability company's issued share capital may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to him. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

13.15 Public Takeover Offers

Pursuant to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), and in accordance with European Directive 2004/25/EC, also known as the Takeover Directive, any shareholder who directly or indirectly obtains control of a Dutch listed company, such as the Company after settlement, is required to make a public takeover offer for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of the company's initial public offering).

The provisions of the Dutch Financial Markets Supervision Act and the Dutch Public Takeover Bid Decree (*Besluit openbare biedingen Wft*) will also apply to the public takeover bid that is made following the mandatory offer provisions in the New Articles of Association.

Exempted from the obligation to launch a public takeover bid is – in line with the statutory mandatory offer rules of the Dutch Financial Markets Supervision Act – such shareholder that decreases its interest below the applicable threshold within 30 calendar days, as well as a party that made a public takeover bid and as a result can exercise more than 50% of the voting rights in the general meeting of shareholders of the company.

Although the Company has its statutory seat in Amsterdam, the Netherlands, the Ordinary Shares A will be listed in Italy. In particular, matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the Company's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of Italy. In matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the offeree company may undertake any action which might result in the frustration of the bid, the applicable rules shall be those of the Netherlands and the competent authority shall be the AFM.

Further, article 40 of the New Articles of Association prescribes that any person who, either on its own or together with other persons, wishes to make a public takeover bid for acquisition of shares must include both classes of Ordinary Shares A and Ordinary Shares B in its offer. This requirement safegueards the equal treatment of the Ordinary Shares A and the Ordinary Shares. Pursuant to article 40.2 of the New Articles of Association, to the extent the bidder holds any Shares in the Company and is in violation of article 40.1, the voting rights and the right to participate in General Meetings attached to all the Shares held by such person may be suspended by the Board of Directors.

13.16 Statutory Cooling-off Period

On 1 May 2021, the Dutch Bill on a Cooling-off Period for Listed Companies came into force. The purpose is to give the board of a listed company more time to weigh the interests of the company and its stakeholders in the event of an unsolicited takeover bid or other pressure being put on the board to change the course of the company. Pursuant to the bill the board of a listed company may invoke a cooling-off period up to 250 days in the event of: (i) a request by one or more shareholders for consideration of a proposal to appoint, suspend or dismiss one or more members of the (supervisory) board, or (ii) when a public bid has been announced or made for the shares without agreement having been reached on the bid with the target company. The decision by the board to invoke the cooling-off period is subject to supervisory board approval. In addition, to invoke the cooling-off period, the request under (i) and the public bid under (ii) must in the view of the board be substantially contrary to the interest of the company and its affiliated enterprise.

13.17 Act on the Balancing of Male-Female Ratios in Corporate Senior Management

On 28 September, the Senate of the Dutch Parliament adopted an act on gender diversity in boards of Dutch companies. The act provides, *inter alia*, that all large Dutch companies have to adopt appropriate and ambitious target figures for gender diversity: (i) of the management board, (ii) of the supervisory board and (iii) at sub-board level. An exemption applies to (large) group companies (*groepsmaatschappijen*) if their holding company complies with the obligations regarding appropriate and ambitious target figures, plans and reporting in respect of such (large) group companies.

Large companies are defined as NVs and BVs that comply during at least two consecutive financial years, with two-out-of-three of the following:

(a) the value of the company's assets is higher than EUR 20 million;

(b) the company's net turnover is higher than EUR 40 million;

(c) the company's average number of employees is higher than 250.

'Appropriate' means that the target figures depend on the size of the board, the sub board-level and the supervisory board as well as on the current gender diversity on the boards and at the sub-board level. 'Ambitious' means that a company should aim at a more equal gender diversity at these levels than the existing situation. Companies themselves should determine what 'sub board-level' refers to in their organisations. This could for example be the members of the executive committee or other senior management positions one or two levels below the management board.

All large companies will have to describe the progress and plans to reach their target figures in their annual report. The Decree on information in the management board report (*Besluit inhoud bestuursverslag*) will be amended to reflect this. Separately, all large Dutch companies (listed or not) must inform the Dutch Social and Economic Council (*Sociaal-Economische Raad*) about the number of female and male in positions at the management board, the supervisory board and at the sub board-level and about the target figures and the plans to realise these, within 10 months after the end of their financial year. When the target figures have not been met (yet), the reasons therefore should be reported as well. The Dutch Social and Economic Council will thus be able to monitor the gender diversity developments of Dutch companies, but has no task to enforce the new provisions.

The act is expected to enter into force on 1 January 2022. As of the entry into force of the Act, all large N.V.s and B.V.s must adopt appropriate and ambitious target figures and start to make plans to reach these targets. Assuming the act enters into force on 1 January 2022, the obligation to report in the management board report and to inform the Dutch Social and Economic Council as referred to above will apply for the first time in 2023, with regard to the financial year 2022.

13.18 Obligations to Disclose Holdings

(A) Obligations of Shareholders to Disclose Holdings

Pursuant to the Dutch Financial Markets Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a listed company must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital. The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest at 31 December at midnight has a different composition than in a previous notification to the AFM must notify the AFM within four weeks.

Controlled entities, within the meaning of the Dutch Financial Markets Supervision Act, do not have notification obligations under the Dutch Financial Markets Supervision Act, as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Dutch Financial Markets Supervision Act, including a natural person. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch Financial Markets Supervision Act will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash-settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as "shares": (a) shares; (b) depositary receipts for shares (or negotiable instruments similar to such receipts); (c) negotiable instruments for acquiring the instruments under (a) or (b) above (such as convertible bonds); and (d) options for acquiring the instruments under (a) or (b) above.

(B) Notification of Short Positions

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short-selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No. 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short-selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation from a third party that the shares have been located.

On 16 March 2020, ESMA temporarily lowered the initial notification threshold of net short positions in relation to the issued share capital of companies to which Regulation (EU) No. 236/2012 applies from 17 March 2020 to 17 June 2020. It has extended such decision several times thereafter. On 15 March 2021, ESMA announced that it would let the aforementioned decision expire on 19 March 2021. On 20 May 2021, ESMA announced its recommendation to the European Commission to permanently lower the threshold to notify net short positions on shares to national competent authorities (NCAs) from 0.2% to 0.1%. The European Commission may adopt a delegated act modifying the notification threshold in Article 5(2) of the Short Selling Regulation

13.19 Related Party Transactions Regime

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the **Shareholder Rights Directive II**), establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies, which have their registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State. The Dutch Act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*) (the **Dutch SRD Act**) entered into force on 1 December 2019. The Dutch SRD Act, among other things, adds new rules on related party transactions to the Dutch Civil Code and provides that "*material transactions*" with "*related parties*" not entered into within the ordinary course of business or not concluded on normal market terms, will need to be approved by the non-executive members of the board of directors, and be publicly announced at the time that the transaction is entered into. If information is required to be published at an earlier stage under the Market Abuse Regulation, that requirement prevails. The board of directors will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Any director or shareholder that has a (direct or indirect) personal interest in the transaction cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. In this context: a "*related party*" is interpreted in accordance with IFRS (IAS 24 (*Related Party Disclosures*)) and includes a party that has "*control*" or "*significant influence*" over the company or is a member of the company's key management personnel; and a transaction is considered "*material*" if it would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the company and a related party (which for this purpose, and in line with the Dutch Corporate Governance Code, in any event includes one or more shareholders representing at least 10% of the issued share capital, an executive director or a non-executive director). Not all transactions with a "*related party*" are subject to the approval and disclosure provisions of the Dutch SRD Act (for example, transactions concluded between a company and its subsidiary).

13.20 Market Abuse Regime

(A) Obligations of Persons Discharging Managerial Responsibilities to Disclose Holdings and to Refrain from Trading in the Company Securities

Pursuant to Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the **MAR**), which entered into force on 3 July 2016, persons discharging managerial responsibilities must notify the AFM and the Company of any transactions conducted for his or her own account relating to the

Ordinary Shares A or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

Persons discharging managerial responsibilities within the meaning of the MAR include: (i) managing directors; or (ii) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the MAR and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The MAR and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (a) the spouse or any partner considered by national law as equivalent to the spouse; (b) dependent children; (c) other relatives who have shared the same household for at least one year at the relevant transaction date; and (d) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (a), (b) or (c) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the MAR apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of EUR 5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set out above. The notifications pursuant to the MAR described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

(B) Non-compliance

Non-compliance with the notification obligations under the MAR set out in the paragraphs above is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and, vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. In addition, non-compliance with some of the notification obligations set out in the paragraphs above may lead to civil sanctions, including suspension of the voting rights relating to the shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the general meeting of shareholders in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring shares and/or voting rights in shares.

(C) Obligation for the Company to Disclose Inside Information

The Company is required to inform the public of inside information, which directly concerns the Company as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information. Pursuant to the MAR, inside information is knowledge of information of a precise nature directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also be deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted. Where the Company elects to delay the disclosure of inside information, it and any person acting on its behalf or on its account is required to draw up an insiders' list, to promptly update the insiders' list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

(D) Prohibition from Trading during Closed Periods

A person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Ordinary Shares A or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or an annual report of the Company. The Company may release persons discharging managerial responsibilities from this restriction on a case-by-case basis in exceptional, justifiable circumstances.

(E) Prohibition to engage in insider dealing and market manipulation

Pursuant to the MAR, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Ordinary Shares A; (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information relating to the Ordinary Shares A or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

(F) Non-compliance with Market Abuse Rules

In accordance with the MAR, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the MAR could also constitute an economic offence and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa.

The AFM shall, in principle, also publish any decision imposing an administrative sanction or measure in relation to an infringement of the MAR.

(G) Disclosure Requirements under Italian law

Summarised below are the most significant requirements to be complied with by the Company in connection with the admission to listing and trading of Ordinary Shares A on Euronext Milan. The breach of the obligations described below may result in the application of fines and criminal penalties (including, for instance, those provided for insider trading and market manipulation). Further requirements may be imposed by CONSOB and/or Borsa Italiana upon admission to listing and trading of Ordinary Shares A on Euronext Milan.

In particular, by virtue of the admission to listing and trading of Ordinary Shares A on Euronext Milan, the following main disclosure obligations provided for by the Legislative Decree no. 58/1998 effective as of the date of this document shall apply to the Company: article 92 (equal treatment principle), article 114 (information to be provided to the public), article 114-*bis* (information to be provided to the market concerning the allocation of financial instruments to corporate officers, employees and collaborators), article 115 (information to be disclosed to CONSOB), article 115-*bis* (register of persons having access to inside information) and article 180 and the following (relating to insider trading and market manipulation). In addition to the above, by virtue of the admission to listing and trading of Ordinary Shares A on Euronext Milan, the applicable provisions set forth under the MAR (including those relating to the timing for the payment of dividends) shall apply to the Company.

14. THE LISTING

14.1 Introduction

On 1 October 2021, the Board of Directors of the Company proposed to the shareholders of the Company (i) a change of the Company's name to MFE-MEDIAFOREUROPE N.V., (ii) the implementation of the Dual Class Share Structure (including the conversion of all the existing shares into Ordinary Shares B and the issuance, allotment and admission to listing and trading on Euronext Milan of the Ordinary Shares A), and (iii) an amendment to the Company's articles of association to reflect the previous points. On 25 November 2021, the Company's Extraordinary General Meeting of Shareholders validly approved all necessary resolutions and authorisations related to these proposals. By 6 December 2021, the Board of Directors is expected to resolve upon the execution of the resolutions of the Company's Extraordinary General Meeting of Shareholders held on 25 November 2021 with reference to (i) the conversion of all the existing shares into Ordinary Shares B and (ii) the issuance of Ordinary Shares A to those who are shareholders (with the exception of the Company) at the Record Date. Applications have been made for the admission to listing and trading of all of the Ordinary Shares A under the symbol "MFE A" on Euronext Milan. The ISIN is NL0015000MZ1. The trading of the Ordinary Shares A on Euronext Milan is expected to begin on 13 December 2021 at 9:00 a.m. CET.

14.2 Reasons for the Listing

The Company believes that the Listing are the logical next step in the development of the Group, and will further enhance the Company's profile and brand recognition with, inter alia, investors, business partners, clients and employees. The Company further believes that the Listing will create additional funding flexibility for the Group and broaden access to capital markets to help implement its growth strategy.

14.3 Fees and Expenses of the Listing

No expenses or taxes will be charged by the Company in respect of the Listing.

15. MARKET INFORMATION

Prior to the Listing, there has been no public market for the Ordinary Shares A. Applications have been made for the admission to listing and trading of all of the Ordinary Shares A under the symbol "MFE A" on Euronext Milan. The trading of the Ordinary Shares A on Euronext Milan is expected to begin on the First Trading Date at 9:00 CET.

15.1 Euronext Milan

Euronext Milan is one of the regulated markets organised and managed by Borsa Italiana where shares, convertible bonds, warrants and pre-emptive rights are traded. Other regulated markets organised and managed by Borsa Italiana are: the investment vehicles market Euronext MIV Milan, the electronic bond market MOT, the electronic ETF and ETC/ETN market ETFplus, and the "IDEM", where futures and options with indices and individual shares as underlying assets are traded.

Borsa Italiana divides financial instruments that are traded on Euronext Milan into segments based on the company's capitalisation or the procedure for the admission to trading. Periodically, Borsa Italiana checks the capitalisation limit for each issuer and allocates listed companies among the different segments.

Euronext Milan is an order-driven market, where the trading and exchange of financial instruments takes place through an auction mechanism, which brings together supply and demand. The exchange takes place between those who offer the lowest price for sale and those who offer the highest price for purchase. Securities are exchanged through a two-sided mechanism: both buyers and sellers of the shares make price offers. The system displays the trading proposals in a book that appears on the terminals of the authorised operators.

Auctioning is the traditional trading technique in order-driven markets. It consists of placing all buy and sell orders on a support to facilitate the uncluttered visualisation of the same. The main rule of operation of auctioning is to combine buy orders willing to pay the highest prices with sell orders willing to accept the lowest prices. The continuous interaction between buy and sell orders allows the setting of a price that is an expression of the characteristics of supply and demand on the market at a given time.

In Italy, Euronext Milan provides for three different trading phases: the opening auction (from 8am to 9am), continuous trading (from 9am to 5:30pm) and the closing auction (from 5:30pm to 5:35pm):

(1) In order-driven markets, the opening auction is used to define the opening price of securities. It is organised in the form of a telematics and simultaneous call auction (*asta a chiamata telematica e simultanea*) for all securities and is divided into three phases: pre-auction, validation and opening:

    (a) During the pre-auction phase, operators enter, modify and delete their trading proposals (*proposte di negoziazione*, or **PDNs**). The system sorts PDNs by price (decreasing for buying PDNs and increasing for selling PDNs) and, should they have the same price, by time of entry. At this stage, the system calculates and continuously updates the theoretical auction price based on a series of hierarchical criteria.

    (b) During the validation phase, traders can no longer enter PDNs and the system verifies the validity of the theoretical auction price resulting from the orders entered in the pre-opening phase. The opening price is valid if it does not deviate from the control price by a percentage higher than a limit value set by Borsa Italiana.

    (c) During the opening phase, the system closes at the opening price all contracts relating to securities for which the auction price has been declared valid. Consequently, PDNs with a price limit equal to or better than the opening price are all converted into contracts and each contract is executed at the opening price. Proposals that remain unexecuted are automatically transferred to the next stage, *i.e.* continuous trading, as price limit proposals.

(2) Continuous trading is organised in the form of a computerised auction in which traders have the right to enter in an electronic register (trading book), modify or delete trading proposals relating to a particular financial instrument. Continuous market forms may also take place in physical markets. The system sorts PDNs by price (decreasing for buying PDNs and increasing for selling PDNs) and, should they have the same price, by time of entry. It then automatically compares the PDNs entered with the PDNs on the opposite side of the book. If one or more compatible PDNs are present, it performs them immediately and automatically. PDNs that cannot be immediately executed remain in the book pending a subsequent execution. Continuous trading requires that contracts concluded do not give rise to a single price, but to a plurality of prices, one for each contract traded.

(3) The closing auction functions in exactly the same way as the opening auction.

At the end of each trading day, Borsa Italiana determines and communicates to the public the following prices representative of the trading trend: the opening price, the closing price, the official price and the reference price.

The settlement of the contracts takes place on the second trading day following the conclusion of the contract.

15.2 Clearance and Settlement of Ordinary Shares A

The Ordinary Shares A to be traded on Euronext Milan will be registered, delivered and held as book-entry interests through Monte Titoli S.p.A. (**Monte Titoli**), as the Company's issuer Central Securities Depository (**CSD**) and recorded in the accounts of Monte Titoli's participants.

(A) Monte Titoli

Monte Titoli is a public limited company organised under the laws of Italy and belongs to the London Stock Exchange Group.

Italian and foreign operators, whether intermediaries, issuers or clearing and settlement institutions, can access the CSD. Through the CSD, they can provide Monte Titoli with instructions for crediting Ordinary Shares A deriving from settlement operations in the accounts of the respective intermediaries and manage all corporate operations relating to financial instruments entered into the Target2 Securities (T2S) settlement system, which is managed by the European Central Bank.

Intermediaries will be able to convey the Ordinary Shares A in real time in their accounts, automatically collect dividends, capital redemptions and exercise other patrimonial rights connected to the Ordinary Shares A.

16. TAXATION

The following summary describes certain Dutch and Italian tax consequences of the purchase, ownership and disposition of the Shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as of the date of this Prospectus and is subject to changes to those laws subsequent to the date of this Prospectus. You should consult your own advisers as to the tax consequences of the acquisition, ownership and disposition of the Shares in light of your particular circumstances including, in particular, the effect of any state, regional or local tax laws.

16.1 Taxation in Italy

The following is a general summary of certain tax consequences in Italy of the purchase, holding and transfer of the Shares pursuant to the Italian tax laws currently in force and in relation to specific classes of investors.

The following is not intended to be an exhaustive analysis of all the tax consequences of the purchase, holding and transfer of the Shares for all the possible categories of investors.

The tax regime applicable to the purchase, holding and transfer of the Shares, as described below, is based on the applicable Italian laws currently in force, as well as on the practices existing as of the date of this Prospectus, which are subject to any changes occurring after such date, which may be made on a retroactive basis. Neither the Company nor any other entity belonging to the Group will update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.

The following tax regime is applicable to the purchase, holding and transfer of the Shares based on the circumstance that the Company, even if domiciled in the Netherlands, is resident in Italy for tax purposes both according to the Italian tax laws and the provisions set forth by the Treaty against double taxation entered into between Italy and the Netherlands.

Prospective investors should consult with their advisers on the tax regime applicable to the purchase, holding and transfer of the Shares and should verify the nature and origin of the amounts received as distributions in connection with the Shares (dividends or reserves).

(A) Definitions

For the purposes of this section of this Prospectus, the terms defined have the meaning described below.

References to **Non-Qualified Shareholdings** are to shareholdings in companies listed on regulated markets other than Qualified Shareholdings.

References to **Qualified Shareholdings** are to shareholdings in companies listed on regulated markets represented by the ownership of shares (other than savings shares), rights or securities through which shares may be acquired that represent overall voting rights exercisable at ordinary shareholders' meetings of over 2% or an interest in the share capital of over 5%.

References to **Transfer of Qualified Shareholdings** are to transfers of shares (other than savings shares), rights or securities, through which shares can be acquired, which exceed, over a period of 12 months, the threshold for their qualification as Qualified Shareholdings: the 12-month period starts from the date on which the securities and the rights owned represent a percentage of voting rights or interest in the capital exceeding the aforesaid threshold. For rights or securities through which holdings can be acquired, it is considered the percentage of voting rights or interest in the capital potentially attributable to the holdings.

References to **Transfer of Non-Qualified Shareholdings** are to transfers of shares (other than savings shares), rights or securities through which shares can be acquired, different from the Transfer of Qualified Shareholdings.

(B) Tax Regime for Dividends

Dividends allocated to the Shares will be subject to the tax treatment ordinarily applicable to dividends paid by joint stock companies resident in Italy for tax purposes.

The following different methods of taxation are provided for the different classes of recipients.

(I) Italian Resident Individuals

Dividends received by individual shareholders who are resident in Italy for income tax purposes in connection with a Non-Qualified Shareholding, not holding the participation in connection with a business activity, are subject to a final substitute tax (*imposta sostitutiva*) at the rate of 26% pursuant to the Article 27-*ter* of Presidential Decree No. 600 of 29 September 1973 (**Decree 600/73**) and Article 3(1) of Law Decree No. 66 of 24 April 2014, and do not have to be reported in the shareholders' annual income tax return.

The 26% *imposta sostitutiva* may be withheld by any authorised resident or non-resident depository of the Shares that is a member of the centralised deposit system managed by Monte Titoli, as well as by members of foreign centralised deposit systems that participate in the Monte Titoli system. For these purposes, non-resident intermediaries must appoint a fiscal representative in Italy, such as banks, Italian resident broker-dealers, permanent establishments in Italy of non-resident banks and broker-dealers, or an investment management company authorised pursuant to Article 79-*undecies* of Legislative Decree No. 58 of 24 February 1998.

Dividends paid to individual shareholders who have entrusted the management of their financial assets, including the Shares, to an authorised intermediary and have expressly elected for the discretionary investment portfolio regime (*Regime del Risparmio Gestito*, set forth by Article 7 of Legislative Decree No. 461 of 21 November 1997, as illustrated below) are not subject to the *imposta sostitutiva*, and are included in the computation of the accrued annual increase in value of the managed assets, subject to an ad hoc 26% substitute tax withheld by the authorised intermediary pursuant to Article 7(4) of Legislative Decree No. 461 of 21 November 1997 and Article 3 (1) of Law Decree No. 66 of 24 April 2014 (see "*– Taxation in Italy– Tax Regime for Capital Gains Realised Upon Transfer of Shares – Italian Resident Individuals Not Carrying Out Business Activities*" below).

Dividends received by resident individual shareholders, holding the Shares in connection with a business activity, are not subject to any withholding or substitute tax, if the individual shareholders declare to the payer before the payment of the dividends that the profits collected are from holdings related to the business activity. Such dividends are partially included in the individual shareholders' taxable income, subject to personal income tax pursuant to Article 1(1) of the Ministerial Decree of 2 April 2008 and Article 1 (1) of the Ministerial Decree of 24 May 2017 for: (i) 58.14% of their amount as to dividends paid out of profits realised in the tax years following the one in progress on 31 December 2016; (ii) 49.72% of their amount as to dividends paid out of profits realised from the tax year following the one in progress on 31 December 2007 up to the one in progress on 31 December 2016; and (iii) 40% of their amount as to dividends paid out of profits realised in the tax years up to that in progress on 31 December 2007. For these purposes (taxation of the recipient), profits realised in the tax years up to the tax year in progress on 31 December 2007, and then profits realised in the tax years up to the tax year in progress on 31 December 2016, are deemed to be distributed with priority. IRPEF is generally levied at progressive rates ranging from 23% to 43%, plus local surcharges.

Pursuant to Article 1 (999-1006) of Law No. 205 of 27 December 2017 (the **Italian Budget Law for 2018**), dividends received as of 1 January 2018 by resident individual shareholders not engaged in a business activity, in connection with a Qualified Shareholding (which were previously subject to the same regime applicable to dividends received by individual shareholders holding the Shares in connection with a business activity) not held in the context of the discretionary investment portfolio regime, are subject to the same 26% *imposta sostitutiva* applicable in connection with dividends received on Non-Qualified Shareholding and do not have to be reported in the shareholders' annual income tax return. However, with respect to dividends paid on a Qualified Shareholding out of profits realised in the tax years up to that in progress on 31 December 2017, the previously applicable regime would continue to apply, provided that the distribution of such profits is approved between 1

January 2018 and 31 December 2022. Hence, such dividends would not be subject to any withholding or substitute tax and would be included in the individual shareholder's taxable income according to the rules illustrated above for individual shareholders holding the Shares in connection with a business activity.

Moreover, subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not holding the Shares in connection with a business activity, may be exempt from any taxation on dividends received on the Shares if the Shares are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the **Italian Budget Law for 2017**) as amended by Law Decree No. 50 of 24 April 2017.

(II) Partnerships (Excluding Non-Commercial Partnerships), Companies and Other Commercial Entities, Which are Resident in Italy for Tax Purposes

Dividends received by partnerships (other than non-commercial partnership) and similar entities as referred to in Article 5 of the Presidential Decree No. 917 of December 22, 1986 (**TUIR**), as well as to companies or entities as referred to in Article 73 (1) sections a) and b) of the TUIR, such as joint stock companies, partnerships limited by shares, limited liability companies, public and private entities (other than companies) and trusts whose sole or principal purpose is to carry on a business activity, which are resident in Italy for income tax purposes, are not subject to any withholding or substitute tax and are included in the recipient's overall taxable income.

In particular, dividends received by:

(a) commercial partnerships and similar entities as referred to in Article 5 of the TUIR (e.g. *società in nome collettivo* or *società in accomandita semplice*) are partially included in the relevant taxable income and then proportionally allocated to the relevant partners on a look-through basis. In particular, such dividends, pursuant to Article 1 (1) of the Ministerial Decree of April 2 2008 and Article 1 (1) of the Ministerial Decree of 26 May 2017, are included for (i) 58.14% of their amount as to dividends paid out of profits realised in the tax years following the one in progress on 31 December 2016; (ii) 49.72% of their amount as to dividends paid out of profits realised from the tax year following the one in progress on 31 December 2007 up to the one in progress on 31 December 2016; and (iii) 40% of their amount as to dividends paid out of profits realised in the tax years up to that in progress on 31 December 2007. For these purposes (taxation of the recipient), profits realised in the tax years up to the tax year in progress on 31 December 2007, and then profits realised in the tax years up to the tax year in progress on 31 December 2016, are deemed to be distributed with priority;

(b) entities subject to IRES as referred to in Article 73(1) sections a) and b) of the TUIR (e.g. commercial entities such as *società per azioni or società in accomandita per azioni*), are included in the entities' total taxable income for an amount equal to 5% of the received dividend amount and subject to the corporate income tax (**IRES**, currently levied at a rate of 24%). However, if the recipient were a company applying the international accounting standards (IAS/IFRS), dividends arising from securities accounted for in the financial statements as held for trading purposes only would be fully included in the recipient's total taxable income.

For some kinds of companies and under certain conditions, the dividends received will also be included for 50% of their amount in the taxable income subject to the regional tax on business activities (*imposta regionale sulle attività produttive*, or **IRAP**).

(III) Italian Non-Commercial Entities

The tax regime applicable to dividends received by non-commercial partnerships (i.e. *società semplici* and assimilated entities) which are resident in Italy for income tax purposes depends on the tax periods in which the relevant profits have been accrued. In particular, pursuant to Article 32-quarter of Law Decree of 26 October 2019 No. 124 and Article 28 of Law Decree of 8 March 2020 No. 23: (i) dividends are partially included in the *società* *semplici* taxable income and then proportionally allocated to the relevant partners on a look-through basis according to the same rules provided for commercial partnerships (see " – *Taxation in Italy– Tax Regime for Dividends – Partnerships (Excluding Non-Commercial Partnerships), Companies and Other Commercial Entities, Which are Resident in Italy for Tax Purposes*" above), even though according to a certain interpretation, due to the amendments provided by the Italian Budget Law for 2018 dividends paid out of profits realised in 2018 and 2019 tax periods may entirely concur into the determination of *società semplici* taxable income; and (ii) dividends received by *società semplici* and paid out with profits realised in the tax years following the one in progress on 31 December 2019 are imputed to their partners (both resident and not resident) and taxed according to their own tax regime. With respect to dividends paid out of profits realised in the tax years up to that in progress on 31 December 2019, the regime described under point (i) above will apply, provided that the distribution of such profits is approved by 31 December 2022. Conversely, such dividends would be subject to the tax regime described under point (ii) above.

Dividends received by non-commercial entities which are resident in Italy for income tax purposes are not subject to any withholding or substitute tax and are included in the recipient's overall taxable income for (i) 77.74% of their amount, with respect to dividends paid out of profits realised in the tax years up to that in progress on 31 December, 2016, pursuant to Article 1 (655) of Law No. 190 of 23 December, 2014; and (ii) 100% of their amount, with respect to dividends paid out of profits realised in the tax years following that in progress on 31 December, 2016.

(IV) Exempt and "Excluded" Entities Resident in Italy for Tax Purposes

Dividends received by Italian residents exempt from IRES are subject to *imposta sostitutiva* at a rate of 26% applied by the Italian intermediary (which has joined the centralised deposit system managed by Monte Titoli) which the Company's shares are deposited with or, through a representative appointed in Italy, by the non-resident intermediary which adheres to the Monte Titoli system or to foreign centralised deposit systems in turn adhering to the Monte Titoli system.

IRES is not levied on Italian entities that are excluded from income taxation pursuant to Article 74(1) of the TUIR.

(V) Italian Pension Funds and OICR (Other Than Real Estate Investment Funds or Real Estate SICAF)

Dividends received by Italian pension funds established pursuant to Article 17 of Legislative Decree No. 252 of December 5, 2005 are not subject to any withholding tax or substitute tax and are included in the annual net accrued results of such pension funds, which are subject to a substitute tax of 20% pursuant to Article 1 (621) of Law No. 190 of December 23, 2014. Subject to certain limitations and requirements (including a minimum holding period), dividends received by certain pension funds, not in connection with a Qualified Shareholding, may be exempt from any taxation if the shares meet the requirements set by to Article 1(88-114) of the Italian Budget Law for 2017.

Dividends received by Italian undertakings for collective investment of saving income (**OICR**) and Luxembourg-based OICR which have already been authorised for sale in Italy, subject to supervision, other than real estate investment funds and by Italian investment companies with variable or fixed capital (**SICAV** and **SICAF**), are not subject to any withholding tax or substitute tax. Dividends received by the aforementioned investment funds are not subject to tax at the level of such entities pursuant to Article 73 (5-*quinquies*) of TUIR.

They are generally subject to taxation upon the investor at the time of payment or when the quotas of the aforementioned investment funds are transferred or redeemed.

(VI) Italian Real Estate Investment Funds and Real Estate SICAF

Dividends received by Italian-resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 1998, and Article 14-*bis* of Law No. 86 of 25 January 1994, and by Italian real estate

SICAF are not subject to any withholding or substitute tax pursuant to Law Decree No. 351 of 25 September 2001.

In some circumstances, the income realised by Italian non-institutional real estate investment funds may be attributed to their non-institutional investors (thus being included in their income taxable in Italy) holding an investment of more than 5% of the fund assets.

(VII) Non-Italian Resident Shareholders

Dividends received by non-resident shareholders that have a permanent establishment in Italy through which the shareholding is held are not subject to any withholding or substitute tax in Italy and are included in the permanent establishment's taxable income for an amount equal to 5% of the dividend amount, or for its entire amount if the recipient applies the international accounting standards (IAS/IFRS) and the dividends arise from securities accounted for in the financial statements as held for trading purposes only. For some kinds of non-Italian resident companies which hold the shares through a permanent establishment in Italy to which the shares are effectively connected and under certain conditions related to the classification of the dividends in the balance sheet, the dividends received will also be included in the taxable income subject to the IRAP for 50% of their amount.

Dividends received by shareholders that are not resident in Italy for tax purposes and do not have a permanent establishment in Italy through which the shareholding is held, are subject to *imposta sostitutiva* at the rate of 26% pursuant to Article 27-*ter* of Decree 600/73 and Article 3 of Law Decree No. 66 of 24 April 2014.

The *imposta sostitutiva* is reduced to:

(a) 1.20% on dividends paid to companies and entities: (i) residing in an EU Member State, or in a State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities according to the Ministerial Decree of 4 September 1996; and (ii) subject to corporate income tax in their country of residence. The reduced tax rate applies at a rate of 1.65% to dividends paid out of profits realised in the tax periods up to that in progress on 31 December 2007. For these purposes, the relevant depositary must receive a timely request for the application of the reduced *imposta sostitutiva*, which should include a certificate from the tax authorities of the beneficial owner's country of residence stating that the beneficial owner is a resident of that country for tax purposes and, as such, is subject to tax in that country;

(b) 11% on dividends paid out to pension funds residing in an EU Member State, or in a State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities. For the purposes of the application of the 11% *imposta sostitutiva*, foreign pension funds will be required to promptly file a specific application to the depositary of the shares due to apply the *imposta sostitutiva*, accompanied by appropriate documentation.

This *imposta sostitutiva* may be withheld by any authorised resident or non-resident depositary of the Shares that is a member of the centralised deposit system managed by Monte Titoli, or of foreign centralised deposit systems that participate in the Monte Titoli system.

Under domestic Italian tax law, a non-Italian resident shareholder, other than (i) investors in savings shares and (ii) the companies and entities that satisfy the two conditions under *imposta sostitutiva* above, may recover up to 11/26th of the *imposta sostitutiva* levied in Italy on dividends by presenting evidence to the Italian tax authorities that income tax has been fully paid on the dividends in the shareholder's country of residence, in an amount at least equal to the total refund claimed. Such refund may be claimed regardless of the existence of a convention against double taxation between the shareholder's country of residence and Italy.

The request for refund must be filed to the Italian Revenue Agency by presenting the relevant form approved by the Italian tax authorities (*Provvedimento* No. 2013/84404) duly filed by the non-Italian resident shareholder, within 48 months from the date in which the substitute tax is withheld. In addition, it should be attached to a certification issued by the competent tax authority in the shareholder's country of residence, which shows that income tax has been paid on the dividends therein.

Shareholders who may be eligible to receive a refund should consult with their own independent tax advisers to determine whether they are eligible for, and how to obtain, such refunds.

Alternatively, in the case of non-Italian resident shareholders residing in a country that is party to a convention against double taxation with Italy, the *imposta sostitutiva* can be applied by the depositary, or by its fiscal representative in Italy, if the depositary is not a resident entity, at the lower rate provided by such convention.

For the application of the lower rate, the relevant depositary of the Shares that is a member of the deposit system managed by the Monte Titoli system must punctually receive:

(a) a declaration, drawn up in compliance with the form approved by the Italian tax authorities (*Provvedimento* No. 2013/84404), from the non-Italian resident ultimate recipient of the dividends, identifying himself as being the beneficial owner of the dividends, and confirming that all the conditions provided for by the applicable convention for the application of the lower rate are satisfied, and containing all further elements necessary to determine the rate to be applied in accordance with the convention; and

(b) a certificate issued by the tax authorities of the beneficial owner's country of residence stating that the beneficial owner is a resident of that country for purposes of the applicable convention. Such certificate will be effective until March 31 of the year following submission.

In the event that the relevant documentation has not been forwarded to the depositary of the Shares prior to the dividend payment, dividends are subject to the *imposta sostitutiva* levied at the rate of 26%. In such a case, the beneficiary is entitled to claim a refund of the difference between the applied Italian rate and the applicable conventional rate. Refunds may only be claimed by filing the documentation mentioned above with the Italian tax authorities no later than 48 months from the date the *imposta sostitutiva* is withheld. For the purposes of this refund, separate documentation must be filed with the Italian tax authorities for each dividend payment.

In principle, the Company is eligible for the conventions against double taxation concluded with Italy (including the Italy-U.S. convention), being a person resident for tax purposes in Italy. However, the application of the conventions to prospective investors depends on the specific tax features of the investors. Therefore, the prospective investors, from time to time with their advisers, shall verify the existence of the relevant requirements.

According to Article 27-*bis* of Decree 600/73, approved in accordance with EU Council Directive 90/435/EEC of 23 July, 1990 (the **Parent-Subsidiary Directive**), as amended by the EU Council Directive 123/EC of 22 December, 2003, dividends paid to a non-resident company that (a) takes one of the legal forms listed in the Annex to the Parent-Subsidiary Directive; (b) is resident for income tax purposes in a Member State of the European Union and, under the terms of a convention against double taxation concluded with a third State, is not considered to be resident for tax purposes outside the European Union; (c) is subject in its country of residence to one of the taxes listed in the Parent-Subsidiary Directive, without benefiting from an optional or exemption regime; and (d) holds for an uninterrupted period of at least one year a shareholding representing at least 10% of the Company's share capital, is entitled to receive, upon request, a reimbursement of the 26% *imposta sostitutiva*. For such purpose, the non-Italian resident company should submit (i) a certificate issued by the tax authorities of its country of residence stating that the conditions under (a), (b) and (c) above are met, and (ii) a declaration confirming that the condition under (d) above has been satisfied. Furthermore, as clarified by the Italian tax authorities, if all the above conditions are met, and as an alternative to the reimbursement request after the payment of the dividends, the non-Italian resident company – provided that the one-year minimum holding period has already expired when the dividend is paid – can directly request the depositary of the shares not to apply the 26% *imposta sostitutiva* by submitting in due course the same documents indicated above. The reimbursement or the exemption may be applied also to EU companies that are directly or indirectly controlled by shareholders who are not resident in the EU, to the extent it can be demonstrated that such companies have not been established with the sole or main purpose of benefiting from this regime.

Dividends distributed to international entities or bodies that benefit from exemptions from taxation in Italy pursuant to international rules or treaties entered into force in Italy will not be subject to *imposta sostitutiva*.

(C) Distributions of Certain Capital Reserves

Special rules apply to the distribution of certain capital reserves, including reserves or funds created with share offerings' premiums, adjusted interest paid by subscribers of shares, capital contributions, capital account payments made by shareholders or tax-exempt monetary revaluation funds. Under certain circumstances, such distribution may trigger taxable income in the hands of the recipients, depending on the existence of current profits or outstanding profit reserves of the distributing company at the time of the distribution, and on the actual nature of the reserves so distributed. The application of such rules may also have an impact on the tax basis in the shares and the characterisation of the taxable income received by the recipients and the tax regime applicable to it. Non-Italian resident shareholders may be subject to tax in Italy because of the distribution of such reserves. Prospective investors should consult their advisers in case any distributions of such capital reserves occur.

(D) Tax Regime for Capital Gains Realised Upon Transfer of Shares

(I) Italian Resident Individuals Not Carrying Out Business Activities

Capital gains, other than those realised in connection with the carrying out of a business activity, realised starting from 1 January 2019 by individuals resident in Italy for tax purposes upon transfer for consideration of shareholdings in companies, as well as of securities or rights whereby the aforesaid shareholdings can be acquired, are subject to the same tax regime whether they are realised upon Transfer of Qualified Shareholdings or Transfer of Non-Qualified Shareholdings.

In particular, such capital gains are subject to substitute tax at a rate of 26%. The taxpayer may opt for one of the following three regimes:

(a) taxation under tax return regime (*regime della dichiarazione*). Under the tax return regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not carrying out a business activity, a 26% substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss of the same nature. The mentioned substitute tax must be paid within the deadline for the payment of the balance of income tax due based on the tax return. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in the following four years, if such capital losses are reported in the tax return of the year when they were realised. The tax return method is mandatory in the event that the taxpayer does not choose one of the two alternative regimes mentioned in paragraphs (b) and (c) below; or

(b) non-discretionary investment portfolio (*risparmio amministrato*) regime (optional). Pursuant to Article 6 of Decree No. 461/1997, Italian resident individuals holding Shares otherwise than in connection with business activity may elect to pay 26% substitute tax, separately on capital gains realised on each transfer of the Shares. Such separate taxation of capital gains is allowed provided (i) the Shares are deposited with Italian banks, *Societàs di Intermediazione Mobiliare* or certain authorised financial intermediaries; and (ii) an express election by the relevant shareholder for the *risparmio amministrato* regime is made in writing in due course. Under the *risparmio amministrato* regime, the financial intermediary is responsible for accounting for the due substitute tax in respect of capital gains realised on each transfer of the Shares (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss of the same nature. Then the intermediary is required to pay the due amount of tax to the Italian tax authorities on behalf of the taxpayer, by deducting a corresponding amount from proceeds to be credited to the shareholder or using funds provided by the shareholder for this purpose. Under the *risparmio amministrato* regime, where a transfer of the Shares results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the shareholder is not required to declare capital gains in its annual tax return; or

(c) discretionary investment portfolio (*risparmio gestito*) regime (optional). Pursuant to Article 7 of Decree No. 461/1997, any capital gains accrued on Shares held otherwise than in connection with business activity by Italian resident individuals who have entrusted the management of their financial assets, including the Shares, to an authorised intermediary and have elected for the *risparmio gestito* regime to be included in the computation of the annual increase in value of the accrued managed assets result, even if not actually received, at year-end, which is subject to a 26% substitute tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year-end may be carried forward against an increase in value of the managed assets accrued in any of the four following tax years. Under the *risparmio gestito* regime, the shareholder is not required to report capital gains realised in its annual tax return.

Moreover, subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not holding the shares in connection with a business activity, may be exempt from any taxation on capital gains realised on the sale of a Non-Qualified Shareholding if the Shares are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Italian Budget Law for 2017.

(II) Individual Shareholders Holding the Shares in Connection with a Business Activity and Partnerships and Similar Entities (Excluding Non-Commercial Partnerships)

Capital gains realised by partnerships and similar entities or Italian residents on the sale or disposal of Shares held in connection with a business activity are included in the recipients' overall taxable income for the entire amount in the tax year in which they are realised, subject to income tax at ordinary rates. However, if the conditions indicated in the following paragraph for the partial exemption provided for capital gains realised by Italian resident companies and commercial entities were satisfied, these capital gains would be subject to tax only partially, in an amount equal to 58.14% (49.72% for commercial partnerships) of the capital gains realised from 1 January 2018. In this event, the related capital losses would be deductible for a corresponding amount.

(III) Companies and Commercial Entities

Capital gains realised by Italian resident commercial companies subject to IRES, private and public entities and trusts whose sole or principal purpose is to carry out a business activity, are included in their taxable income and are subject to IRES according to the ordinary rules. If the Shares were held and accounted for as fixed financial assets in the three-year period preceding the disposal, the shareholder may elect to spread any realised gain on a straight line basis across the five-year period commencing in the tax year in which the gain is realised and the following four years pursuant to Article 86(4) of the TUIR.

However, under Article 87 of the TUIR ("participation exemption" regime), capital gains arising from the disposal of the Shares are tax-exempt for 95% of such capital gains, whereas the remaining 5% is included in the shareholders' taxable income and is subject to IRES, if the following conditions are met:

(a) the shareholding must be held, without interruption, from the first day of the twelfth month preceding the month in which the sale occurs (the most recently purchased shares being deemed to have been sold first);

(b) the shareholding must be accounted for in the financial statements of the shareholder as a fixed financial asset in the first year of the holding period. To parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards the shares not accounted as "held for trading" are deemed as fixed financial assets;

(c) the residence for tax purposes of the participated entity in a country other than those with a privileged tax regime in accordance with the criteria set out in Article 47-*bis* (1) of the TUIR, or, alternatively, proof having been given also through a tax ruling according to the terms set forth in Article 47-*bis* (3), lett. b), of the TUIR, that the effect was not that of locating the income in low tax jurisdictions as identified by the same in Article 47-*bis* (1). This requirement must be met at the time when the capital gain is realised without interruption: (i) from the start of the period of ownership; or (ii) at least from the start of the fifth tax period before the gain is realised if the relevant ownership has lasted for more than five tax periods and the purchaser is not part of the same corporate group of the selling shareholder; and

(d) the participated entity carries out a commercial business activity according to the definition set forth in Article 55 of the TUIR; however, this requirement is not relevant for shareholdings in companies whose securities are traded on regulated markets (as for the Shares). This requirement must be met at the time the capital gain is realised, without interruption, from at least the beginning of the third tax period preceding the one in which the gain is realised.

The transfer of the Shares belonging to the category of fixed financial assets and those belonging to the category of working capital are to be considered separately with reference to each category.

If the aforementioned requirements are met, the capital losses made on holdings are not deductible from business income.

Capital losses and negative differences between revenue and costs for shares that do not meet the requirements for participation exemption are not relevant up to the non-taxable amount of dividends, or of accounts thereof, received in the 36 months prior to their transfer. This provision applies with reference to shares acquired during the 36-month period prior to the realisation of capital losses or negative differences, provided that the conditions under paragraphs (c) and (d) above are met; such a provision does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards referred to in Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

Capital losses in excess of EUR 50,000 must be reported to the Italian tax administration in the tax return.

Moreover, the data and the information relating to capital losses in excess of EUR 5,000,000 deriving from the sales of shares accounted for as fixed financial assets must be included in the recipient's tax return. Such an obligation does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards.

The lack of full compliance with such reporting rules entails a tax penalty of 10% of the undeclared capital losses (minimum EUR 500 to a maximum EUR 50,000) pursuant to Article 11 (4-*bis*) of the Legislative Decree No. 471 of 18 December 1997.

Under certain conditions, capital gains on the Shares realised by certain companies and commercial entities are also subject to IRAP, at ordinary rates.

(IV) Non-Commercial Entities that Are Resident in Italy for Tax Purposes

Capital gains realised on the sale or disposal of the Shares by Italian-resident non-commercial partnerships (*società semplici* and assimilated entities) and public or private non-commercial entities and trusts are subject to the tax regime described in connection with capital gains realised by Italian-resident individual shareholders otherwise than in connection with a business activity.

(V) Italian Pension Funds and Investment Funds

Capital gains realised by Italian resident pension funds established pursuant to Article 17 of Legislative Decree No. 252 of 5 December 2005 are subject to the same tax regime as described under " *– Taxation in Italy– Tax Regime for Dividends – Italian Pension Funds and OICR (Other Than Real Estate Investment Funds or Real Estate SICAF)*" above). Subject to certain limitations and requirements (including a minimum holding period), capital gains realised by certain pension funds, not in connection with a Qualified Shareholding, may be exempt from any taxation if the shares meet the requirements set by Article 1 (88-114) of the Italian Budget Law for 2017.

Capital gains realised by Italian resident investment funds, SICAVs and SICAFs are subject to the same tax regime as described under "*– Taxation in Italy – Tax Regime for Dividends – Italian Pension Funds and OICR (Other Than Real Estate Investment Funds or Real Estate SICAF)*", above.

(VI) Italian real estate investment funds

Capital gains realised by real estate investment funds and real estate SICAFs are subject to the same tax regime described under the paragraph relating to the taxation regime of dividends received by such entities, above.

(VII) Non-Italian residents

Capital gains realised by non-Italian resident shareholders without a permanent establishment in Italy, through which the relevant Shares are held, from:

(a) the sale of a Non-Qualified Shareholding in Italian companies listed on a regulated market, such as in this case, are not subject to taxation in Italy pursuant to Article 23 of TUIR. In order to benefit from this exemption, such non-Italian resident persons may need to file a certificate evidencing their residence outside of Italy for tax purposes; or

(b) the sale of a Qualified Shareholding are subject to the same taxation regime of capital gains realised by resident individual shareholders not engaged in a business activity. Therefore, capital gains realised as of 1 January 2019 are subject to substitute tax at the rate of 26%.

The tax regime described above will not prevent the application, if more favourable to the taxpayer, of any different provisions of any applicable convention against double taxation with Italy. Most conventions against double taxation entered into by Italy provide that capital gains realised on the disposal of shares be subject to tax only in the country of residence of the seller. In such a case, the capital gains realised by non-resident shareholders on the disposal of the Shares will not be subject to tax in Italy.

In principle, the Company is eligible for the conventions against double taxation concluded with Italy (including the Italy-U.S. convention), being a person resident for tax purposes in Italy. However, the application of the conventions to prospective investors depends on the specific tax features of the investors; therefore, the prospective investors shall verify, from time to time with their advisers, the existence of the relevant requirements.

Capital gains realised by non-resident shareholders holding the shareholding through a permanent establishment in Italy are included in the permanent establishment's overall taxable income and are subject to tax in accordance with the tax regime indicated for capital gains realised by Italian resident companies or commercial entities above.

(E) Registration Tax

Deeds regulating the transfer of securities (including the Shares) may be subject to an Italian registration tax as follows: (i) public deeds and private notarised deeds executed in Italy are subject to a lump sum EUR 200 registration tax; (ii) private deeds are subject to a lump sum EUR 200 registration tax only "in the case of use" (i.e. when a document is filed with an Italian administrative authority or with a judicial authority acting in the course of its administrative activities with the purpose of obtaining by the receiving authority the issue of an administrative act) or in the case of voluntary registration.

(F) Financial Transaction Tax (Tobin Tax)

According to Article 1(491-500) of Law of 24 December 2012, No. 228 (**Law 228**), as implemented by Ministerial Decree of 21 February 2013 (as amended and supplemented by Ministerial Decree of 16 September 2013), a financial transaction tax (the **Financial Transaction Tax**) shall apply, among other things, on the transfer of (i) property rights in shares and participating financial instruments issued pursuant to Article 2346(6) of the Italian Civil Code by companies having their registered office in Italy, and (ii) securities representing the shares and instruments indicated under (i) above (e.g. American depositary receipts, global depositary receipts and European depositary receipts), irrespective of the residence of the issuer. The Financial Transaction Tax also applies on the transfer of the bare ownership of the aforementioned assets.

The Financial Transaction Tax applies on the transfer of the above-mentioned shares and financial instruments, irrespective of the residence of the parties involved and/or the place of execution of the relevant transaction, at a rate of 0.20%, reduced to 0.10% for transactions executed on regulated markets and on multilateral trading facilities, as defined under Law 228.

The Financial Transaction Tax is applied on the transaction value, equal to (i) the net balance of transactions regulated on a daily basis, calculated for each liable person with reference to the number of securities traded on the same day and relating to the same financial instrument, or (ii) the transfer price agreed by the parties. The Financial Transaction Tax is due by the transferee of the relevant financial instruments, is generally levied by any financial intermediary intervening in the transaction, and has to be paid on or before the sixteenth day of the month following the one in which the ownership was transferred.

The Financial Transaction Tax does not apply to transfers of ownership of shares executed by way of inheritance or gift, and also, among others, to: (i) issuance of new shares; (ii) temporary transfers relating to "securities financing transactions" pursuant to Article 2(10) of Commission Regulation (EC) No 1287/2006; (iii) transfers of shares between controlling/controlled companies or companies under a common control; and (iv) transfers of ownership of shares arising from restructuring operations or from mergers and divisions of collective investment undertakings. Other exclusions or exemptions from the Financial Transaction Tax may apply (please refer to Article 1 (491-500) of Law 228 and to the Ministerial Decree of 21 February 2013 as amended and supplemented by Ministerial Decree of 16 September 2013).

The Financial Transaction Tax also does not apply to the transfer of shares listed on regulated markets or in multilateral trading facilities issued by companies with an average market capitalisation lower than EUR 500 million, as recorded in November of the year preceding the year in which the shares are transferred.

The Financial Transaction Tax is not deductible for income tax purposes, including their substitute taxes, as well as for IRAP purposes.

Please note that the Financial Transaction Tax also applies to the transfer of certain derivative financial instruments, and so-called "high frequency trading" transactions that occurred on the Italian financial market; specific rules are provided under Law 228 in this regard.

(G) Stamp Duty

Pursuant to Article 13(2*bis*-2*ter*) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972, as amended, regulating Italian stamp duty (*imposta di bollo*), subject to certain conditions, a stamp duty may be due, at the rate of 0.2% on the market value of the Shares, in connection with the periodic reporting communications sent by financial intermediaries to their clients with respect to any financial instruments (such as the Shares), if deposited with an Italian resident financial intermediary or with an Italian permanent establishment of a foreign financial intermediary. The stamp duty cannot exceed EUR 14,000 for taxpayers other than individuals.

The stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

(H) Tax on the Value of Financial Activities Held Abroad

Italian resident individuals and non-commercial partnerships or entities holding financial activities abroad shall be generally subject to tax on the value thereof. Such tax (the so-called **Ivafe**) shall apply also on shares of Italian companies held abroad by Italian resident individuals.

Ivafe applies at a rate of 0.2% on the value of the financial activity and is due in proportion to the percentage of ownership and the holding period. The value of financial activity corresponds to the market value at the end of each calendar year (or at the end of the holding period); if it is not available, the relevant value is the nominal or the redemption value. Ivafe cannot exceed EUR 14,000 for taxpayers other than individuals.

A tax credit is generally granted for any net worth tax paid abroad by the Italian resident individual in relation to the same financial activities, in an amount not exceeding the Ivafe due. Details of the financial activities held abroad have to be included in the income tax return to be filed in Italy by Italian resident individuals.

(I) Tax Monitoring Obligations

Individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of the TUIR) resident in Italy for tax purposes are required to report in their yearly income tax return, for tax monitoring purposes, the amount of securities and financial instruments (including the Shares) held abroad during a tax year, from which income taxable in Italy may be derived.

In relation to the Shares, such reporting obligation shall not apply if the Shares are not held abroad and, in any case, if the Shares are deposited with an Italian financial intermediary that intervenes in the collection of the relevant income and the intermediary applied the due withholding or substitute tax on any income derived from such Shares.

(J) Inheritance and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including shares) (i) by reason of death or donations by Italian residents, even if the transferred assets are held outside Italy, and (ii) by reason of death or donations by non-Italian residents, but limited to transferred assets located in Italy (which are presumed by law to include shares of Italian resident companies).

Subject to certain exceptions, transfers of assets and rights (including the Shares) on death or by gift are generally subject to inheritance and gift tax:

(a) at a rate of 4% in the case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, EUR 1,000,000;

(b) at a rate of 6% in the case of transfers made to relatives to the fourth degree or relatives-in-law to the third degree (in the case of transfers to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, EUR 100,000); and

(c) at a rate of 8% in any other case.

If the beneficiary of any such transfer is an individual with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance or gift tax is applied only on the value of the asset transferred in excess of EUR 1,500,000 at the rates illustrated above, depending on the relationship existing between the deceased or donor and the beneficiary.

(K) Residence

A holder of Shares will not become or be deemed to become a resident of Italy solely because of holding these Shares.

16.2 Taxation in the Netherlands

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Ordinary Shares A, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. For purposes of Dutch tax law, a holder of Ordinary Shares A may include an individual or entity who does not have the legal title of these Shares, but to whom nevertheless the Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Shares or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

(a) investment institutions (*fiscale beleggingsinstellingen*);

(b) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(c) corporate holders of Shares, which qualify for the participation exemption (*deelnemingsvrijstelling*), or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of 5% or more of the nominal paid-up share capital;

(d) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Company or 5% or more of the issued capital of a certain class of shares of the Company; (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit-sharing rights in the Company;

(e) persons to whom the Shares and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);

(f) entities which are a resident of Aruba, Curacao or Sint Maarten and that have an enterprise which is carried on through a permanent establishment or a permanent representative on

Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;

(g) holders of Shares which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Shares or the benefits derived from or realised in respect of these Shares; and

(h) individuals to whom Shares or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

For the purpose of the Dutch tax consequences described herein, it is assumed that the Company neither is a resident of the Netherlands nor deemed to be a resident of the Netherlands for Dutch tax purposes, since it was not incorporated in the Netherlands and as such the incorporation fiction (*incorporatie-leer*) should not apply.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

(B) Dutch Withholding Tax

All payments made by the Company under the Shares may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

(C) Corporate and Individual Income Tax

(I) Residents of the Netherlands

If a holder of Shares is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are taxable at the progressive rates (at up to a maximum rate of 49.50%) under the Dutch Income Tax Act 2001, if:

(a) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(b) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) above applies to the holder of the Shares, taxable income with regard to the Shares must be determined based on a deemed return on savings and investments (*sparen en beleggen*), rather than based on income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 31%.

(II) Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Shares and gains realised upon the redemption or disposal of the Shares, unless:

(a) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable; or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25%; or

(b) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable; or (2) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Shares that exceed regular, active portfolio management; or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

Income derived from the Shares as specified under (1) and (2) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 49.50%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed based on a deemed return on savings and investments (as described under "*– Taxation in the Netherlands – Corporate and Individual Income Tax – Residents of the Netherlands*" above).

(D) Gift and Inheritance tax

Dutch gift or inheritance taxes will not be levied on the transfer of the Shares by way of gift by, or on the death of, a holder of Shares, unless:

(a) the holder of the Shares is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(b) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed resident in the Netherlands for the purpose of the relevant provisions.

(E) Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

(F) Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

17. GENERAL INFORMATION

17.1 Domicile, Legal Form and Incorporation

MFE-MEDIAFOREUROPE N.V. is a public limited company (*naamloze vennootschap*) under the laws of and domiciled in the Netherlands. The Company was incorporated in Italy on 26 November 1987 as Futura Finanziaria S.r.l. and converted to a public limited company (*naamloze vennootschap*) under the laws of and domiciled in the Netherlands under the name Mediaset N.V. on 18 September 2021. On 25 November 2021, the extraordinary shareholders' meeting of the Company resolved to rename the Company "MFE-MEDIAFOREUROPE N.V." and to accordingly amend the Company's articles of association.

The Company's statutory seat (statutaire zetel) is in Amsterdam, the Netherlands, and its registered office is at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. The Company is registered with the Netherlands Chamber of Commerce (*Kamer van Koophandel*) under number 83956859, and its telephone number is +39 02 2514 9588. The Company's LEI is 213800DIFN7NR7B97A50. The Company's website is http://wwww.mfemediaforeurope.com.

17.2 Corporate Resolutions

On 1 October 2021, the Board of Directors of the Company proposed to the shareholders of the Company (i) a change of the Company's name to MFE-MEDIAFOREUROPE N.V., (ii) the implementation of the Dual Class Share Structure (including the conversion of all the existing shares into Ordinary Shares B and the issuance, allotment and admission to listing and trading on Euronext Milan of the Ordinary Shares A), and (iii) an amendment to the Company's articles of association to reflect the previous points. On 25 November 2021, the Company's Extraordinary General Meeting of Shareholders validly approved all necessary resolutions and authorisations related to these proposals. By 6 December 2021, the Board of Directors is expected to resolve upon the execution of the resolutions of the Company's Extraordinary General Meeting of Shareholders held on 25 November 2021 with reference to (i) the conversion of all the existing shares into Ordinary Shares B and (ii) the issuance of Ordinary Shares A to those who are shareholders (with the exception of the Company) at the Record Date. Applications have been made for the admission to listing and trading of all of the Ordinary Shares A under the symbol "MFE A" on Euronext Milan. The ISIN is NL0015000MZ1. The trading of the Ordinary Shares A on Euronext Milan is expected to begin on 13 December 2021 at 9:00 a.m. CET.

17.3 Independent Auditors

Deloitte & Touche, an independent auditor, audited the Company's consolidated financial statements for the financial years ended on 31 December 2020, 31 December 2019, 31 December 2018 and 31 December 2017, and issued unqualified auditor's reports thereon, included by reference in this Prospectus.

The Interim Financial Statements have not been audited or reviewed by an independent auditor. As per 23 September 2021 the independent auditor of the Company has become Deloitte Accountants B.V.

Deloitte & Touche and Deloitte do not have an interest in the Company. They are independent registered accounting firms. The address of Deloitte & Touche is Via Tortona 25, 20144 Milan, Italy. The address of Deloitte is Gustav Mahlerlaan 2970, 1081 LA Amsterdam, The Netherlands (P.O. Box 58110, 1041 HC Amsterdam, The Netherlands).

17.4 No Significant Change

As at the date of this Prospectus, there has been no significant change in the financial performance and financial position of the Group since 31 December 2020, other than as set out in this Prospectus in the sections "*Summary – What is the Key Financial Information regarding the Issuer?*", "*Business – Description of Operations by Country*", "*Capitalisation and Indebtedness*", "*Selected Consolidated Financial Information – Interim Financial Statements*", "*Operating and Financial Review –Key Factors Affecting Results of Operations*", "*Operating and*

Financial Review – Results of Operations" (all disclosure under the headers "Comparison between 9M 2021 and 9M 2020") and "*Operating and Financial Review – Liquidity and Capital Resources*".

17.5 Available Documents

Copies of this Prospectus are available and can be obtained free of charge from the date of publication of this Prospectus from the Company's website (www.mfemediaforeurope.com).

Copies of the New Articles of Association are available in electronic form on Company's website (in English). The Financial Statements, including the independent auditor's reports for the relevant years, and Interim Financial Statement are available in electronic form on the Company's website 2018, 2019, 2020, 9M 2020 and 9M 2021).

17.6 Incorporation by Reference

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus.

The New Articles of Association (the official Dutch version and an English translation thereof) are incorporated by reference in this Prospectus and, as such, form part of this Prospectus. Copies of the New Articles of Association are available in electronic form on the Company's website (in English).

The Financial Statements, including the independent auditor's reports for the relevant years, and Interim Financial Statement are available in electronic form on the Company's website (2018, 2019, 2020, 9M 2020 and 9M 2021).

No other documents or information, including the contents of the Company's websites (http://www.mfemediaforeurope.com) or of any websites accessible from hyperlinks on the Company's websites, form part of, or are incorporated by reference into, this Prospectus. Additionally, this information has not been scrutinised or approved by the AFM, as competent authority under the Prospectus Regulation.

18. DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of certain of the defined terms used in this Prospectus.

2iTowers	2iTowers Holding S.p.A.
2iTowers Holding	2iTowers S.p.A.
2018 Financial Statements	the consolidated audited financial statements of the Company for the financial year ending on 31 December 2018
2019 Financial Statements	the consolidated audited financial statements of the Company for the financial year ending on 31 December 2019
2020 Financial Statements	the consolidated audited financial statements of the Company for the financial year ending on 31 December 2020
ADRs	American Depositary Receipts
Affiliate	with respect to any specified person, any other person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified person, whereas "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise
AFM	Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*)
AGCM	the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*)
AGCOM	the Italian Communication Authority (*Autorità per le Garanzie nelle Comunicazioni*)
APM	alternative performance measure
AQS	the Spanish Automated Quotation System (*Sistema de Interconexión Bursátil*)
Audiovisual Law	the Spanish General Audiovisual Communication Act dated 1 May 2010
AVMS	Audiovisual media services
AVMS Directive	Directive (EU) 2018/1808 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States
BaFin	Federal Financial Supervisory Authority of Germany
BME Clearing	BME Clearing S.A.U.
Board of Directors	the Board of Directors (*raad van bestuur*) of the Company
Borsa Italiana	*Borsa Italiana S.p.A.*
Budget Act 2018	the Italian Budget Act 2018 (Act No. 205/2017)
Budget Act 2019	the Italian Budget Act 2019 (Act No. 145/2018)
CCP	central counterparty
CET	Central European Time
CIT	Corporate Income Tax
CNMC	*Comision Nacional de los Mercados y Competencia*
CNMV	*Comisión Nacional del Mercado de Valores*
Company	MFE-MEDIAFOREUROPE N.V.

CONSOB	*Commissione Nazionale per le Società e la Borsa*
Credit Suisse	Credit Suisse Securities (Europe) Limited
CRTVE	*Corporación de Radio y Televisón Española*
CRTVE Law	*Financiación de la Corporación de Radio y Televisión Española (Ley 8/2009, de 28 de agosto de financiación de la Corporación de Radio y Televisión Española)*
CSD	Central Securities Depository
Decree 600/73	Presidential Decree No. 600 of 29 September 1973
Deloitte	Deloitte Accountants B.V.
Deloitte & Touche	Deloitte & Touche S.p.A.
Dignity Decree	the Italian decree No. 87/2018 of 2 July 2018 on urgent provisions concerning the dignity of workers and enterprises
Directors	the directors of the Company
DTS	Digital Plus
DTT	Digital Terrestrial Television
Dual Class Share Structure	the Company's dual class share structure, with high voting (Ordinary Shares B) and low voting (Ordinary Shares A) shares
Dutch Financial Supervision Act	the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder
EBT	earnings before tax
ECB	European Central Bank
EEA	European Economic Area
EI Towers	EI Towers S.p.A.
Enterprise Chamber	the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
ESMA	European Securities and Markets Authority
EUR, euro(s) or **€**	the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time
Executive Directors	members of the Board of Directors having responsibility for the day-to-day management of the Company
F2I TLC 1	F2I TLC 1 S.p.A.
Financial Statements	the consolidated financial statements of the Company for the financial years ending on 31 December 2018, 2019 and 2020 respectively
First Trading Date	13 December 2021
Free cash flow	free cash flow is measured starting from IFRS measures net cash flow from operating activities and net cash flow from investing activities, excluding: (a) from net cash flow from operating activities the item net cash flow from discontinued operations; (b) from *net cash flow from investing activities* the following items: *proceeds from the sale of equity investments*, *changes in other financial assets*, *loans to other companies (granted)/repaid*, *dividend received*, *business combinations net of cash acquired*, *changes in controlling interest/ consolidation area* and *net cash flow from discontinued operations*; then adjusting in order to: (c) exclude: (i) cash out related to equity investments and equity investments included in the caption *proceeds/ (payments) for*

	hedging derivates; (ii) cash out related to the purchases of some strategic assets included in the caption *purchases of other fixed assets*; (iii) right of use recognition under IFRS 16 included in the *purchases of other fixed assets*; and (d) including *interests (paid)/received* reported in *net cash flow from financing activities*
FTA	Free-to-Air
Gasparri Act	Italian Law of 3 May 2004, no.112 (*Legge 3 maggio 2004, n. 112*)
GA Mediaset	Grupo Audiovisual Mediaset España Comunicación, S.A.
General Meeting	the general meeting of shareholders of the Company, being the corporate body or, where the context so requires, the physical meeting of the Company
Group	the Company and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards in the EU based on Regulation (EC) No 1606/2002
IGT	inheritance and gift tax
IRAP	*imposta regionale sulle attività produttive*
IRES	personal income tax
IRPEF	corporate income tax
IRS	interest rate swaps
ISIN	International Securities Identification Number
Interim Financial Statements	the unaudited condensed and reclassified financial statements of the Company for the nine month period ending on 30 September 2020 and 30 September 2021, respectively
LEI	Legal Entity Identifier
Listing	the admission to listing and trading of the Ordinary Shares A on Euronext Milan
Mediamond	Mediamond S.p.A.
MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Mediaset España	Mediaset España Comunicación S.A.
Mediaset Italia	Mediaset Italia S.p.A.
Mediaset Plans	the 2018-2020 Plan together with the 2015-2017 Plan
Mediaset Premium	Mediaset Premium S.p.A.
Medusa Film	Medusa Film S.p.A.
MFE	MFE-MEDIAFOREUROPE N.V.
Monte Titoli	Monte Titoli S.p.A.
New Articles of Association	the Company's articles of association, as to be amended prior to listing of the Ordinary Shares A
Non-Executive Directors	members of the Board of Directors not having responsibility for the day-to-day management of the Company
Net financial position	*Net financial position* is measured starting from IFRS measure *financial liabilities and payables* (non-current), adding *financial payables and other financial liabilities* (current) net of *cash and cash equivalents*, and *current financial assets*, then adjusted to exclude: (i) the fair value of derivative instruments related to the exchange rate risk, except for the ineffective part of cash flow hedge derivatives; (ii) fair value of derivatives instruments related

	to the equity instruments; and (iii) the financial loans to associate companies
Net invested capital	*Net invested capital* is measured starting from IFRS measure *total shareholders' equity* adding *net financial position. Net invested capital* is a synthetic measure of total net invested assets. This measure can be useful for investors, as it provides insight in the Group's capital resources, both from shareholders and financial institutions, while showing in which activities the Group has invested such capital resources
NRIT	Non-resident income tax
OICR	undertakings for collective investment of saving income
Operating Result	*net profit for the year*, adding *income taxes*, deducting/(adding) *financial income/(expenses)* and *result of investments accounted for using equity method*. Operating Result is also reported in the Company's consolidated statement of income
Ordinary Shares A	the Ordinary Shares A in the capital of the Company, each with a nominal value of EUR 0.60
Ordinary Shares B	the Ordinary Shares B in the capital of the Company, each with a nominal value of EUR 0.06
OTT	Over-the-Top
P7S1	ProsiebenSat.1 Media SE
Parent-Subsidiary Directive	Directive 90/435/EEC of July 23, 1990
Peninsula	Peninsula Holding S.à.r.l.
PIT	Personal income tax
Prospectus	this prospectus dated 3 December 2021
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union
Publitalia	Publitalia '80 S.p.A.
Publiespaña	Publiespaña S.A.
Qualified Shareholdings	shareholdings in companies listed on regulated markets represented by the ownership of shares (other than savings shares), rights or securities through which shares may be acquired that represent overall voting rights exercisable at ordinary shareholders' meetings of over 2% or an interest in the share capital of over 5%
Rai	Radiotelevisione Italiana
Record Date	the date on which a person (other than the Company) must be a shareholder of the Company to be entitled to the allotment of Ordinary Shares A
Reported EBITDA	*net profit for the year*, adding *income taxes*, deducting /(adding) *financial income/(expenses)* and *result of investments accounted for using equity method*, adding *amortisation, depreciation and write-downs*
Retevision	Retevision 1, S.A.U.
RTI	Reti Televisive Italiane S.p.A.
RTVE	Grupo Radio Televisión Española S.A.
SIC	Sistema integrato di comunicazioni
SICAF	Italian investment companies with fixed capital
SICAV	Italian investment companies with variable capital

Share Exchange Agreement	the share exchange agreement between the Company, RTI and Vivendi of 8 April 2016
Shares	Ordinary Shares A and Ordinary Shares B
Transfer of Qualified Shareholdings	transfers of shares (other than savings shares), rights or securities, through which shares can be acquired, which exceed, over a period of 12 months, the threshold for their qualification as Qualified Shareholdings: the 12-month period starts from the date on which the securities and the rights owned represent a percentage of voting rights or interest in the capital exceeding the aforesaid threshold
TUIR	Presidential Decree No. 917 of December 22, 1986
United States or **U.S.**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
USD	the lawful currency of the United States

The Company

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