



# ANNUAL REPORT 2022

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## **MFE-MEDIAFOREUROPE N.V.**

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***Annual Report 2022***  
*Directors' Report on Operations*



# CORPORATE BOARDS

## Board of Directors

### Chairman

Fedele Confalonieri

### Chief Executive Officer

Pier Silvio Berlusconi

### Directors

Marina Berlusconi

Stefania Bariatti

Marina Brogi

Raffaele Cappiello

Costanza Esclapon de Villeneuve

Giulio Gallazzi

Marco Giordani

Gina Nieri

Danilo Pellegrino

Alessandra Piccinino

Niccolò Querci

Stefano Sala

Carlo Secchi

## Executive Committee

Pier Silvio Berlusconi

Marco Giordani

Gina Nieri

Niccolò Querci

Stefano Sala

## Audit Committee

### Alessandra Piccinino (Chair)

Raffaele Cappiello

Carlo Secchi

## Nomination and Remuneration Committee

### Stefania Bariatti (Chair)

Marina Brogi

Carlo Secchi

## Environmental Social and Governance Committee

### Marina Brogi (Chair)

Stefania Bariatti

Giulio Gallazzi

## Related Parties Transactions Committee

### Costanza Esclapon de Villeneuve (Chair)

Marina Brogi

Alessandra Piccinino

## Independent Auditors

Deloitte Accountants B.V.

# FINANCIAL HIGHLIGHTS

<b>Main income statement data</b> (EUR M)	<b>2018 <sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net Consolidated Revenues <sup>(2)</sup>	3,401.5	2,925.7	2,636.8	2,914.3	2,801.2
Italy	2,421.4	1,982.1	1,800.5	2,038.4	1,937.7
Spain	981.6	946.2	836.6	876.3	865.3
EBIT <sup>(2) (3)</sup>	73.7	354.6	269.7	418.0	280.1
Italy	-182.9	91.3	38.5	192.1	88.5
Spain	256.9	264.9	230.5	225.3	192.4
EBT <sup>(2)</sup>	64.0	381.7	285.9	555.4	337.2
Group Net Result <sup>(4)</sup>	468.2	190.3	139.3	374.1	216.9
<b>Main balance sheet and financial data</b> (EUR M)	<b>2018 <sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net Invested Capital <sup>(3)</sup>	3,589.6	4,238.7	4,230.1	4,099.5	3,766.8
Total Net Shareholders' Equity	2,853.1	2,890.4	3,165.6	3,230.3	2,893.6
Group Shareholders' Equity	2,409.4	2,477.9	2,668.3	2,661.8	2,667.9
Minority interests	443.7	412.5	497.3	568.5	225.7
Net Financial Position <sup>(3)</sup>	-736.4	-1,348.3	-1,064.4	-869.2	-873.3
Free Cash Flow <sup>(2) (3)</sup>	211.7	265.9	311.8	507.3	366.2
Investments <sup>(2)</sup>	618.0	600.1	450.9	396.0	389.0
Dividends paid by the Parent Company	-	-	-	340.6	133.0
Dividends paid by Subsidiaries	95.6	46.6	-	-	0.9
<b>Personnel <sup>(5)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Workforce (headcount)	4,760	4,984	4,906	4,889	4,858
Italy	3,502	3,433	3,351	3,294	3,321
Spain	1,258	1,551	1,555	1,595	1,537
Workforce (average)	5,004	5,114	4,898	4,865	4,837
Italy	3,737	3,465	3,334	3,280	3,260
Spain	1,267	1,559	1,564	1,585	1,577
<b>Main indicators</b>	<b>2018 <sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Operating Result (EBIT)/Net Revenues	2.2%	12.1%	10.2%	14.3%	10.0%
Italy	-7.6%	4.6%	2.1%	9.4%	4.6%
Spain	26.2%	28.0%	27.6%	25.7%	22.2%
EBT/Net Revenues	2.0%	13.0%	10.8%	19.1%	11.9%
Net Result / Net Revenues	13.9%	6.5%	5.3%	12.8%	7.7%
ROI <sup>(6)</sup>	2.0%	9.1%	6.4%	10.0%	14.9%
ROE <sup>(7)</sup>	19.4%	7.7%	5.2%	14.1%	8.1%
Number of Shares <sup>(8)</sup>	1,137,142,325	1,137,944,400	1,139,192,789	2,281,657,298	2,580,171,593
Consolidated Net Profit per Share (EUR)	0.41	0.17	0.12	0.16	
Dividend per Share (EUR)	-	-	-	0.05	

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

(2) Figures from 2018 restated in accordance with IFRS 5 (discontinued operations)

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

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

(5) Include temporary and permanent workforce

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

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

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



# INTRODUCTION

## Reporting Note

The Consolidated and Company only Financial Statements as at 31 December 2022 have been prepared in accordance with the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and related interpretations issued by the SIC/IFRIC (Standards Interpretation Committee/International Financial Reporting Interpretation Committee) endorsed by the European Commission and adopted by the European Union as in force at the reporting date and in accordance with the Dutch Civil Code (Part 9 of Book 2).

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

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

## Forward-looking statements

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

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

## Information on the data presented

All references in the Annual Report to "euro", "EUR" and "€" refer to the currency introduced at the start of the third phase of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union. For ease of reading, all figures in this Annual Report are expressed in millions of euros to one decimal place. The original figures were recorded and consolidated by the Group in thousands of euros. Similarly, all percentages

relating to changes between two periods or percentages of net revenue or other indicators are always calculated using the original data in thousands of euros. The use of figures expressed in millions of euros may therefore lead to apparent discrepancies both in the absolute values and in the percentage figures.

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

The language of these Annual Report is English. Certain references to legislation and technical terms have been quoted in their original language so that they may be given their correct technical meaning under applicable law. The Italian-language version is a translation of the original English language version and is provided as a courtesy.

## **European Single Electronic Format (ESEF) Requirements**

The Group has applied the requirements set forth in Article 4 of the Transparency Directive on preparing the annual financial reports of companies listed on European stock exchanges in the European Single Electronic Format (ESEF) in xHTML format. In addition, issuers that prepare IFRS consolidated financial statements must label those that use Inline XBRL. In compliance with applicable regulations, the consolidated financial statements and explanatory notes in this Annual Report must meet ESEF requirements. To comply with the regulations, MFE has implemented dedicated software manage information in ESEF format.

# DIRECTORS' REPORT ON OPERATIONS

## Dear Shareholders,

Just as the economy finally began to emerge from the global pandemic, it was hit by the critical geopolitical crisis caused by Russian military intervention in Ukraine. In addition to causing a humanitarian emergency, the crisis also put the breaks on the prevailing phase of slow economic recovery, leading to exceptional price hikes in energy commodities and a steep rise in inflation. This economic environment gradually led to a contraction in the advertising market, which affected – albeit moderately – the Group's advertising revenues.

Despite this background, MFE continued to resolutely pursue our strategies of overseeing and strengthening the digital-focused commercial broadcasting model. In both Italy and Spain, this model is growing more digital and more pan-European with the aim of reaching a scale that allows the Group to compete in the new globally competitive environment. This has led a process to be initiated of full integration with Spanish subsidiary Mediaset España by increasing the Group's stake to 82.92% through the voluntary purchase and exchange offer launched in March 2022. This process will conclude in the first half of this year with the closing of the merger between MFE and Mediaset España and further consolidation as the main shareholder of ProSiebenSat1 Media SE.

The Group also improved its share of the advertising market in 2022, extending its lead in the TV advertising market among the commercial target and offering a prompt, decisive response in terms of cost containment despite the increases in energy costs midway through the year. In Italy, in particular, operating costs (personnel expenses, purchases, services and other costs, TV rights amortisation and depreciation of fixed assets, excluding impairment effects) at the year-end were much lower even than in 2019, in spite of the costs associated with acquiring sports content from the second half of 2021 onwards (exclusive free-to-air rights to the Coppa Italia and Supercoppa, non-exclusive streaming rights to the UEFA Champions League).

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

**Consolidated net revenues** were **EUR 2,801.2 million**, a change of -3.9% compared to the previous year's figure of EUR 2,914.3 million. This result mainly reflects the slowdown in advertising revenues (-2.5% on a consolidated basis) and the general decline in other revenues in Italy, which in 2021 also included income from the settlement of the copyrights dispute with Dailymotion under the settlement agreements with Vivendi and income from the exclusive sublicensing agreements with Sky to broadcast the Premium Cinema and Series Channels, which terminated at the start of 2022. The loss of these components was partly made up for by the revenue generated from the advertising sales agreements entered into with third-party media and the revenues generated from sublicensing Infinity premium contents to third parties, which came into force in the second half of 2021.

In Italy, **gross advertising revenues** from Group-managed media (revenues from free-to-air TV channels and Group-owned radio stations and revenue shares from websites managed under concession by Mediamond) stood at **EUR 1,946 million** in 2022, a moderate contraction of -1.8% compared to the previous last year. Based on Nielsen data, the overall conventional advertising market in 2022 (including all advertising channels, and excluding estimates for OTT, search, social media and direct mail investments) shrunk by -2.8% compared to 2021. Therefore, even in a challenging environment and despite RAI holding the broadcasting rights to the FIFA World Cup in Qatar during the last two months of the year, Mediaset in fact strengthened its market share, particularly in the television market. Despite the FIFA World Cup being broadcast elsewhere, Mediaset's fourth-quarter

advertising sales remained largely unvaried (-0.5%) from the same period in 2021; the 2021 figures were already up (+2.2%) on the figures for the fourth quarter of 2020, which were in turn experiencing a strong recovery (this was the first quarter of growth following the pandemic-induced decline).

In **Spain**, **gross advertising revenues** amounted to **EUR 799.4 million**, a change of -4.1% compared to 2021. As well as being affected by a challenging economic climate, this result is also affected by being compared against a year in which revenues benefitted from Mediaset España having the broadcasting rights to the European Football Championships, whereas in the final two months of 2022 Mediaset España did not have similar rights to the FIFA World Cup. Mediaset España maintained its leadership in its television market with a share of 41%, thus consolidating its position of leadership built up over the past few years, by diversifying and launching innovative publications and advertising products. Based on Infoadex data, the TV advertising market decreased by 4.6% in 2022, while the TV and digital media advertising market decreased by 8.4%.

**Operating Result (EBIT)** was **EUR 280.1 million**, compared to the EUR 418.0 million profit recorded the previous year. Consolidated operating profitability was 10.0%, compared to 14.3% in 2021. The 2022 result includes an impairment of EUR 21.5 million to definite-life intangible assets (impacting on a lower net consolidated profit figure of EUR 15.7 million), as determined at the year-end as part of the recoverability testing of non-financial assets, which was carried out in accordance with IAS 36. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (mainly lay-off and restructuring expenses and impairments write down) amounted to **EUR 322.5 million** (EUR 475.6 million recorded in 2021).

**Net profit** was equal to **EUR 216.9 million**, (EUR 374.1 million in 2021). Below EBIT, the main difference in terms of the results of its investees was the EUR 88.1 million pro-quota capital gain made by El Towers (40% owned by MFE) from the sale of Towertel in the second quarter of 2021. Following the successful outcome of MFE's voluntary public purchase and exchange offer for minority interests in its subsidiary Mediaset España during the third quarter of 2022, the financial results of the Mediaset España Group are now consolidated based on the Group's increased stake of 82.92% (55.69% until 30 June 2022). In 2022 the **Adjusted Net profit** was **EUR 247.5 million**.

**Net financial debt** stood at **EUR 873.3 million**, which is stable on the EUR 869.2 million recorded at 31 December 2021. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the residual financial payable for the equity investment in ProsiebenSat.1 Media SE, **Consolidated Net Financial Debt** was **EUR 732.1 million**. **Free cash flow** was **EUR 366.2 million**. During the year, MFE also paid EUR 184.2 million euros as the cash component of the Offer that led it to acquire an additional 27.23% stake in the subsidiary Mediaset España, EUR 69.4 million in relation to hedging instruments and share acquisition in ProsiebenSat1, EUR 133.9 million in dividend distributions, and EUR 32.6 million under the share buyback scheme. During the year, the Group also received EUR 80.9 million in dividends from investees.

At 31 December 2022, the **Workforce** of the Mediaset Group companies in the consolidation area numbered **4,858 employees** (4,889 at 31 December 2021).

**Parent Company MFE** closed the year ending 31 December 2022 with a net profit of **EUR 27,4 million**, compared to the profit of EUR 214,1 million recorded in 2021, when the net result benefited in particular from the high distribution of dividends by the associated company El Towers following the collection by the latter deriving from the sale of the Towertel stake.

In Italy, Mediaset channels maintained their leadership with the 15-64 commercial target audience in 2022, with a 40.1% share over the 24-hour period, a 40.5% share of the early evening share and a 40% share of the daytime slot. Canale 5 was the most watched Italian channel among the commercial target audience across all time slots.

In 2022, the total free-to-air television offer of the Mediaset España Group, including not only the general-interest channels Telecinco and Cuatro but also the special-interest channels Factoria De Ficción, Boing, Divinity, Energy and Be Mad (HD channel), obtained an average share of total viewers, over the 24-hour period of 26.2% and 28.8% among the commercial target audience.

## GROUP STRATEGY AND BUSINESS MODEL

MFE-MEDIAFOREUROPE is the holding group of one of the largest TV broadcasting and radio hubs in Europe. It has its registered office in Amsterdam (the Netherlands) and is tax domiciled in Italy and Spain, where it conducts its main business. MFE A Class and MFE B Class shares are listed on the Milan Stock Exchange.

In **Italy**, MFE is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks (Canale 5, Italia 1 and Retequattro) and an extensive portfolio of thematic free-to-air TV channels - both linear and non-linear/OTTV - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In **Spain**, MFE is the main shareholder of **Mediaset España**, with an interest of 82.92% at 31 December 2022. Mediaset España is the leading Spanish commercial television broadcaster with two main generalist channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005. Upon completion of the cross-border merger approved by the boards of directors in late January 2023, with closing expected during the first half of this year, Mediaset España will be merged into MFE, which will hold a 100% stake in Group Audiovisual, the Spanish company to which the operations of Mediaset España will, in turn, be transferred.

MFE is also the largest shareholder, having secured a total aggregate ownership interest of more than 29.9% of voting rights in **ProSiebenSat.1 Media SE**, one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

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

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

- Strengthen the Group's share of the advertising market in both Italy and Spain by offering advertisers linear and non-linear exposure that covers the entire commercial target audience, including younger TV audiences;
- Place an editorial focus on local and original entertainment content, films and series, and FTA football events as the primary catalyst for capturing viewer attention;
- Constantly review and optimise the Group's content mix (less American and more local content);

- Roll out a platform expansion strategy to make the Group's FTA content available "anywhere, anytime and on any device" – not only linearly to all television sets, but also to other devices (mobile, PC, tablet, game console, etc.) and at any time (on demand);
- Strengthen the Group's DTC (direct-to-consumer) offering with a wide variety of content (from local entertainment to live sports and blockbuster movies) and by integrating different business models (from free-to-air to pay-per-view) into a single platform;
- Constantly optimise the Group's organisational model, with a view to digital transformation, so as to enable cost savings and further efficiencies and to ensure that suitable reskilling and professional skills development processes are in place.

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

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

- Keep concentrating on the lines of action set out above with the aim of further improving the efficiency and effectiveness of its business units – this should be achieved by closely monitoring its role as a socially responsible broadcaster, continually pursuing the highest standards of excellence both in the welfare, training and development of in-house skills and in ongoing investment in having an innovative service offering;
- Play a significant role in the ongoing process of consolidating the European media industry by targeting and seizing external growth opportunities in Europe and creating a pan-European media group in the (linear and non-linear) entertainment and content sector, starting from its strong position in its reference markets. The Group's long-term strategic goal of stamping a larger footprint on the European media industry is considered functional to the Company's future development, as it will grant operational advantages both in terms of economies of scale and scope (e.g. streaming technology, AdTech) and new business opportunities that the current local scale do not allow (e.g. advertising, content production and distribution). In this context, the MFE Group aims to create a pan-European media group through a process of progressive cross-country consolidation: A new group of national television broadcasters with the goal of producing local content, which will work to build a large-scale, European technological and commercial platform.

In spite of the pandemic and the economic crisis created by the war in Ukraine, the merger project between MFE and Mediaset España is a key step in building a European television hub that can compete internationally with greater cohesion and at a suitable size.

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

## Public purchase and exchange offer for all shares in the subsidiary Mediaset España Comunicación SA

On **14 July 2022**, the Voluntary Public Purchase and Exchange Offer (the "Offer") was completed for the entirety (138,763,426 ordinary shares representing 44.31% of share capital) of non-controlling shares in the subsidiary Mediaset España Comunicación SA ("MES"). The Offer had been made by MFE on 14 March 2022 and approved by the Shareholders' General Meeting on 27 April 2022. The Offer was structured with a cash component of EUR 2.16 for every Mediaset España Comunicación SA share, covered by a guarantee issued by five Italian and Spanish banks, and an equity component of 4.5 MFE-MEDIAFOREUROPE N.V. ordinary A-class shares, corresponding to EUR 3.753, for every Mediaset España Comunicación SA share (nine MFEMEDIAFOREUROPE N.V. ordinary A-class shares for every two MES shares).

This Offer, authorised on 26 May 2022 by the Spanish Financial Markets Authority (Comisión Nacional del Mercado de Valores or "CNMV"), was endorsed by 61.45% of target shares by the end of the endorsement period (1 July 2022). Following this outcome, MFE announced that it would waive the condition whereby the Offer would only go through subject to achieving the minimum endorsement threshold set at the Offer's launch (meaning that MFE's stake in MES would increase from 55.69% to 85%). Therefore, the Board of Directors of MFE resolved to issue 383,678,784 new MFE A-Class Shares, which would be allotted to the MES shareholders who endorsed the Offer. As a result of this transaction, **MFE's controlling interest in MES changed from 55.69% to 82.92%**.

MES's shares continue to be listed on the Spanish Stock Exchange following the completion of the transaction. As reported in Note 17 *Subsequent Events after 31 December 2022*, on **30 January 2023** the boards of directors of MFE and MES resolved to put the cross-border merger of MES into MFE to the vote of the shareholders' general meetings of the companies on 15 March 2023, which will enable non-controlling shareholders of the Spanish company to exchange all their shares for MFE Ordinary A-Class Shares. Once the merger is complete, MFE would commit to list the MFE Ordinary A-Class Shares on the Spanish Stock Exchange.

## Financial Equity investment in ProSiebenSat.1 Media SE

During the first half of the year, MFE and Mediaset España repaid – in the form of a cash settlement – tranches of the financial debt contracted in 2019 for the equity investment in ProSiebenSat.1 Media SE, thus directly acquiring the underlying shares. As an integral part of the financial structure of this investment, tranches of financial instruments (collars) hedging those shares were simultaneously settled with the counterpart to the transaction. As a consequence of these transactions and further share acquisitions by MFE, the **Group's integrated holding** of 23.9% of share capital (24.61% of voting rights) at 31 December 2021 increased to **25.01% in equity** (25.74% of voting rights), of which 24.26% by direct investment and 0.74% through financial instruments. During the reporting period, the Group incurred a total cash expenditure of EUR 69.4 million for these transactions.

On **5 May 2022**, the Shareholders' Meeting of **ProSiebenSat.1 Media SE** resolved to pay out an **ordinary dividend of EUR 0.8 per share** for the year 2021 (compared to EUR 0.49 the previous year). For the reporting period, this generated a financial income of EUR 42.3 million to the Group.



An explained in detail about the equity Investment held in PS71 also referring to the relevant subsequent event after 31 December 2022 is reported in Note 4 *Key Information relating to the Scope of Consolidation*.

### **MFE share buyback programme**

On **20 July 2022**, the Board of Directors of MFE resolved to reduce its share capital by launching a share buy-back programme (the “Programme”) under Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (the “MAR”), arranged by a major qualified intermediary, pursuant to and accordance with the authorisation granted to the Board of Directors by the ordinary shareholder’s meeting held on 29 June 2022. This resolution provides for the purchase of up to 135,375,330 ordinary MFE shares – a combination of ordinary MFE Class-A shares and ordinary MFE Class-B shares, excluding treasury stock – in one or more transactions for a maximum sum of EUR 70 million. On the Programme start date of 25 July 2022, MFE directly owned 38,627,313 MFE B-Class Shares, representing 2.896% of MFE's nominal issued share capital. From the Programme’s initiation until its conclusion on 30 November 2022, a total of 88,707,693 MFE A-Class Shares (representing 0.6650% of MFE's nominal issued share capital) had been purchased against a total consideration of EUR 32.6 million.

### **Ministerial Decree of 17 November 2021 – Definition of the criteria and procedures for the disbursement of compensatory economic measures to network operators.**

Under the Ministerial Decree of 17 November 2021 (published in the Official Gazette on 8 February 2022), network operators are entitled to grants covering 80% of their eligible upgrade costs incurred between 1 December 2020 and 8 February 2022 for the refarming of frequencies to prepare for the transition of facilities to the new DVB-T2 broadcasting standard. On 29 September, Elettronica Industriale was reimbursed a sum of EUR 29.8 million, corresponding to the rate of 70% relative to the full-rate reimbursement of EUR 34.1 million approved by decree of 27 June 2022.

On 23 December 2022, Elettronica Industriale filed another application to be reimbursed a further EUR 10.5 million as compensation for the interventions carried out after 8 February 2022. Here too, the compensation will be paid within 60 days of the application’s filing date of 31 December 2022 subject to its approval by the Ministry of Enterprise and Made in Italy.

Together with this final tranche, the remaining 10% of the compensation granted by decree of 27 June 2022 will also be paid out.

# MAIN GROUP COMPANIES



- Company consolidated on a line-by-line basis
- Company consolidated with Equity method
- Other equity investments

(\*) Stake held excluding own shares of the investee. Aggregate stake secured to the Group on the basis of financial instruments held up to 29.9% of voting rights (BaFin Communication of 1 November 2022).

# GROUP PROFILE AND PERFORMANCE REVIEW BY BUSINESS SEGMENT

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

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

In **Spain**, Mediaset is the main shareholder of **Mediaset España**, with an interest of 82.92% at 31 December 2022. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

## ITALY

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

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

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

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

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

- **original content production and third-party content acquisition**, driving the broadcaster's offering and programming of generalist and thematic television; these activities have associated costs of production and self-produced content creation (news, entertainment drama) – key investments include the acquisition of multi-year rights licences from third parties, particularly for films and TV series supported by the Group;
- **editorial content distribution** for linear and non-linear, and free-to-air and pay-per-view television across various platforms and for radio content by Group broadcasters;

- **advertising sales**, through the Group's concessionaires Publitalia '80 and Digitalia '08 respectively for TV and radio advertising sales and through the concessionaire Mediamond (joint venture between Publitalia and Mondadori) for the Group's online advertising sales; these activities underpin the Group's main source of revenue, namely the sale of advertising space on managed media with a view to cross-media coverage;
- **other activities**: film production and distribution through Medusa Film, advertising concessions of third-party publishing houses in Italy through Digitalia and of foreign media through Publieurope, as well as publishing, licensing and merchandising activities. These activities generate other revenue components, in particular through film distribution and the sale and/or sublicensing of content and multiplatform rights, as well as the rental of transmission capacity to other sector operators and the sale of advertising space from third-party concessions.

## CONTENT PRODUCTION AND ACQUISITION

### In house Productions

The following table shows the hours of final programme time and the number of in house programming produced in 2022 by the subsidiary RTI SpA - which heads TV broadcasting activities in Italy by type of programme, broken up by general interest channels and thematic channels/semi-generalist channels.

Type	Final programme time (hours)		Productions made	
	Hours	%	Number	%
Drama	2	0.0%	1	0.5%
News	4,820	41.7%	35	16.1%
Sport	610	5.3%	16	7.4%
Entertainment	2,682	23.2%	88	40.6%
Culture	71	0.6%	7	3.2%
Telesales	17	0.1%	22	10.1%
Promo and Advertising	28	0.2%	6	2.8%
<b>Total Generalist Networks</b>	<b>8,229</b>	<b>71.3%</b>	<b>175</b>	<b>80.6%</b>
News	2,444	21.2%	9	4.1%
Sport	246	2.1%	11	5.1%
Entertainment	585	5.1%	7	3.2%
Culture	31	0.3%	6	2.8%
Promo and Advertising	14	0.1%	9	4.1%
<b>Total Thematic and Semi-Generalist Networks</b>	<b>3,320</b>	<b>28.7%</b>	<b>42</b>	<b>19.4%</b>
<b>Total</b>	<b>11,549</b>	<b>100.0%</b>	<b>217</b>	<b>100.0%</b>

## Acquisition of Broadcasting Rights (Movies, TV Series)

RTI SpA also acquires, develops and produces rights for domestic broadcasting on Free TV and Pay TV, stocking the biggest broadcasting rights library in Italy and one of the biggest in Europe. The television broadcasting rights library is constantly being expanded through acquisitions made under multi-year contract with major international and domestic producers and distributors.

The following table provides a breakdown of the broadcasting rights library by free-to-air and pay TV rights available at 31 December 2022:

Composition of the Broadcasting Rights Library at 31 December 2022	Free Tv		Pay TV-PPV	
	No. of titles	Episodes	No. of titles	Episodes
Film	4,377	4,377	1,143	1,143
Telefilm	728	14,890	279	4,787
Telenovelas	36	3,552	-	-
Mini-series	294	1,278	58	302
Soap operas	8	1,330	2	60
TV movies	604	634	131	156
Documentaries	413	1,707	16	179
Others (Musicals, Variety, Short, etc.)	136	248	1	3
<b>Total</b>	<b>6,596</b>	<b>28,016</b>	<b>1,630</b>	<b>6,630</b>

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

### Linear, free-to-air offering

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

The Group's **general interest channels** — Canale 5, Italia 1 and Retequattro — are controlled by RTI SpA, which is responsible for the creation and development of programme schedules, the production of original content and the acquisition of television rights. The Mediaset networks' overall offering is designed to attract audiences between the ages of 15 and 64, which is the target audience of greatest interest for advertisers and a segment in which Mediaset is a strong market leader.

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

**Italia 1** is the leading Italian channel for younger viewers.

**Rete 4** is Mediaset's leading network among younger viewers.

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

**Boing** was the first Italian free-to-air children's channel. The channel was set up as a joint venture between RTI SpA, which holds 51% of the share capital of Boing SpA, and Turner Broadcasting Systems Europe Limited, a Time Warner Group company, which owns the rights to some of the world's most popular cartoons.

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

**Boing Plus** re-broadcasts programming on the "Boing" and "Cartoonito" channels one hour later than the original channels.

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

**La 5** features programmes targeted at a modern female audience.

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

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

**Top Crime** is the network dedicated to the investigation and police drama genre.

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

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

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

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

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

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

**Canale 20** is the channel airing TV series and sporting events.

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

**Twenty Seven**, which launched at 17 January 2002, is a channel focused on delivering film and TV series content, which aims to build a chilled, cheerful, stress-free, anxiety-free and fear-free programming.

The Group's linear free-to-air service is transmitted through the digital multiplexes of Elettronica Industriale, which manages traffic to and from the various production centres of parent company RTI SpA, making use of the infrastructure and services provided by investee EI Towers SpA.

The following table shows details of the **programme schedules** for 2022 for the different types of free-to-air offerings (generalist, semi-generalist and thematic), broken down by the main television genres attributable to in-house productions and rights purchased by third parties.

### Mediaset Networks schedules - Broadcasting hours 2022

Type	Generalist Networks		Semi-Generalist		Pay		Total Mediaset Networks	
Film	3,888	14.8%	19,963	13.4%	856	8.5%	24,707	13.4%
Drama	8,789	33.4%	36,501	24.6%	1,878	18.7%	47,168	25.5%
Cartoons	1,084	4.1%	26,873	18.1%	-	0.0%	27,957	15.1%
<b>Total rights</b>	<b>13,761</b>	<b>52.4%</b>	<b>83,337</b>	<b>56.1%</b>	<b>2,734</b>	<b>27.2%</b>	<b>99,832</b>	<b>54.0%</b>
News	6,865	26.1%	9,858	6.6%	3,169	31.5%	19,892	10.8%
Sport	831	3.2%	654	0.4%	192	1.9%	1,677	0.9%
Entertainment	4,339	16.5%	45,789	30.8%	3,839	38.2%	53,967	29.2%
Culture	484	1.8%	8,903	6.0%	122	1.2%	9,509	5.1%
Telesales	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total productions</b>	<b>12,519</b>	<b>47.6%</b>	<b>65,204</b>	<b>43.9%</b>	<b>7,322</b>	<b>72.8%</b>	<b>85,045</b>	<b>46.0%</b>
<b>Total</b>	<b>26,280</b>	<b>100.0%</b>	<b>148,541</b>	<b>100.0%</b>	<b>10,056</b>	<b>100.0%</b>	<b>184,877</b>	<b>100.0%</b>

**Total audience** over the 24-hour period in 2022 averaged **8.380 million viewers**.

Mediaset networks confirmed itself as ratings leader for the commercial target among viewers aged 15 to 64 in all time slots, while Canale 5 attracted the highest number of viewers in all the time slots and Italia 1 continued to be the third national network.

SHARE YEAR 2022	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	17.4%	15.9%	18.0%	18.4%	18.0%	18.8%
Italia 1	4.8%	5.8%	4.5%	6.7%	7.6%	6.6%
Rete 4	4.2%	4.9%	4.1%	3.1%	3.5%	3.0%
<b>Generalist Networks</b>	<b>26.4%</b>	<b>26.6%</b>	<b>26.6%</b>	<b>28.2%</b>	<b>29.1%</b>	<b>28.4%</b>

Semi-Generalist Networks, Premium Cinema Channels and TV Series	10.7%	10.7%	10.2%	11.9%	11.4%	11.6%
<b>Total Mediaset Networks</b>	<b>37.1%</b>	<b>37.3%</b>	<b>36.8%</b>	<b>40.1%</b>	<b>40.5%</b>	<b>40.0%</b>

## Free-to-air and pay non-linear offering

**Mediaset Infinity** is the digital platform that provides free and pay services for non-linear use deployable across desktop devices, mobile devices, smart TVs, STBs, game consoles, dongles, etc. and promotes digital extension initiatives for free to air programmes (Radio and TV), as well as digitally enhancing free-to-air programmes themselves.

It also features a restart functionality and clips of the key moments of programs, published seconds after airing and with the program still in progress. The non-linear pay service, included in **Infinity+**, consists of an abundant library of movies and TV series (with first-rate international and Italian titles in addition to major cinema premieres). Up to 2024, it also includes 121 big UEFA Champions League matches (including 17 free-to-air) and a corollary of exclusive digital content (live and on-demand and from 12 thematic channels, both self-produced and from other broadcasters, with five new additions in 2022: one external channel and 4 new self-owned channels).

## RADIO OFFER

In the three-year period 2016-2018, the Group has established its commercial radio sector through a series of acquisitions made up of 5 radio stations: R101, Radio 105 and Virgin Radio Italy, RMC and Radio Subasio, each of which has a specific target audience. Each broadcaster develops an integrated system (radio, TV, digital and social media) to offer listeners and community users exclusive user experiences and content (Instagram, Facebook, TikTok, Twitter, You Tube, web radio, app). Each broadcaster is also strongly represented as an official radio station and partner of major music festivals, concerts, and cultural and sporting events organised throughout the country, at which they are a mouthpiece not only for music but also for environmental and sustainability issues.

**R101** is a music station that focuses on music and entertainment for a purely adults target audience.

**Radio 105** is a station that focuses on musical and entertainment radio station for the young adults target by developing a strong brand identity ("Radio 105: Proud to be different").

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

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

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

## ADVERTISING



The Group operates through two fully owned advertising sales agencies in Italy: Publitalia '80, the exclusive sales agency for the free-to-air Mediaset networks; and Digitalia '08 handled exclusive advertising sales for the pay Premium channels (which from mid-2019 to January 2022 exclusively viewable on the Sky platform). In 2021, Digitalia also acquired Dazn's sub-concession to manage advertising sales for TIM Serie A, to which Dazn holds exclusive rights for the three-year period 2021-2024. The Group also owns a 50% interest together with Mondadori in Mediamond, which sells advertising space on Group websites and on the websites of the publications of the Mondadori Group and other publishers. In the wake of the acquisition of the business unit from Mediamond, from 2022 Digitalia directly manages the advertising sales of the Group's radio stations and some third-party radio stations.

The table below show the "classic area" of the advertising market in Italy (which excludes *direct mail* investments) based on data released by ACNielsen.

Media	2022		2021(**)		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	648	12.2%	688	12.5%	-5.8%
Television	3,527	66.2%	3,719	67.8%	-5.2%
Radio	369	6.9%	363	6.6%	1.7%
Outdoors	151	2.8%	116	2.1%	30.2%
Cinema	10	0.2%	6	0.1%	79.1%
Digital	507	9.5%	524	9.5%	-3.3%
Transit	105	2.0%	66	1.2%	59.0%
Out of home TV	11	0.2%	8	0.1%	37.3%
<b>Total market (classic area*)</b>	<b>5,329</b>	<b>100.0%</b>	<b>5,489</b>	<b>100.0%</b>	<b>-2.9%</b>

(\*) not including direct mail

(\*\*) 2021 figures restated

## OTHER OPERATIONS

### Film distribution

Medusa Film SpA is one of Italy's biggest and most historic film distribution companies. The company mainly produces and distributes Italian and foreign films in Italy and then leverages the entire the life cycle of the product, from cinema releases to the sale of television rights in all their various forms.

### International advertising

Publieurope Ltd. is the Group company that manages the Group's strategy on the European advertising market. Its mission is to use cross-media coverage to raise additional revenue through advertisement investments by international clients. It does so by maintaining constant contact with the headquarters of multinationals, by researching and engaging new foreign clients interested in making advertising investments in the Italian market and seeking out new concessionaires and new products in other countries.

## SPAIN

Mediaset España is the leading private television group in Spanish commercial television in terms of viewers and advertising revenues and one of the most profitable groups in Europe in the sector.

The Group operates in Spain mirroring the MFE Group in Italy as an integrated television group in the following areas of activity:

- **advertising revenues of Group-owned television media** via the advertising sales company Publiespaña Group;
- **advertising revenue on non-television media**, both Group-owned and third-party;
- **generalist television** on nationwide channels **Telecinco** and **Cuatro**;
- **multichannel broadcasting**: Free thematic channels: **Energy**, thematic channel with sport content targeted at a young male audience; **FDF** (Factoría de Ficción), featuring Spanish and international drama series; **Boing**, dedicated to children's entertainment; **Divinity**, targeted at a young female audience; **Be Mad**, targeted at a male audience (men between 16 and 44 years);
- **OTTV activities** via the Mitele and MitelePlus streaming platforms;
- **Internet** (via the company Conecta 5).

## THE ADVERTISING MARKET

The table below show the advertising market in Spain based on data released by Infoadex.

Media	2022		2021		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	349	6.1%	345	6.3%	1.2%
Television	1,557	27.3%	1,586	29.2%	-1.8%
Local television	95	1.7%	90	1.7%	5.6%
Magazine	123	2.2%	120	2.2%	2.5%
Radio	447	7.9%	415	7.6%	7.7%
Outdoors	350	6.2%	290	5.3%	20.7%
Cinema	21	0.4%	13	0.2%	61.5%
Thematic Channels	80	1.4%	100	1.8%	-20.0%
Internet	2,671	46.9%	2,482	45.6%	7.6%
<b>Total market</b>	<b>5,693</b>	<b>100.0%</b>	<b>5,441</b>	<b>100.0%</b>	<b>4.6%</b>

## BROADCASTING AND AUDIENCE SHARE

With respect to viewing figures, the Mediaset España Group continued to be the leader in terms of total viewers over the 24-hour period and with respect to the commercial target audience.

SHARE YEAR 2022	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	12.3%	10.9%	12.9%	13.3%	12.0%	13.8%
Cuatro	5.1%	5.5%	4.8%	6.0%	6.7%	5.6%
<b>Generalist Networks</b>	<b>17.4%</b>	<b>16.4%</b>	<b>17.8%</b>	<b>19.2%</b>	<b>18.7%</b>	<b>19.5%</b>
<b>Total Semi-Generalist and Thematic Networks</b>	<b>8.8%</b>	<b>8.1%</b>	<b>9.1%</b>	<b>9.5%</b>	<b>8.2%</b>	<b>10.2%</b>
<b>Total Mediaset España Networks</b>	<b>26.2%</b>	<b>24.5%</b>	<b>26.9%</b>	<b>28.8%</b>	<b>26.9%</b>	<b>29.6%</b>

The following table shows, in 2022, Mediaset España scheduling programme breakdown

### Mediaset España schedule - Broadcasting hours 2022

Type	Generalist Networks		Thematic Networks		Total Mediaset Networks	
Film	1,022	5.8%	4,284	9.8%	5,306	8.7%
Drama	1,339	7.6%	24,923	56.9%	26,262	42.8%
Cartoons	0	0.0%	6,764	15.4%	6,764	11.0%
<b>Total rights</b>	<b>2,361</b>	<b>13.4%</b>	<b>35,971</b>	<b>82.1%</b>	<b>38,332</b>	<b>62.5%</b>
News	1,646	9.4%	681	1.6%	2,327	3.8%
Sport	268	1.5%	56	0.1%	324	0.5%
Entertainment	2,887	16.5%	1,231	2.8%	4,118	6.7%
Culture	10,357	59.1%	5,861	13.4%	16,218	26.4%
<b>Total productions</b>	<b>15,158</b>	<b>86.5%</b>	<b>7,829</b>	<b>17.9%</b>	<b>22,987</b>	<b>37.5%</b>
<b>Total</b>	<b>17,520</b>	<b>100.0%</b>	<b>43,800</b>	<b>100.0%</b>	<b>61,320</b>	<b>100.0%</b>

## CONTENT PRODUCTION AND DISTRIBUTION

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

## TV RIGHTS INVESTMENTS

In 2022, Mediaset España continued to invest in television broadcasting rights. Investment policy was focused not only on consolidating Spanish drama series, as well as on providing a stream of high-quality content both for the main channel and for new thematic channels, with a view to building up its television rights library and defending audience share in the future, and with it the Spanish group's advertising revenues.

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

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

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).

## MAIN INVESTMENTS

### MAIN ASSOCIATES AND JOINT-VENTURE INVESTMENTS

**ElTowers** is a subsidiary of the F2iSGR private equity fund, which is 40%-owned by MFE-MEDIAFOREUROPE N.V. The El Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. In particular, El Towers provides its clients with hosting facilities on its infrastructure (transmission "towers" or "stations") for transmission plant and signal broadcasting antennae, as well as a range of high-tech services in design, planning, technical assistance, ordinary and extraordinary maintenance, and logistics. In addition, the group manages broadcast contribution links the television productions of other domestic broadcasters covering sporting events and news programmes. It does so use its own operating centres and satellite and fibre-optic network infrastructure. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, El Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, a Mediaset Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters.

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

**Boing SpA** is a joint venture between RTI SpA (51%) and Turner Broadcasting System Europe (49%), producing and managing two free-to-air children's channels, Boing and Cartoonito, which have been broadcast on the digital terrestrial platform since 2004 and 2011, respectively.

**Fascino Produzione Gestione Teatro Srl** is an equal joint venture between RTI SpA and Maria De Filippi. The venture partner's exclusive artistic and creative contribution enables the company to develop, plan and deliver television programmes that tend to go out on Canale 5's *prime-time* and *day-time* slots, including *C'è Posta per te*, *Amici* and *Uomini e Donne*.

**Tivù Srl** is a company formed in 2008 whose shareholders are RTI SpA, Rai Radiotelevisione Italiana SpA (each holding 48.16%), La7 Srl (3.49%), and other shareholders, performing advertising and planned communication activities for users of the free-to-air digital terrestrial and satellite platform. In particular, it manages services

linked to the satellite platform for the free-to-air digital TV offering called “TivùSat”, which supplements the digital terrestrial platform for users of some of the regions and autonomous provinces that this signal does not reach.

**EBX** is a joint venture set up by Mediaset Italia, Mediaset España, ProSiebenSat.1, TF1 and Channel 4, which produces and distributes digital audio content and plans pan-European digital campaigns.

**Dr Podcast Audio Factory LTD** is a London-based media company specialising in the creation of audio content. Founded in 2018, the company acts as a reference point for businesses that want to make their own content in the digital audio market, providing support for writing, recording and broadcasting business podcasts on major podcasting platforms. The Group’s investment in this company is through its subsidiary Publieurope Ltd., which acquired a 30% stake during the year.

## **OTHER EQUITY INVESTMENTS**

Through MFE and Mediaset España, the Group is the largest shareholder of **ProSiebenSat.1 Media SE**. Following its latest share acquisitions during 2022, at 31 december 2021 MFE secured a total aggregate ownership interest of 25.01% (25.74% of voting rights). ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It has a broad shareholder base and is listed on the Frankfurt Stock Exchange.

As part of venture capital project **AD4Ventures**, the Group also holds non-controlling interests in Italian and Spanish medium-sized start-ups with high growth and development potential (particularly digital start-ups operating in the consumer and retail sectors). These companies run ad campaigns in Italy and Spain by reinvesting the capital injections received from Mediaset. Since its launch, AD4Ventures has invested in 17 European start-ups, 8 of which having their registered office or operational headquarters in Italy.

# CONDENSED FINANCIAL STATEMENTS AND SECTOR INFORMATION

The tables included in this section are referred to the condensed consolidated income statement, balance sheet and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain, as well as a breakdown of revenues by revenue type.

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

## GROUP RESULTS

<b>MFE GROUP</b> <b>Condensed Income Statement</b> EUR million	<b>2022</b>	<b>2021</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
<b>Consolidated net revenues</b>	<b>2,801.2</b>	<b>2,914.3</b>	<b>(113.1)</b>	<b>-3.9%</b>
Personnel expenses	(478.7)	(522.3)	43.6	-8.3%
Purchases, services, other costs	(1,518.9)	(1,492.7)	(26.2)	1.8%
<b>Operating costs</b>	<b>(1,997.6)</b>	<b>(2,015.0)</b>	<b>17.4</b>	<b>-0.9%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>803.6</b>	<b>899.2</b>	<b>(95.6)</b>	<b>-10.6%</b>
TV Rights amortisation	(412.2)	(386.7)	(25.5)	6.6%
Other amortisation, depreciation and impairments	(111.3)	(94.5)	(16.8)	17.8%
<b>Amortisation, depreciation and impairments</b>	<b>(523.5)</b>	<b>(481.2)</b>	<b>(42.3)</b>	<b>8.8%</b>
<b>Operating Result (EBIT)</b>	<b>280.1</b>	<b>418.0</b>	<b>(137.9)</b>	<b>-33.0%</b>
Financial income/(losses)	31.6	22.6	9.0	39.9%
Result from investments accounted for using the equity method	25.5	114.7	(89.2)	-77.8%
<b>Profit Before Tax (EBT)</b>	<b>337.2</b>	<b>555.4</b>	<b>(218.2)</b>	<b>-39.3%</b>
Income taxes	(62.2)	(100.6)	38.4	-38.2%
Non-controlling interests in net profit	(58.1)	(80.7)	22.6	-28.0%
<b>Group net profit</b>	<b>216.9</b>	<b>374.1</b>	<b>(157.2)</b>	<b>-42.0%</b>

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

<b>MFE GROUP</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated net revenues</b>	<b>100.0%</b>	<b>100.0%</b>
Operating costs	-71.3%	-69.1%
<b>EBITDA</b>	<b>28.7%</b>	<b>30.9%</b>
Amortisation and depreciation	-18.7%	-16.5%
<b>EBIT</b>	<b>10.0%</b>	<b>14.3%</b>
<b>Profit Before Tax (EBT)</b>	<b>12.0%</b>	<b>19.1%</b>
<b>Group net profit</b>	<b>7.7%</b>	<b>12.8%</b>

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

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



## BREAKDOWN BY GEOGRAPHICAL AREA: ITALY

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

<b>ITALY</b> <b>Condensed Income Statement</b> EUR million	<b>2022</b>	<b>2021</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
<b>Consolidated net revenues</b>	<b>1,937.7</b>	<b>2,038.4</b>	<b>(100.7)</b>	<b>-4.9%</b>
Personnel expenses	(339.8)	(391.1)	51.3	-13.1%
Purchases, services, other costs	(1,135.6)	(1,088.2)	(47.5)	4.4%
<b>Operating costs</b>	<b>(1,475.4)</b>	<b>(1,479.3)</b>	<b>3.9</b>	<b>-0.3%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>462.3</b>	<b>559.1</b>	<b>(96.8)</b>	<b>-17.3%</b>
Rights amortisation	(281.2)	(290.1)	8.9	-3.1%
Other amortisation, depreciation and impairments	(92.5)	(76.9)	(15.6)	20.3%
<b>Amortisation and depreciation</b>	<b>(373.8)</b>	<b>(366.9)</b>	<b>(6.9)</b>	<b>1.9%</b>
<b>Operating Result (EBIT)</b>	<b>88.5</b>	<b>192.1</b>	<b>(103.6)</b>	<b>-53.9%</b>
Financial income/(losses)	7.2	19.7	(12.5)	-63.6%
Result from investments accounted for using the equity method	22.1	111.6	(89.5)	-80.2%
<b>Profit Before Tax (EBT)</b>	<b>117.8</b>	<b>323.5</b>	<b>(205.7)</b>	<b>-63.6%</b>
Income taxes	(21.8)	(52.0)	30.2	-58.0%
Non-controlling interests in net profit	(0.1)	1.3	(1.4)	-106.3%
<b>Group net profit</b>	<b>95.9</b>	<b>272.8</b>	<b>(176.9)</b>	<b>-64.9%</b>

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

<b>ITALY</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated net revenues</b>	<b>100.0%</b>	<b>100.0%</b>
Operating costs	-76.1%	-72.6%
<b>EBITDA</b>	<b>23.9%</b>	<b>27.4%</b>
Amortisation and depreciation	-19.3%	-18.0%
<b>EBIT</b>	<b>4.6%</b>	<b>9.4%</b>
<b>Profit Before Tax (EBT)</b>	<b>6.1%</b>	<b>15.9%</b>
<b>Group net profit</b>	<b>4.9%</b>	<b>13.4%</b>

## **ITALY** **Consolidated Net Revenues**

	EUR million	<b>2022</b>	<b>2021</b>	change (EUR million)	change %
Gross advertising revenues		1,946.0	1,982.0	-36.0	-1.8%
Agency discounts		-286.1	-281.4	-4.7	-1.7%
<b>Net advertising revenues</b>		<b>1,659.9</b>	<b>1,700.6</b>	<b>-40.6</b>	<b>-2.4%</b>
Other revenues		277.8	337.8	-60.0	-17.8%
<b>Consolidated Net Revenues</b>		<b>1,937.7</b>	<b>2,038.4</b>	<b>-100.7</b>	<b>-4.9%</b>

## BREAKDOWN BY GEOGRAPHICAL AREA: SPAIN

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

<b>SPAIN</b> <b>Condensed Income Statement</b> EUR million	<b>2022</b>	<b>2021</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
<b>Consolidated net revenues</b>	<b>865.3</b>	<b>876.3</b>	<b>(11.0)</b>	<b>-1.3%</b>
Personnel expenses	(138.9)	(131.3)	(7.7)	5.9%
Purchases, services, other costs	(383.7)	(404.9)	21.2	-5.2%
<b>Operating costs</b>	<b>(522.7)</b>	<b>(536.2)</b>	<b>13.5</b>	<b>-2.5%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>342.7</b>	<b>340.2</b>	<b>2.5</b>	<b>0.7%</b>
TV Rights amortisation	(131.5)	(97.2)	(34.3)	35.3%
Other amortisation, depreciation and impairments	(18.8)	(17.7)	(1.1)	6.4%
<b>Amortisation and depreciation</b>	<b>(150.3)</b>	<b>(114.9)</b>	<b>(35.5)</b>	<b>30.9%</b>
<b>Operating Result (EBIT)</b>	<b>192.4</b>	<b>225.3</b>	<b>(32.9)</b>	<b>-14.6%</b>
Financial income/(losses)	24.5	2.9	21.5	738.6%
Result from investments accounted for using the equity method	3.4	3.0	0.3	10.4%
<b>Profit Before Tax (EBT)</b>	<b>220.2</b>	<b>231.3</b>	<b>(11.1)</b>	<b>-4.8%</b>
Income taxes	(40.2)	(48.4)	8.3	-17.1%
Non-controlling interests in net profit	(1.7)	(1.7)	-	0.0%
<b>Group net profit</b>	<b>178.3</b>	<b>181.1</b>	<b>(2.8)</b>	<b>-1.6%</b>

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

<b>SPAIN</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated net revenues</b>	<b>100.0%</b>	<b>100.0%</b>
Operating costs	-60.4%	-61.2%
<b>EBITDA</b>	<b>39.6%</b>	<b>38.8%</b>
Amortisation and depreciation	-17.4%	-13.1%
<b>EBIT</b>	<b>22.2%</b>	<b>25.7%</b>
<b>Profit Before Tax (EBT)</b>	<b>25.4%</b>	<b>26.4%</b>
<b>Group net profit</b>	<b>20.6%</b>	<b>20.7%</b>

## **SPAIN** **Net Consolidated Revenues**

	EUR million		change (EUR million)		change %
	<b>2022</b>	<b>2021</b>			
Gross advertising revenues	799.4	833.6	-34.2		-4.1%
Agency discounts	-37.2	-36.9	-0.3		0.8%
<b>Net advertising revenues</b>	<b>762.2</b>	<b>796.7</b>	<b>-34.5</b>		<b>-4.3%</b>
Other revenues	103.1	79.6	23.5		29.6%
<b>Consolidated Net Revenues</b>	<b>865.4</b>	<b>876.3</b>	<b>-11.0</b>		<b>-1.3%</b>

## BALANCE SHEET AND FINANCIAL POSITION

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

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

<b>Condensed Statement of Financial Position</b>	EUR million	<b>31/12/2022</b>	<b>31/12/2021</b>
TV and movie rights		775.3	844.9
Goodwill		804.2	803.2
Other tangible and intangible non current assets		785.1	879.4
Equity investments and other financial assets		956.4	1,248.2
Net working capital and other assets/liabilities		496.4	382.9
Post-employment benefit plans		(50.5)	(59.2)
<b>Net invested capital</b>		<b>3,766.8</b>	<b>4,099.5</b>
Group shareholders' equity		2,667.9	2,661.8
Non-controlling interests		225.7	568.5
<b>Shareholders' equity</b>		<b>2,893.6</b>	<b>3,230.3</b>
<b>Net Financial Position Debt/(Liquidity)</b>		<b>873.3</b>	<b>869.2</b>

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

<b>Condensed Statement of Financial Position (geographical breakdown)</b>	<b>Italy</b>		<b>Spain</b>		
	EUR million	31/12/2022	31/12/2021	31/12/2022	31/12/2021
TV and movie rights		669.2	719.2	107.0	127.1
Goodwill		146.6	145.6	294.5	294.5
Other tangible and intangible non current assets		578.2	653.5	206.9	225.9
Equity investments and other financial assets		1,906.1	1,676.2	283.3	449.0
Net working capital and other assets/liabilities		561.3	469.9	(65.1)	(87.4)
Post-employment benefit plans		(50.5)	(59.2)	-	-
<b>Net invested capital</b>		<b>3,810.8</b>	<b>3,605.3</b>	<b>826.6</b>	<b>1,009.1</b>
Group shareholders' equity		2,459.4	2,467.7	1,301.4	1,273.1
Non-controlling interests		0.2	2.0	3.2	2.3
<b>Shareholders' equity</b>		<b>2,459.6</b>	<b>2,469.8</b>	<b>1,304.5</b>	<b>1,275.5</b>
<b>Net Financial Position Debt/(Liquidity)</b>		<b>1,351.2</b>	<b>1,135.5</b>	<b>(477.9)</b>	<b>(266.3)</b>

In the table below, the Group's balance sheet as of 31 December 2022 is broken to show Italy and Spain contribution and the effects of the line-by-line consolidation of Mediaset España.

<b>Condensed Statement of Financial Position (geographical breakdown) at 31 December 2022</b>	EUR million	<b>Italy</b>	<b>Spain</b>	<b>Eliminations /Adjustments</b>	<b>Group</b>
TV and movie rights		669.2	107.0	(0.9)	775.3
Goodwill		146.6	294.5	363.2	804.2
Other tangible and intangible non current assets		578.2	206.9	-	785.1
Equity investments and other financial assets		1,906.1	283.3	(1,233.0)	956.4
Net working capital and other assets/liabilities		561.3	(65.1)	0.2	496.4
Post-employment benefit plans		(50.5)	-	-	(50.5)
<b>Net invested capital</b>		<b>3,810.8</b>	<b>826.6</b>	<b>(870.6)</b>	<b>3,766.8</b>
Group shareholders' equity		2,459.4	1,301.4	(1,092.9)	2,667.9
Non-controlling interests		0.2	3.2	222.3	225.7
<b>Shareholders' equity</b>		<b>2,459.6</b>	<b>1,304.5</b>	<b>(870.6)</b>	<b>2,893.6</b>
<b>Net Financial Position Debt/(Liquidity)</b>		<b>1,351.2</b>	<b>(477.9)</b>	<b>-</b>	<b>873.3</b>

# STATEMENT OF CASH FLOWS AND INVESTMENTS IN FIXED ASSETS

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

<b>Consolidated Condensed Cash Flow</b>	EUR million	<b>2022</b>	<b>2021</b>
<b>Net Financial Position at the beginning of the year</b>		<b>(869.2)</b>	<b>(1,064.4)</b>
<b>Free Cash Flow</b>		<b>366.2</b>	<b>507.3</b>
Cash Flow from operating activities (*)		759.9	918.0
Investments in fixed assets		(389.0)	(396.0)
Disposals of fixed assets		4.1	3.2
Changes in net working capital and other current assets/liabilities		(8.9)	(17.9)
Change in the consolidation area		(0.1)	-
Treasury share (sale)/buyback of the parent company and subsidiaries		(32.6)	(0.7)
Equity investments/Investments in other financial assets and change of stake in subsidiaries		(284.5)	(153.9)
Dividends received		80.9	184.7
Dividends paid		(133.9)	(342.1)
<b>Financial Surplus/(Deficit) from continuing operations</b>		<b>(4.1)</b>	<b>195.2</b>
<b>Net Financial Position at the end of the year</b>		<b>(873.3)</b>	<b>(869.2)</b>

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



<b>Cash Flow Statement Summary by geographical area</b>	<b>Italy</b>		<b>Spain</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net Financial Position at the beginning of the year</b>	<b>(1,135.5)</b>	<b>(1,187.7)</b>	<b>266.3</b>	<b>123.2</b>
<b>Free Cash Flow</b>	<b>137.9</b>	<b>255.3</b>	<b>228.3</b>	<b>251.9</b>
Cash Flow from operating activities (*)	444.8	598.6	316.6	319.5
Investments in fixed assets	(274.2)	(276.6)	(114.8)	(119.4)
Disposals of fixed assets	1.7	0.4	2.4	2.8
Changes in net working capital and other current assets/liabilities	(34.4)	(67.1)	24.0	49.1
Change in the consolidation area	(0.1)	-	-	-
Treasury share (sale)/buyback of the parent company and subsidiaries	(32.6)	-	-	(0.7)
Equity investments/Investments in other financial assets	(238.8)	(29.9)	(45.8)	(124.1)
Dividends received	51.0	167.2	29.9	17.5
Dividends paid	(133.0)	(340.6)	(0.9)	(1.5)
<b>Financial Surplus/(Deficit) from continuing operations</b>	<b>(215.6)</b>	<b>52.1</b>	<b>211.6</b>	<b>143.1</b>
<b>Net Financial Position at the end of the period</b>	<b>(1,351.2)</b>	<b>(1,135.5)</b>	<b>477.9</b>	<b>266.3</b>

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

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

<b>Investments in Fixed Assets</b> EUR million	<b>Italy</b>		<b>Spain</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Investments in TV and movie broadcasting rights	(231.4)	(209.5)	(113.8)	(103.6)
Changes in advances on broadcasting rights	2.3	(9.6)	5.1	(8.8)
<b>TV and movie broadcasting rights: investments and advances</b>	<b>(229.1)</b>	<b>(219.1)</b>	<b>(108.7)</b>	<b>(112.4)</b>
Investments in other fixed assets	(45.2)	(57.5)	(6.1)	(7.0)
<b>Total investments in fixed assets</b>	<b>(274.2)</b>	<b>(276.6)</b>	<b>(114.8)</b>	<b>(119.4)</b>

Cash flow in relation to **Change in the consolidation area** refers to the acquisition, at the beginning of the year, by concessionaire Digitalia '08 of investee Mediamond's business unit engaged in radio advertising sales for Group and third-party broadcasters.

**Equity investments/Investments in other financial assets and changes in shareholdings in subsidiaries** for 2022 comprises disbursements of EUR 184.2 million as the cash component of the Offer that led it to acquire an additional 27.23% stake in the subsidiary Mediaset España and EUR 69.4 million to settle some tranches of collars expired during the year and other share acquisitions (1.1%) relating to the investment held in ProSiebenSat1 Media SE. In 2021, this item mainly comprised amounts relating to the investment held by the Group in ProSiebenSat.1 Media SE, of which EUR 115.3 million related to the disbursements made for the purchase of additional shares by Mediaset España and MFE and EUR 23.0 million related to the financial instruments contracted in previous years to hedge equity investments, of which EUR 16.0 million in outgoings to the financial counterparties of those contracts in relation to the dividends received by the investee during the year. This item also includes the receipt of EUR 23.8 million under the *media for equity* scheme and deriving from the sale of the Group's stake in Deportivillage, and the outlay of EUR 27.3 million to obtain an authorisation to provide nationwide audiovisual services and to be allocated automatic DTT channel numbers LCN 27, LCN 49 and LCN 67 from the company Viacom International Media Networks Srl.

In 2022, **dividends received** from equity investments stood at EUR 80.9 million (EUR 184.7 million in 2021) of which EUR 24.0 million from the associate EI Towers (EUR 149.9 million in 2021) and EUR 40.3 million from ProSiebenSat.1 Media SE (EUR 24.8 million in 2021).

**Dividends paid** in 2022 referred to the pay-out of dividends by the parent company MFE-MEDIAFOREUROPE N.V.

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

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

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

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

**EBITDA** is calculated by taking the *Net profit for the year* (as provided for by the International Accounting Standards), adding *Income taxes*, then subtracting or adding *Financial income/(losses)* and *Result from investments accounted for using the equity method* and, finally, adding *Depreciation, amortisation and impairments*.

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

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

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

**Adjusted Net profit** is calculated excluding from *Net Profit for the year* the items not included in the *Adjusted Operating Result* net of related tax effects.

**Net financial position** is calculated by aggregating the IFRS items *Non-current financial payables and liabilities, Payables to banks* and *Current financial liabilities* and subtracting, *Cash and cash equivalents* and *Current financial assets*, with adjustments made to those items to exclude the following: i) the fair value of derivatives hedging foreign exchange risk, except for the part exceeding the change in the foreign-currency payables hedged. ii) the fair value

of derivative instruments hedging equity instruments; and iii) loans granted to associates and financial liabilities on options on minority interests in subsidiaries.

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

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

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

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

Free cash flow is a summary measure that management uses to measure the net cash flow from operating activities. This is an indicator of the Group's organic financial performance and its ability to pay dividends to shareholders and support external growth and development operations. The following statements show the **reconciliations** of the alternative performance measures as of 31 December 2022 and 2021, compared to key IFRS items.

	<b>2022</b>	<b>2021</b>
Net profit for the year	275.0	454.8
+ Income taxes	62.2	100.6
+/- Financial income/(losses)	(31.6)	(22.6)
+/- Result from investments accounted for using the equity method	(25.5)	(114.7)
+ Depreciation, amortisation and impairments	523.5	481.2
<b>EBITDA</b>	<b>803.6</b>	<b>889.2</b>
	<b>2022</b>	<b>2021</b>
Net profit for the year	275.0	454.8
+ Income taxes	62.2	100.6

+/- Financial income/(losses)	(31.6)	(22.6)
+/- Result from investments accounted for using the equity method	(25.5)	(114.7)
<b>EBIT</b>	<b>280.1</b>	<b>418.0</b>

**The Adjusted EBIT - Operating Result in 2022** is equal to EUR **322.5 million** and has been obtained by excluding from the Operating Result, lay off and provisions for approved restructuring plans for EUR 13.2 million (included in *Personnel expenses*), and efficiency costs accounted in the item *Purchases, Services and Other Costs*, for a total amount of EUR 7.7 million and the impairment write down equal to EUR 21.5 accounted in the item *Depreciation, amortisation and impairments*.

**The Adjusted EBIT - Operating Result in 2021** is equal to EUR **475.6 million** and has been obtained by excluding from the Operating Result, lay off and provisions for approved restructuring plans for EUR 43.9 million (included in *Personnel expenses*) and other efficiency costs accounted in the item *Purchases, Services and Other Costs*, for a total amount of EUR 13.7 million

	<b>2022</b>	<b>2021</b>
Current financial assets	34.1	18.4
Cash and cash equivalents	522.5	315.6
Financial liabilities and payables	(1,095.6)	(831.7)
Due to banks	(265.2)	(363.1)
Other financial liabilities	(78.6)	(83.4)
Difference on derivatives <sup>1</sup>	0.2	63.8
Difference on receivables and loans <sup>2</sup>	9.2	11.2
<b>Net financial position</b>	<b>(873.3)</b>	<b>(869.2)</b>

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

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

	<b>EUR million</b>	<b>2022</b>	<b>2021</b>
Group and non-controlling interest shareholders' equity		2,893.6	3,230.3
+/- Net financial position ((Debt)/Liquidity)		(873.3)	(869.2)
<b>Net Invested Capital</b>		<b>3,766.9</b>	<b>4,099.5</b>

	<b>2022</b>	<b>2021</b>
Net cash flow from operating activities	775.0	991.5
+/- Proceeds from the sale of fixed assets	5.8	2.9
+/- Investments in TV and movie broadcasting rights	(361.1)	(437.6)
+/- Purchases of other fixed assets	(52.5)	(58.9)
+/- Interest (paid)/received	(12.1)	(9.6)

+ government grants	21.8	-
+/- Other adjustments	(10.7)	18.9
<b>Free Cash Flow</b>	<b>366.2</b>	<b>507.3</b>

## BUSINESS OUTLOOK

In the first part of the current year, the international geo-political situation remains extremely uncertain due to the ongoing conflict in Ukraine and high inflationary pressures.

Despite the slow but progressive normalisation of energy prices, high “core” inflation and the decision of central banks (in particular the ECB) to continue to raise interest rate, are contributing to ongoing weakness in demand both in Italy and in Spain.

In this context, advertising sales in the first quarter in Italy, supported by excellent ratings results, have been decidedly positive, in line with the same period of 2022, the only quarter that showed growth (+2%) in the entire year compared with 2021. In Spain, after the first two months which were marked by a still somewhat difficult market, sales recorded a progressive improvement both in March and, as far as is visible at this point, in April.

For the coming months, visibility on the evolution of the advertising market remains limited in both areas of the Group’s activity. But a progressive comparison of sales should be made with quarters which last year recorded trends that were in decline. In particular, the second and third quarters of 2022 suffered from the outbreak of the conflict in Ukraine, while the final quarter was partially conditioned by the World Cup in Qatar, to which the Group did not have rights.

Regarding investment, continuing uncertainty in our sector of reference will not condition the Group’s determination to support its commitments for the future, in particular those relating to local content, new digital advertising markets and investments linked to the stake in ProSiebenSat1, a company in which MFE confirms its role as a long-term shareholder. As of today, it is still not known what the proposed dividend distribution in 2023 will be, but in 2022, the MFE Group received €42.3 million in dividend payments from ProSiebenSat1.

Again, on the subject of investments, commitments in support of the Group’s core business (i.e. the acquisition of free-to-air rights for films and TV series, mainly based on long-term agreements with the leading international content providers) are expected to be substantially in line with those of last year.

No significant changes are foreseen in terms of headcount, the trend of which will continue to be mainly influenced by factors such as the continuous rationalisation of the main company processes, physiological turnover determined by age and the onboarding of talent in the most innovative and dynamic areas of the company.

In the current year, the Group will remain focused, as always, on balancing operating cost controls, innovation and the digitalisation of processes and the effectiveness of its local broadcasting offer. The objective is to achieve, on an annual basis (even in an essentially flat advertising market compared with 2022) a positive consolidated operating profit, net profit and free cash flow.

Finally, the cross-border merger by incorporation of Mediaset España into MFE, approved by the respective Shareholders’ Meetings on 15 March 2023, is expected to be completed during the second quarter.

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

## **THE ENTERPRISE RISK MANAGEMENT SYSTEM IN THE MFE GROUP**

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

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

The Group has adopted the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017 as a reference, in the Guidelines on the Internal Control and Risk Management System issued by the Board and updated periodically by MFE.

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



## The main risks and uncertainties and setting risk appetite

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

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

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

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

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

**Operational risks** and process risks, mainly attributable to:

- risks concerning business interruption, IT security and crisis management;
- financial risks concerning the management of financing needs and fluctuations in prices, interest rates and exchange rates;
- risks concerning unprotected intellectual property rights;
- risks concerning the handling of legal disputes.

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

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

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

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

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

## External and sector risks

Risks connected to international geopolitical developments and the economy

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

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

In 2022, due to the unforeseen onset and continuation of the conflict in Ukraine, the global economy suffered under the strain of geopolitical uncertainty, high inflation in a context already beset by price hikes due to the crisis of the pandemic and a restrictive monetary policy imposed by the FED and ECB to counter inflation, all of which factors affected the pace of growth. The war in Ukraine destabilized the commodity markets, in particular energy and food, making the cost of energy extremely volatile.

The Group is not directly exposed in terms of the location of its operations, its financial and equity assets, and its revenues and costs with counterparties residing in the countries involved in the conflict. Given the nature of its business, it may be indirectly exposed to exogenous impacts related to the economy's development, in particular to trends in private consumption. These factors in turn influence trends in the advertising spending of clients and in commodities sectors which, in turn, are directly exposed within the global raw materials market and in interconnected markets in terms of international supply chains.

The Eurozone economy grew significantly in the first half of 2022, boosted by the resumption of economic activity. The second half of the year was marked by increasing uncertainty related to the continuing war in Ukraine, fears over possible energy supply disruptions and pressure on prices, which resulted in a slowdown of the economy. Inflation increased yet again in 2022 due to the high cost of energy.

The Italian economy grew in 2022 largely due to domestic demand – in particular growth in household consumption, which was among the best-performing of all major European countries – and an increase in gross fixed capital formation. Imports and value added from tourism and leisure activities also increased. Growth weakened in the last three months of 2022 due to continued high energy prices and a slowdown in recovery in the transportation, trade and accommodation services sectors, which cancelled out some of the post-pandemic rebound.

Against a backdrop of high uncertainty, international economic forecasts outlook could continue to be negatively affected by the continuation of the war in Ukraine, high inflation and the possibility of continued weakness in the Chinese economy.

Amidst this uncertain international scenario, the Italian economy is expected to see a substantial slowdown in year-on-year GDP growth and inflation which could drop from 9% in 2022 to 6.5% with an household consumption expected to trend in line with that of economic activity. At present, there should be no risk of recession, but the risk of a significant slowdown in domestic economic activity is considered very real.

In this context, Mediaset's market leadership in terms of advertising share and editorial results in its reference markets, together with its strong focus (especially in Italy) on cost-cutting, consolidated the Group's medium-term financial equilibrium in 2022 and laid the foundations for recovering margins with greater efficiency, as well as dynamism, where general market conditions are stable.

## **Risks connected to the development of the media & communications market**

### **Technological changes, audience fragmentation and the increase in competition**

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

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

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

The situation described above could result in the risk of less interest in the free-to-air generalist television by the TV viewing public, part of which has been made more sophisticated and demanding by new communication media

and, consequently, there may be the risk for the Group of not adequately covering opportunities resulting from new emerging businesses. Mediaset's strategic approach to the principal risk of these competitive dynamics is to consolidate its current model of aggregator and multiplatform distributor, which is the best way for the Group to face the challenges of the market and the evolving consumer models by defining an integrated editorial system in which the various components (free generalist, free multichannel, free/pay non-linear and web, radio) have a position that is coherent with the market, and structuring business mechanisms that can guarantee effective coordination in operational terms, and also in terms of the production/purchasing strategies for content and sales and a distinctive editorial model in terms of OTT services, which is heavily based on the availability of local and loyalty-building content (news, entertainment and scripted content). This approach will maintain for both the general-interest and special interest channels which are most important for free-to-air, control over the more concentrated audience and also, using the model mainly based on OTT television, control over the more diversified audience.

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

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

### **Coverage of the content market**

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

In Italy, the Group, through its subsidiary RTI SpA owns the biggest Italian library of television broadcasting rights and one of the biggest in Europe, thanks to long-term agreements with the leading American major studios and distributors and independent American and European producers (TV movies, soap operas, miniseries and TV serials), which ensure coverage of the needs of the Group's Free TV and Pay TV businesses.

The MFE Group in Italy, through its subsidiaries Medusa Film and Taodue, leading companies in the distribution and in-house production of television and movie content and products, has control and access to the best domestic movie and television products. In Spain, content (drama, cinema, sporting events and digital formats) is produced and marketed to third parties by Mediterraneo and its subsidiaries and by Telecinco Cinema, the company responsible for managing the investment and distribution of domestic and European film productions in a manner consistent with to applicable rules and regulations and which, in recent years, has forged a position of market leadership by selecting, financing and distributing highly successful titles. The Group in Italy also holds exclusive free-to-air broadcasting rights on generalist networks to the Coppa Italia and the Italian Super Cup until the 2023/2024 season and non-exclusive rights for this and next season to air the best match of each round of the UEFA Champions League (including the final) plus another 104 matches on its live pay streaming service, which is basically all UEFA Champions League matches except one per round.

## Risks connected to the development of the advertising market

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

In the current general and industry sector environment, advertising sales are subject to shorter economic cycles and to the evolution of the markets where its customers operate and are structurally impacted by the expansion of the competitive environment due to continuous technological progress. This, in turn, generates structural processes of fragmentation and diversification in the consumption of products and multi-platform audio-visual media.

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

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

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

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

Leveraging this know-how, the Group – through its internal advertising sales houses – aims to focus on cross-media sales, leveraging advertising sales on television, online and radio with unrivalled coverage across the national scene.

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

The figures for market shares achieved by the Group's agents, within their respective advertising markets, are shown in the specific sections of this Director's Report that analyse the Group's business activities. Those relating

to customer concentration are presented in the section on the management financial risks in the Notes to the Consolidated Financial Statements.

### **Risks related to regulatory changes**

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

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

Compliance risks are associated with the expansion of the sectors and persons governed by regulations, or the introduction of regulations that are stricter than existing regulations on issues such as:

- the setting of antitrust limits;
- the protection of minors from listening to and viewing certain types of content;
- quotas for European works;
- and the limiting of electromagnetic emissions.

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

Indeed, in this modified environment, it is becoming increasingly difficult for a national generalist broadcaster to maintain a primary role in content creation and distribution.

Of particular importance is the new provision contained in the new Consolidated Law (Art. 29 of Legislative Decree 208/21) which establishes that, in order to give due prominence to general-interest audiovisual and radio media services, all DTT signal receiving equipment must have the automatic DTT channel numbering system installed and easily accessible, even if connectable to the internet.

In January 2023, Agcom launched a public consultation for the participation of commercial audiovisual and radio service providers broadcasting free of charge on digital terrestrial, satellite and online, as well as commercial radio service providers broadcasting on DAB+ in order to identify:

- guidelines defining the criteria for classifying a service as "general-interest" so that it can be given due prominence;
- regulatory requirements to ensure that the automatic DTT channel numbering system is installed and easily accessible on all television sets with digital terrestrial technology.

The consultation will end in early March, which is the deadline for stakeholders to submit input on the document.

In terms of signal transmission and infrastructure, particular risks could derive from the stabilisation of the reference infrastructure scenario, in terms of the identification, at least for a suitable period of time, of digital terrestrial as the platform of choice for broadcasting TV channels and in particular free channels, following the refarming of 700 MHz frequencies which concluded, as expected, in 2022. On 30 June 2022, the national frequencies on the 700 band (including two of the five already assigned to Elettronica Industriale) intended for 5G

mobile telephony services were switched off in accordance with the law. In implementation of the Road Map Decree of 21 December 2021, MPEG2 was switched off entirely (in favour of MPEG4) on 20 December 2022.

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

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

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

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

Concerning the Implementation of Directive (EU) 2019/790 – Legislative Decree No. 177 of 8 November 2021 – Copyright and related rights in the Digital Single Market, this decree made significant amendments to Law No. 633 of 22 April 1941 on copyright and other rights connected with its exercise, with reference to the digital uses of protected works and contents.

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

As part of the approval process for the draft legislative decree implementing EU Directive 2019/790 on copyright and related rights in the digital single market, Agcom published a resolution on 27 June 2022 ordering a public consultation over the "Draft regulation on the identification of reference criteria for determining fair compensation for the online use of press publications referred to in Article 43-bis of Law No. 633 of 22 April 1941" (Resolution 195/22/CONS).

Article 43-bis transposes Article 15 of the EU Copyright Directive (2019/790), in which European lawmakers addressed the issue of fair distribution of the value generated by online use of "press publications" among publishers (rightholders) and the platforms transmitting online content.

This regulation also recognised publishers' rights of reproduction and communication to the public (as already enshrined by Directive 2001/29/EC for other categories of rightholders), thus eliminating the value gap between online platforms and rightholders of press publications.

Regarding obligations for programming and investment in European and independent productions MFE Group has continued to offer Italian viewers free-to-air programming that features a broad and substantial range of European and Italian audiovisual productions across all genres.

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

### **Risks related to business interruption**

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



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

The subsidiary Elettronica Industriale SpA owns the transmitters for transmission and broadcasting and the rights to use the frequencies. The transmitters are attached to 1,700 technological towers available to the subsidiary El Towers SpA under a framework agreement between the two companies that was renewed for seven years from 1 July 2018. The towers of El Towers SpA cover 96% of the Italian population.

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

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

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

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

Elettronica Industriale also completed the infrastructural investments necessary to guarantee the availability of technological equipment and transmission capacity. To do so, it obtained from the competent authorities a network operator's licence for three digital multiplexes on terrestrial frequencies at a time of technological transition to new MPEG4 transition technology from the end of the year and the gradual introduction of the new DVBT-2 compression standard beginning 2023, following refarming of 700 band frequencies.

## **Financial risks**

In 2022, a particularly prudent approach was maintained to putting in place an optimal debt structure by prioritising available committed credit facilities.

During the year, new committed credit facilities totalling EUR 450 million were agreed, against approximately EUR 330 million of expiring contracts, of which EUR 250 million drawn.

The Offer over Mediaset España shares was financed with an approximately EUR 200 million club deal amortised over five years.

Therefore, MFE's total committed credit facilities on 31 December 2022 stood at EUR 1,700 million, of which EUR 470 million available. Mediaset España has a total available committed credit facility of EUR 260,0, million

In accordance with the Group's policy on liquidity, the average financial exposure in 2022 did not exceed 80% of the total average amount provided by lenders.

The presence of variable rate debt and the acquisition of television and movie broadcasting rights in currencies other than the euro (mainly the US dollar) clearly exposes the Group to risks related to fluctuations in interest and exchange rates. In accordance with its financial risk management policies, the Group, through derivative contracts entered into with third parties, has adopted a management approach for such risks aimed at eliminating the effect of the exchange rate fluctuations by establishing in advance the value at which such rights will be recognised once acquired, and setting or limiting the free cash flow differences due to market changes in interest rates on medium/long-term debt.

The Group also continued to operate with the aim of further enhancing its financial soundness in terms of its structure, composition and counterparty diversification of its debt, its committed loan-to-value ratio, the extension of average maturity dates and the optimisation of low-cost conditions, and its availability to credit facilities in respect of average utilisation. In accordance with the Liquidity Risk Policy adopted by Mediaset, average consolidated financial exposure must not exceed 80% of all agreed credit facilities, with at least 20% of credit facilities remaining available at all times. On average during the year 2021, 53.2% of the MFE total credit facilities were available and unutilised.

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

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

### **Risks concerning unprotected intellectual property rights to content**

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

### **Risks connected with the management of legal disputes**

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

For more information on the main legal disputes, see the relevant section of the “Notes to the consolidated financial statements”.

## ESG risks

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

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

An assessment was carried out during the annual update process, which highlighted that the controls put in place by the Group were generally adequate. This conclusion was based on the prevalence of active and positive approaches to ESG issues, which are in line with its core values and instrumental to pursuing its business objectives. Particular focus and consolidation were dedicated to the development initiatives in the area of Human Resources (training, equal opportunities, welfare, health and safety) and the monitoring of the overall broadcasting offering. These initiatives were also in response to the greater sensitivity of end users and advertising investors to ESG issues and involved consolidating projects and initiatives aimed at optimising consumption and reducing direct emissions.

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

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

At present, the impact of climate change on and by the Group, both directly and indirectly, is not critical. As reported in the section below on non-financial disclosures, throughout 2022 the climate change risks facing the Group in the coming years were analysed with a view to how this might compromise its business continuity. It was concluded that such risks are not of a material nature in the medium term due to the physical *disaster recovery* solutions already in place.

The Group also carefully complies with and monitors developments in climate change regulations, with particular reference to the recommendations set forth by the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the European Commission's recent adoption of the Media and Audiovisual Action Plan (MAAP) – a plan for the media and audiovisual sector that aims to support the recovery and transformation of these sectors which have been particularly hard hit by the pandemic and which are essential for democracy, cultural diversity and the European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The Association of Commercial Television in Europe (ACT), of which Mediaset is a founding member, is preparing a position paper for the EU institutions on this plan.

### **Risks connected with reputation and stakeholder relations**

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

- programming, which is monitored through daily analysis of viewership behaviour, both in terms of ratings and the viewer satisfaction of the programmes on offer (thus reflecting public perceptions of the editorial line taken by the networks) and through ongoing action to protect and cater to children and other corporate responsibility issues;
- communication processes aimed at financial markets and public opinion;
- production processes and their capacity to produce quality and innovative products.

### **Risks connected with human resource management**

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

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

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

intranet project, Office 365 and instant messaging tools for all company employees) and by introducing innovative and flexible ways of working (flexi-work).

### Risks connected to environmental policies

Given the nature and location of the Group's activities and in light of the risk assessments carried out during the year, the generated and suffered impact by the Group in terms of Climate Change does not represent an aspect of particular criticality. The Group is nevertheless committed to constantly and carefully complying with and monitoring legislative developments and has launched a process aimed at identifying and implementing environmental-friendly solutions in its processes for technical investment and replacement, with a view to saving energy and to minimising and optimising direct emissions. In particular, initiatives were launched in 2022 in the area of sustainable mobility, in which the Group had already introduced various measures in recent years to improve its employees' commutes into the office and is now turning its attention to the renewal of the company car fleet. In 2022, the Group completed the construction of major recharging station infrastructure in the car parks of its headquarters in Cologno Monzese to promote the conversion of the company car fleet to hybrid or full electric models that are able to impact positively in terms of reducing the CO2 emissions from company cars.

In Italy, the Group is also exposed to the risk of generating electromagnetic fields due to the nature of its transmission activities. Exposure to electrical, magnetic and electromagnetic fields is governed by Italian Framework Law No. 36 of 2001 and Italian Presidential Decree of the Council of Ministers of 8 July 2003, which set limits on the exposure of the population to electrical, magnetic and electromagnetic fields with a frequency ranging from between 100 kHz to 300 GHz. The exposure limit is the value of the electrical, magnetic and electromagnetic field, regarded as the emission value, set to protect health against severe effects, which must not be exceeded under any condition of exposure of the population and workers.

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

The quality goals are:

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

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

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

	2022		
	Intensity of electric field E (V/m)	Intensity of magnetic field H (A/m)	Power density D (W/m <sup>2</sup> )
Exposure threshold	20	0.100	1.0

Warning threshold	6	-	0.1
Quality objective	6	-	0.1

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

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

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

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

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

## CONSOLIDATED NON-FINANCIAL DISCLOSURE

This section meets the requirements of the civil code and the Dutch non-financial information decree (*Besluit bekendmaking niet-financiële informatie*), transposing Directive 2014/95/EU to which the MFE Group (hereinafter also referred to as the “Group”) is subject. It is an extract taken from the Group Sustainability Report, drawn up in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” 2021 defined by the Global Reporting Initiative (GRI), in accordance with the “in accordance” option.

This section lists the initiatives and main results in the economic, social and environmental fields achieved by the Group during 2022 (from 1 January to 31 December), through a description of the management models, the policies implemented by the company, the results achieved and the main real and potential positive and negative risks and impacts generated with reference to the topics expressly referred to by the Dutch decree on non-financial information (environmental, social, personnel, respect for human rights, combating corruption), including the management approach to the same.

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

The strategic risk assessment model for the group (conducted by the Risk Officer, with the support of a leading consultancy company, as self-assessment with Group management - ERM model), with focus on exogenous and internal risk factors that can be correlated directly with its business model and guidelines defined by the Board of Directors, includes the ESG risk areas in keeping with their materiality, expressed in the Group Material Topics List. This assessment involves identification of material risk/opportunity factors for each of the ESG areas. Each risk profile is assessed by taking into account: the general background context (also for benchmarking against leading operators in the TMT sector); the monitoring of the Group's main initiatives and projects in these areas; and the main feedback from key stakeholders. The assessment carried out as part of the annual ERM update process highlighted the overall adequacy of the safeguards the Group has employed, given the predominance of active and positive approaches to ESG issues, in keeping with its own values, which are a reference as well as being instrumental in pursuing its business objectives.

Of particular note are the consolidation of and attention towards **development initiatives in the Human Resources** area (training, equal opportunities, welfare, health and safety), the monitoring of the overall **broadcast offering**, also in relation to greater sensitivity of end users and advertising investors to ESG issues and the consolidation of projects and initiatives to optimise consumption and reduce direct emissions.

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

For future reporting, the Group will assess supplementing its analysis – and thus its disclosure – of the climate change impact generated and undergone by the Group. This also relates to the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 “Guidelines on non-financial reporting: Supplement on reporting climate-related information”) and the recent adoption by the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of

activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association, of which Mediaset is a founding member (ACT), is preparing a position paper to the EU institutions in connection with this plan.

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

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

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

The contents of the present document are arranged by material issues for the Group and its stakeholders, as identified by the materiality analysis and based on the results of the stakeholder engagement activities conducted and validated by the Board of Directors of MFE in January 2022, as set out in more detail in the following *Mapping of Stakeholders and Materiality Analysis* paragraph. The contents of the present document are arranged by **material topics for the Group and its stakeholders**, as identified by the materiality analysis and based on the results of the stakeholder engagement activities conducted and validated by the Board of Directors of MFE on 14 February, as set out in more detail in the following *Mapping of Stakeholders and Materiality Analysis* paragraph. In particular, the process whereby the contents were defined is based on the principles of relevance, inclusiveness of stakeholders, completeness and operating context for the Group. The principles of balance, accuracy, reliability, comparability, clarity and timeliness have been observed in regard to the quality of the information reported. For more information on the Group’s material topics and impacts in relation to them, please refer to the MFE Group’s 2022 Sustainability Report, available on the Group’s website in the “Sustainability” section.

The boundary of economic, financial, social and environmental data and information includes the companies fully consolidated in the Consolidated Financial Statements<sup>1</sup>. This scope does not differ significantly from that of the previous year. To enable the comparability over time of the data, it is presented alongside the corresponding figures for 2021.

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

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

This document was approved by the Board of Directors of MFE-MEDIAFOREUROPE N.V. on 18 April 2023.

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<sup>1</sup> For a list of the companies included under the full consolidation method, see “*List of equity investments included in the Group’s consolidated financial statements at 31 December 2021*”.



## THE VALUES OF THE MFE GROUP

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

This Code of Ethics will be presented in its entirety in the CODE OF ETHICS chapter.

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

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

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

In regard to the various categories of stakeholders, the MFE Group has always made every effort to **combat corruption** by acting transparently in its dealings with clients, suppliers and institutions, always and without exception respecting the principle of free competition. In fact, the company has strict policies and procedures for the prevention of crimes of corruption, with particular reference in Italy to Compliance Programmes pursuant to Legislative Decree 231/01.

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

## THE MFE GROUP, ITS BUSINESS CONTEXT, AND SUSTAINABILITY

In the pursuit of its media company business activities, the Group maintains relations both in Italy and in Spain with a multiplicity of **stakeholders** in its efforts to protect their interests, while setting itself the target of generating a positive social impact in the territories where it operates.

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

The Group is also monitoring the development of regulation forming the basis for future non-financial reporting disclosure obligations, with particular reference to compliance with the Corporate Sustainability Reporting Directive (**CSRD**) adopted by the European Parliament on 10 November 2022 and published in the Official Gazette on 16 December 2022. The goal of the CSRD is to further increase transparency in environmental, social and governance reporting in order to further promote investments to support the economic transition in line with the European Green Deal. The CSRD Directive will be applicable to MFE starting from MFE's Consolidated Annual Report for 2024 (approved and published in 2025) and will require a limited certification report to be issued by the independent auditors as of that date. In general, the CSRD provides for a revised reporting model and an

expansion of the disclosure and reporting obligations to be prepared in accordance with the European Sustainability Reporting Standards (ESRS) which will be issued by the European Financial Reporting Advisory Group (EFRAG). The EFRAG has published the Report on European standardisation of non-financial information and the corresponding roadmap and submitted an initial set of 12 ESRSs to the European Commission in November 2022. The European Commission is expected to adopt the definitive ESRS standards by mid-2023. The adoption of these standards will also entail the introduction of the principle of double materiality to the process directed towards performance of the materiality analysis, taking into consideration both the impact of company activities on the environment and the impact of environmental issues on the company. The Group is launching the necessary gap analysis activities with respect to these regulatory developments.

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

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

At present, the impact generated and experienced by the Group in the area of **Climate Change** does not represent a materially critical aspect for the Group, either directly or indirectly in both relative and absolute terms. The Group has in any case always been committed to ongoing and precise compliance with and monitoring of the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the recent adoption by the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association (ACT), of which the Group is a founding member, is preparing a position paper to the EU institutions in connection with this plan.

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

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

- In the **Environmental** area, the Group, which given its characteristic activities does not in any case have a significant impact in terms of direct and indirect scope 2 emissions, has always been inspired by the principles of responsibility for protecting the planet, through sustainable natural resource management, aims **to**

**progressively reduce CO<sub>2</sub> emissions until Carbon Neutrality is achieved by 2030**, contributing to the climate change goals set in the Paris Agreement (COP21).

- In the **Social** area, the Group has always recognised the central importance of people and sought to promote their experience, professionalism and diversity, already achieving excellent standards of gender equality both in terms of number and pay gap (with potential areas for improvement at management level) and excellent levels in welfare policy management. On this basis, the goals indicated are therefore:
  - **Maintain the current levels of distribution and pay equity for each category**, through recruitment and professional development policies that encourage the growth of the less represented gender into managerial roles.
  - **Maintain the standards of excellence achieved by the Group in the field of welfare and training**, both in terms of the level of investment and the variety and innovation of the service offer.
- Furthermore, with reference to its broadcast offering, MFE intends to continue playing a central role in the dissemination of the culture of sustainability in the country with the aim of **increasing public awareness around ESG issues through content distributed on all available platforms** in keeping with its value system and responsibility as a pluralist broadcaster.
- In the **Governance** field, the decision was taken to adopt a system to guide and control ESG initiatives and mechanisms to guide managerial action with the aim of **progressively adopting sustainability criteria and principles in managerial practices and choices throughout the organisation**, through specific training initiatives and the introduction of ESG objectives among the parameters of incentive systems.

In line with the ESG goals defined by the Board of Directors, the following main initiatives were implemented in Italy in 2022:

- In the area of the **Environment**, as of 2022, the Group purchases electricity to power its offices, production centres and its own radio network which is exclusively green, or certified with guarantees of origin from 100% renewable sources. This green energy also makes it possible to power the electrified cars in the company fleet, making the mobility of company cars completely sustainable (zero-emissions supply chain) when travelling. To this end, charging infrastructure for electric cars in the company fleet was established at the Cologno Monzese management centre. Gradual conversion of this fleet to electrified models (full-electric or plug-in) has begun. The electrification of the commercial fleet will follow the development of the offering in terms of available models and range (in view of the mobility needs of this type of user). Finally, projects have been launched at the management centre in Cologno Monzese to revise workspaces according to environmentally sustainable design choices.
- In the **social** area, training courses, innovative well-being services and various internal communication initiatives were put forward with the goal of disseminating and promoting a sustainable culture further and a pre-assessment process was launched to assess the company's position with respect to gender equality issues, in order to identify the main opportunities for improvement and assess whether to undertake a potential certification process under the new legislation.
- With reference to its **broadcast offering**, in addition to the continuous drive in the "Mediaset ha a cuore il futuro" campaigns that aim to promote and raise public awareness around social and sustainability-related issues, the Group has designed and structured mapping processes to identify ESG-themed programmes in

the TV, Digital and Radio offering and establish indicators related to product and use volumes, adopting a process of tracking and managing metadata related to television content.

- In the **Governance** area, as indicated in the following Compensation Report, ESG goals have been introduced among the parameters of the Managers' short-term incentive systems.

## Mapping of Stakeholders and Materiality Analysis

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

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

For the purposes of preparing this NFD, on 14 February 2023 the Board of Directors validated the list of material topics for the Group, after consulting the Audit Committee which met on 8 February 2023.

In relation to the CSRD Directive and ESRS reporting standards coming into force, the Group will progressively incorporate the assessment models inspired by the principle of double materiality into the performance of Materiality analysis starting from the annual reporting for the year 2024.

To make up the 2022 list of material topics, **stakeholder engagement activities** were carried out to determine the relevance of these topics among the various categories of stakeholder.

Specifically, to create the 2022 list of material topics, the company management identified and subsequently involved the following stakeholder cluster:

- Investors, shareholders and the financial community
- Users and customers
- Employees
- Suppliers and subcontractors
- School, Universities and research centres
- Collaborating artists, business partners, content suppliers.

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

The topics shown in the following table are already sorted by relevance in terms of current and potential impact, positive and negative, assigned in the course of the activities described above.

MACRO TOPIC	MATERIAL TOPIC	IMPACT	NATURE OF IMPACT
Responsibility to employees	Management and development of human resources	Improvement of workers' skills through training activities	Positive
		Employee health promotion	Positive
		Injuries or illnesses in the workplace	Negative
		High personnel turnover and loss of key knowledge with indirect impacts on stakeholders	Negative
		Increase in employee well-being thanks to implementation of benefits, work-life balance and career development plans	Positive
		Improvement in working practices through a welfare system suited to the needs of employees and their families	Positive
		Unattractive work for new generations with a direct and indirect negative impact on business continuity	Negative
		Competitive remuneration policies that equitably redistribute the value generated by workers while also indirectly increasing the attractiveness to talent	Positive
Responsibility to employees	Diversity and inclusion	Discrimination in remuneration between men and women	Negative
		Incidents of discrimination/abuse within the company	Negative
		Lack of diversity in governance bodies and among employees with direct and indirect impacts on the consolidation of equality	Negative
Economic responsibility	Economic performance	Economic value generation through profitability and financial protection and short-, medium- and long-term value creation achieved through efficient management of tangible and intangible assets (e.g. patents, production technologies, specific know-how) and related distribution to interested parties (e.g. employees, suppliers)	Positive
Corporate Governance and Compliance	Corporate Governance	Dissemination and participation in company values, resulting in motivation, engagement and accountability of personnel	Positive

MACRO TOPIC	MATERIAL TOPIC	IMPACT	NATURE OF IMPACT
		Absence of management practices for the nomination system, roles and responsibilities	Negative
Corporate Governance and Compliance	Privacy and protection of personal data	Security breaches affecting privacy, cybersecurity and data within the organisation	Negative
Corporate Governance and Compliance	Compliance with regulatory requirements	Non-compliance with laws, regulations and internal and external standards with negative social and environmental externalities also generated along the supply chain	Negative
		Anti-competitive and anti-trust behaviour and monopoly practice	Negative
		Incidents and episodes of corruption <sup>2</sup>	Negative
Responsibility towards suppliers	Responsible supplier management	Support for the local area through spending on local suppliers	Positive
		Environmental and social (including human rights) impacts of own supply chain	Negative
Product responsibility	Quality, integrity and continuity of service	Actions to contribute and guarantee quality, safe and reliable content thanks also to the improvement of radio and TV reception and the consolidation of digital distribution	Positive
		Non-compliance in the circulation of independent, pluralistic, impartial and accurate news	Negative
Product responsibility	Innovation & Digitalisation	Implementation of digitalisation, and dematerialisation of content thanks, for example, to the study of new technologies and trends in the field of multi-platform audiovisual production, new	Positive

<sup>2</sup> During 2022 no confirmed cases of corruption have been registered (for further details make reference to GRI Content Index 205-3 within MFE Sustainability Report 2022).

MACRO TOPIC	MATERIAL TOPIC	IMPACT	NATURE OF IMPACT
		multimedia services and transmission over fixed and mobile networks	
		Support to companies and start-ups and development and innovation programmes	Positive
Environmental responsibility	Environmental impact management	Use of non-renewable and renewable energy sources	Negative
		Inefficient use of raw materials and water by disincentivising the use of materials from reuse and recycling processes	Negative
		Contribution to climate change through direct/indirect greenhouse gas emissions	Negative
Product responsibility	Protection of intellectual property	Theft and unlawful circulation of intellectual property with damage to artistic resources	Negative
Environmental responsibility	Electromagnetic emissions	Presence of non-ionising electromagnetic emissions exceeding the required compliance and attention threshold	Negative
Social responsibility: community	Respect for human rights	Cases of human rights violations within the organisation	Negative
		Cases of human rights violations along own value chain	Negative

MACRO TOPIC	MATERIAL TOPIC	IMPACT	NATURE OF IMPACT
Product responsibility	<b>Audience satisfaction</b>	Presence of channels for dialogue that can be used by customers to engage the audience in content creation	Positive
Social responsibility: community	<b>Social engagement (local communities)</b>	Developing fair, transparent and constructive relationships with stakeholders, with direct effects on continuous improvements in ESG performance	Positive
		Support for local development through grants and donations	Positive
		Investments made locally in infrastructure and services, as well as in social and cultural events and initiatives	Positive
		Employment of workers from the local community	Positive
Product responsibility	<b>Responsible advertising and marketing</b>	Selection of advertising and marketing in line with the values of the organisation and with a view to social responsibility	Positive
Product responsibility	<b>Commercial and strategic partnerships</b>	Absence of commercial and strategic partnerships in the media, research institutions, universities, and other companies in the sector that could have a positive impact on consumers, suppliers, and society	Negative
Product responsibility	<b>Accessibility of the product</b>	Disseminating content while protecting the most vulnerable audiences	Positive



MACRO TOPIC	MATERIAL TOPIC	IMPACT	NATURE OF IMPACT
		Greater accessibility of the service offered in terms of social inclusion, through subtitled programmes, audio description, web browsing and the development of specific products and content for disadvantaged audiences	Positive
<b>Social responsibility: community</b>	<b>Relations with the Public Administration</b>	Responsible management of relations with institutions and PA, with a view to collaboration and mutual support	Positive
<b>Responsibility to employees</b>	<b>Industrial relations</b>	Conflicts with trade unions and failure to respect the right to freedom of association within the organisation or along its value chain	Negative

This list of material topics represents the weighted combination of the degree of relevance/critical nature of the topics for the Group and its Stakeholders.

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

## ETHICS AND INTEGRITY IN BUSINESS

### Code of Ethics

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

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

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

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

Respect for the principles and values enshrined in the Code of Ethics is of fundamental importance for the correct operation, reliable management and image of the MFE Group<sup>3</sup>.

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

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

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

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

The MFE Group also implements **training activities** addressing its Code of Ethics, and with particular reference to the companies under Italian law, as required under the administrative liability provisions (Legislative Decree 231/01) relating to the Compliance Programmes pursuant to Legislative Decree 231/01 implemented by Italian Group companies<sup>4</sup>. According to circumstances and requirements, training plans are administered in classroom courses or via special e-learning modules.

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<sup>3</sup>Including foreign investee companies

<sup>4</sup>The companies under Italian law which have currently implemented their own Compliance Programmes under Legislative Decree 231/01 are: Mediaset S.p.A., R.T.I. S.p.A., Publitalia '80 S.p.A., Digitalia '08 S.r.l., Medusa Film S.p.A., Taodue S.r.l., Elettronica Industriale S.p.A., Radio Mediaset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l., Beintoo S.p.A.

Following its adoption and subsequent amendments<sup>5</sup>, the Code of Ethics was distributed to its different recipients including both employees and signatories to employment and supply contracts and, more generally, all parties conducting business relations with Group companies. Contracts with third parties contain specific clauses with an explicit formal reference to the Code of Ethics (as well as the Compliance Programmes pursuant to Legislative Decree 231/01 in the case of Italian companies), stating that failure to observe its provisions constitutes a breach of contractual obligations, giving rise to the right to terminate existing legal relationships without prejudice to any compensation for damages.

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

For any additional details, please refer to the 2022 Sustainability Report and the Code of Ethics, available in digital format.

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

The Code of Ethics and the Compliance Programme establish the fundamental principles and values that govern the Company and all employees, managers and members of the Board of Directors are subject to it, as well as all persons, natural or legal, who maintain any kind of relationship with MFE Spain in the performance of their professional or commercial activities.

## Compliance with regulatory requirements

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

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

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

The Directorate for Regulation and Institutional Requirements also periodically publishes a manual ("**linear and non-linear audiovisual media services manual**") summarising the regulations governing the TV and

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<sup>5</sup> During 2022, neither the text of the Code of Ethics adopted in the course of 2019 by Mediaset S.p.A. and its Italian subsidiaries nor of the one adopted by MFE - Mediaforeurope N.V. in 2021 were amended.

radio programming activities of linear and non-linear audiovisual media services.

Following the changes introduced by Legislative Decree 208/2021 – Audiovisual Media Services Directive – in force since 25 December 2021, the manual which summarises and interprets the complex legislative and regulatory framework governing the programming and broadcasting of content on various platforms (TV, radio, OTT, internet, etc.) has been updated and supplemented with the new provisions.

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

Programmers receive training on correct programming procedure, in compliance with the regulations, in a series of meetings.

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

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

## Conflict of Interest

The Code of Ethics includes special provisions on conflicts of interest<sup>6</sup>. All recipients of the Code of Ethics must scrupulously observe the laws and regulations on conflicts of interest, especially with regard to the pursuit of their business activities and their own duties/functions. In pursuing the interests and general objectives of the Group, they must abstain from conduct and action incompatible with their obligations in connection with their relations with MFE Group companies.

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

With regard to the management of transactions concluded between related parties, the Board of Directors highlights the voluntary establishment – as not required by the laws and regulations in force in the Netherlands – of the Related Parties Transactions Committee and the adoption on 28 September 2021 of the Policy on related-party transactions (subsequently amended on 21 December 2021) in compliance with applicable laws and regulations.

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<sup>6</sup> Both in the Code of Ethics adopted by Mediaset S.p.A. and its Italian subsidiaries during 2019 and in the “Code of Ethics” adopted by MFE in 2021, there is a specific provision on conflict of interest, according to which “the Recipients, in the context of their dealings with the same (i.e. Group), are required to comply with the laws and regulations governing the conflict of interests.” In addition, they “must pursue the objectives and general interests of the Group in the performance of their business activities and their own duties/functions” and “abstain from activities, conduct and action incompatible with their obligations in connection with their relations with the same”.

According to the Code of Ethics, purely by way of example, the following situations may constitute conflicts of interest: (i) having economic or financial interests, including through family members, in Suppliers, Clients or competitors; (ii) using one's role within the Group or the information or data acquired in the performance of one's business activities and/or own duties or functions to one's own advantage or that of third parties contrary to the interests of the Group; (iii) performing business activities or any kind (including services or intellectual work) for Suppliers, Clients, competitors and/or for third parties contrary to the interests of the Group; (iv) initiating negotiations and/or entering into agreements – in the name of and/or on behalf of the Group – with family members or partners as counterparties, or with counterparties of which the Addressee is, in any capacity, owner or in which they are in any case an interested party. 3. Addressees must without delay, taking the circumstances into account, inform their superior or, if applicable to the specific case, the person to whom they are obliged to report situations in which they may, directly or due to third parties, have interests (even only potentially) in conflict with those of the Group.

The MFE Group is therefore committed to taking all measures necessary for avoiding situations which may present conflicts of interest.<sup>7</sup>

The MFE Group also establishes the necessary measures to ensure observance of the regulations concerning equal access of political entities to television and radio in application of the principles of pluralism of information. In overly simple terms, this activity takes the form of sending internal company circulars to its broadcasting structures, including news directors, precisely indicating the requirement to observe regulations concerning equal access of political entities to television and to implement the measures issued by the Authority.

Law no. 215 of 20 July 2004 "Requirements on the resolution of conflicts of interest" requires that holders of government offices (President of the Council of Ministers, Ministers, Deputy Ministers, Undersecretaries of State and Extraordinary Commissioners of the Government) devote themselves in the performance of their duties to the public interest and refrain from implementing acts and participating in collegiate deliberations in situations characterised by conflict of interest.

According to the law, there is a conflict of interest when the holder of government office participates in the adoption of an act or omits a required act, finding themselves in situations incompatible with their public role, due to personal or professional interests contrary to the impartiality required in managing the interests concerned.

The same law provides that both the Italian Antitrust Authority and the Italian Communications Authority have the jurisdiction to resolve conflicts of interest, with supervisory, investigative and disciplinary functions.

In particular, with Resolution no. 417/04/CONS "Regulations for the resolution of conflicts of interest" (as amended by Resolutions no. 392/05/CONS 682/11/CONS) AGCOM verifies that companies operating in the integrated communications system (SIC) and that report to the holder of government offices, spouse or relatives up to the second degree, or subject to the control of the same subjects, do not engage in conduct that provides privileged support to the holder of government offices.

"Privileged support" means any form of advantage, direct or indirect, political, economic or image-related provided to the holder of government offices by the above-mentioned companies, both during election campaigns and outside these periods.

The **AGCM** carries out its supervision of conflicts of interest through the Resolution of 16 November 2004 - "*Regulation on conflicts of interest*" (amended by Resolution No. 26042 of 18 May 2016).

Conflict of interest may exist in two distinct cases.

The first (conflict by reason of incompatibility) occurs whenever the holder of a government office, who is already in a situation of incompatibility, adopts or participates in the adoption of an act or omits an act that is required, in the exercise of their governmental function.

The second hypothesis (conflict by reason of impact on assets) concerns the adoption or participation in the adoption of collegial acts, through which the holder of a government office favours himself, his spouse or his relatives up to the second degree, harming the public interest at the same time.

With regard to **Inside Information**, it is finally noted that, on 18 September 2021, following the completed transfer of the Company to Amsterdam (Netherlands), the update of the related Procedure<sup>8</sup> was approved. This

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<sup>7</sup> The Group undertakes to guarantee, in all possible circumstances, compliance with the Law of 20 July 2004 no. 215 "*Requirements on the resolution of conflicts of interest*", and with AGCOM ruling no. 417/04/CONS "*Regulations on the resolution of conflicts of interest*" (amended by ruling no. 392/05/CONS 682/11/CONS).

<sup>8</sup> Adopted pursuant to the Market Abuse Regulation (EU No. 596/2014), in order to comply with the legal and regulatory provisions, including European ones, in force regarding the abuse of inside information.

acknowledges, among other things, that the competent authority for the purposes of insider trading and delay in disclosing privileged information remains the Italian Market Supervisory Authority (CONSOB). The Inside Information Procedure governs the internal management and communication to the public of inside information concerning the parent company and its subsidiaries, as well as the operation of the “Register of persons with access to inside information”. The Inside Information Management and Communication Procedure is an essential component of the MFE-MEDIAFOREUROPE N.V. internal control and risk management system and part of the rules and prescriptions adopted by MFE-MEDIAFOREUROPE N.V. for the purpose of preventing offences.

The above Procedure is binding for the directors, statutory auditors and employees of the parent Company and Subsidiaries as well as the external persons/entities who act in the name of and on behalf of the same – with the exception of the listed subsidiary **Mediaset España Comunicación S.A.**, obliged to keep their own Insider Register, to fulfil related requirements and to notify the reference market – and who, in any capacity, have access to information regarding MFE and its subsidiaries.

The Company has communicated the Inside Information Management and Communication Procedure to its personnel and that of its subsidiaries, including through publication on the company intranet and on its website and has also continued training on the process of managing significant inside information for the competent structures.

Via its regulatory compliance department, the **MFE Group in Spain** works to detect and monitor potential conflicts of interest between the company and its directors. This matter is regulated by the Code of Ethics and by the Group's internal code of conduct, which both provide mechanisms for identifying and resolving potential conflicts of interest, thereby preventing conduct liable to damage the company or its shareholders.

In 2021, the “Related Parties” procedure was updated to adapt it to the changes introduced by the new Law on companies (5/2021, 12 April - "LSC") with particular reference to the approval and communication of transactions carried out with related parties; for certain types of significant transactions, the authorisation of the Shareholders' Meeting is required as well as publication on the Corporate website.

Generally, all transactions with “Related Parties” are always in the main interest of the Group, under market conditions and in accordance with the principle of transparency and non-discrimination towards third parties.

All other cases must in any case be authorised by the Board of Directors itself.

Finally, to avoid potential conflicts of interest in the creation and dissemination of content, all related commissions are subject to the review, analysis and approval of the Group's Acquisitions Committee or, if necessary, of the Board of Directors.

In 2022, the “Compliance” protocol was updated to include offences concerning public officials. A new section concerning the responsibilities of Senior Management in these cases was also added.

This protocol has been approved by the Compliance Department.

## **Data Protection and Privacy**

The protection of privacy and the data and personal information pertaining to clients and subscribers is one of the main priorities of the MFE Group, including through appropriate security measures.

The Group has prepared a **“Privacy Compliance Programme – General Principles of Personal Data Protection” Organisational Guideline** that regulates and describes the Privacy Compliance Programme

adopted by the Group as well as the principles relating to personal data protection management, also in order to prevent and/or reduce the penalties envisaged by current legislation on the subject.

The Group has also prepared an **Organisational Guideline on Information Security Policy**, and the protection of data in particular. These activities observe the following principles:

- o compliance with **national and international legal requirements**, with particular reference to Legislative Decree 231/2001, L.262/2005 on the protection of savings and financial markets regulations, and the European Regulation (EU) 2016/679 on the processing of personal data.
- o safeguards on **adequate measures of protection of data against threats**, including cybersecurity; these measures are identified in accordance with the level of risk associated with the loss of confidentiality, integrity and availability of information. This protection must also be guaranteed in regard to relations with third parties.
- o **protection of data against unauthorised access**, while ensuring accessibility for legitimate purposes, with a suitable degree of traceability.

In particular, the **cybersecurity strategy** envisages the implementation of specific activities in the following areas:

- o **Cyber Defence:** The most important activity within the cybersecurity strategy is cyber defence. This consists of designing and activating techniques and technologies to protect services and users.

These are the main activities completed during 2022:

- Enhancement of corporate user account protection technologies
- Improvement in the protection of devices provided to employees and of the service authentication mechanisms
- Extended visibility of cyberthreats using new sources of intelligence
- Adoption of cloud system governance and control systems
- o **Training:** In the course of 2022, 10 mini videos were produced on the main cyber threats and related self-defence techniques, and several simulated phishing campaigns were also carried out. In addition, training was provided on cybersecurity and privacy topics, specifically for IT specialists.
- o **Risk Assessment:** Since 2018, the risk assessment process has been an established operational practice involving annual activities concerning key IT assets, with the aim of identifying the level of cyber risk associated with a loss of confidentiality, integrity and availability.

These are the main risk assessment activities completed during 2022:

- IT operational continuity assessment for the main critical platforms
- Execution of vulnerability tests on IT services exposed on the Internet and, based on the recommendations of security by design, on all new services exposed publicly
- o **Compliance:** Ongoing consolidation and updating of the risk analyses present in the processing register. Processes were also activated to verify the security posture of suppliers.

The protection of personal data, in accordance with current legislation, affects all company activities.

The MFE Group in Italy has always paid great attention to the protection of personal data and, with European Regulation 679/2016 (GDPR) coming into force, has reinforced its **Privacy Compliance Programme**.

With the goal of pursuing the simultaneous promotion of the interests of all parties involved, the protection of personal data and the rights and freedoms of the data subjects, the Group has defined a specific series of **Company Policies, Operating Instructions, Organisational Guidelines**, and a **Processing Register** as the cornerstone and map of the rules and activities connected with processing. Together with the Intranet Privacy Portal and the constant personnel information and training activities, these are part of an extensive privacy management system able to ensure the security of personal data and corporate information.

The **Data Protection Officer**, the **Privacy Department** and the parties involved in various capacities based according to the Compliance Programme promote a culture founded on respect for privacy as a fundamental right of the individual, committing themselves to respect for people and the values of loyalty, trust, transparency and integration.

The MFE group has also issued a **Data Breach Organisational Guideline** in the event of breaches that accidentally or unlawfully result in destruction, loss, alteration, unauthorised disclosure or access to personal data. The Data Breach management plan was prepared in order to implement, where necessary, the action plan and any notification of the Supervisory Authority within 72 hours of identification of the breach as well as communication with the data subject should the rights and freedoms of the individual potentially be at risk.

The **MFE Group in Spain** is scrupulously implementing the protection of personal data and content in the sphere of corporate management. The primary instrument of implementation is the Code of Ethics, which addresses aspects relating to cybersecurity, data protection and confidentiality. Using the Code of Ethics as their guide, the Data Protection Unit, the Internal Auditing Department and the technology division will develop other mechanisms determining the company's conduct in regard to data security.

The Group also implements a corporate security policy which imposes procedures and regulations for the processing of personal data and confidentiality within the organisation. These procedures regulate access to and the processing of personal data in all departments, areas and management units of companies belonging to the Group, while also defining the security measures to be applied during the compilation of personal data to ensure the confidentiality of the latter.

It also implemented a series of operating procedures for managing initiatives requiring the use of personal data: identification and authentication, remote access, access to applications and use of personal data files. These procedures are regularly updated to ensure their compliance with applicable legislation.

In 2016, the MFE Group underwent conformity analysis in light of the General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which came into effect on 25 May 2018.

This analysis revealed the need for more work to bring the current management model up to standard and for the introduction of specific measures of a technical, organisational and legal nature.

With regard to relations between company and citizens in terms of data protection, the MFE Group in Spain has defined and implemented an action protocol for guaranteeing the exercise of the rights of access, rectification, cancellation and objection.



This protocol describes in detail the areas affected by such rights, the channels through which Group users can exercise them, the procedure for replying to requests, special cases for the exercise of rights, and notification of users of the successful outcome of their requests.

The Technology Division of the MFE Group in Spain is in charge of coordinating and managing the technical aspects of information system security, following the corporate security policy and the internal action procedures, which apply to all employees and managers.

As part of this policy, and as a method for guaranteeing control over access to corporate applications and services, a set of guidelines addressing specific topics such as the "Procedure for controlling access to applications" and "Procedure for managing media" has been prepared. The latter procedure defines the cases in which corporate data must be encrypted.

A procedure has also been developed for establishing mechanisms for managing and sending sensitive corporate data. A project for implementing an instrument for the management of access and information rights was developed in 2018 as a technological support for the procedure. This solution involves the application of security rules and policies and the monitoring of the distribution of corporate data.

During 2021, the main procedures relating to information technology were reviewed and updated, with particular regard to:

- Access Control Procedure to application;
- Services and corporate reports Internet Domain Management Procedure;
- Application Management Procedure;
- Security incident management procedure;
- Business Contingency Plan.

Mediaset España constantly monitors its mission-critical information systems via periodic reviews and audits. Monitoring of the systems considered to be most vulnerable also covers the activities of users.

The purpose of information system security management is to ensure the availability, integrity and confidentiality of corporate data, to control access to it, and to ensure the data is adequately protected in conformity with all laws, standards and regulations on data protection.

With respect to data protection, in 2020 Mediaset España organised privacy/cybersecurity training for all its employees.

The MFE Group in Spain has centralised data protection management in the *Data Protection Unit*, which reports directly to the Group's Senior Management and is responsible for data protection for all Group Companies. At the head of this unit is the Data Protection Officer, responsible for the relationship with the Data Protection Agency, as well as the areas of legal advice, internal control and IT security.

In 2019, the Personal Data Policy and the relevant internal procedures were updated in order to adapt them to the requirements introduced by the GDPR. In addition, two new protocols have been implemented to ensure compliance around the protection and guarantee of digital rights.

These reference documents establish the guidelines for optimal, responsible management of privacy and data protection as well as the corrective actions to be taken in the event of violations relating to correct personal data processing by the MFE Group.

During 2022, there were 407 requests to exercise ARCO rights (access, rectification, cancellation and opposition) received and managed by the interested parties, relating to the cancellation of users registered on the Group's digital channels and the deletion of images published on the websites.

During 2022 there were no reports of data loss.

Mediaset España received only three clarification notifications concerning data protection from the Spanish Data Protection Agency (AEPD). The first case was dismissed while the other two are still being analysed.

## PEOPLE IN THE MFE GROUP

Groups employees are mainly concentrated in Italy, where approximately 68% of the workforce operates, and Spain (32%). A lower share of approx. 1% is employed in offices located in France, the United Kingdom and Germany, hereinafter grouped under the "Other Countries" category.

ITALY	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent contract	1,636	1,554	3,190	1,618	1,544	3,162
Temporary contract	64	30	94	61	44	105
Apprenticeship	4	5	9	-	-	-
<b>Total</b>	<b>1,704</b>	<b>1,589</b>	<b>3,293</b>	<b>1,679</b>	<b>1,588</b>	<b>3,267</b>

SPAIN	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent contract	781	730	1,511	817	731	1,548
Temporary contract	12	14	26	23	24	47
Apprenticeship	-	-	-	-	-	-
<b>Total</b>	<b>793</b>	<b>744</b>	<b>1,537</b>	<b>840</b>	<b>755</b>	<b>1,595</b>

OTHER COUNTRIES	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent contract	17	11	28	15	12	27
Temporary contract	-	-	-	-	-	-
Apprenticeship	-	-	-	-	-	-
<b>Total</b>	<b>17</b>	<b>11</b>	<b>28</b>	<b>15</b>	<b>12</b>	<b>27</b>

As at 31 December 2022, and in line with the previous year, 97% of employees had open-ended contracts: the high percentage in all Group offices is due to the Group's ability to retain and guarantee a high level of employment stability, to meet the needs of the different business activities.

MFE GROUP	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	234	103	337	236	105	341
Journalists	295	299	594	319	304	623
Middle managers	388	411	799	373	402	775
Office workers	1,574	1,528	3,102	1,583	1,541	3,124
Industry workers	23	3	26	23	3	26
<b>Total</b>	<b>2,514</b>	<b>2,344</b>	<b>4,858</b>	<b>2,534</b>	<b>2,355</b>	<b>4,889</b>

As at 31 December 2022, the MFE Group comprised **4,858 people**, a slight decrease compared to 2021. The main organisational roles are held by employees: in fact, recourse is made to external contract workers<sup>9</sup> only for the performance of specific activities of a professional or artistic nature or to meet temporary needs. As at 31 December 2022, there were 201 external collaborators in Italy, including 50 interns, and approximately 101<sup>10</sup> in Spain.

## Diversity and Equal Opportunity

MFE GROUP	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	112	225	337	-	118	223	341
Journalists	52	310	232	594	52	333	238	623
Middle managers	1	318	480	799	2	318	455	775
Office workers	217	1,294	1,591	3,102	192	1,348	1,584	3,124
Industry workers	1	16	9	26	-	20	6	26
<b>Total</b>	<b>271</b>	<b>2,050</b>	<b>2,537</b>	<b>4,858</b>	<b>246</b>	<b>2,137</b>	<b>2,506</b>	<b>4,889</b>

<sup>9</sup> The Group makes use of external collaborators such as: contract workers with VAT number, Temporary staff with fixed-term and open-ended contracts, interns. Most of these collaborators are employed in TV content production.

<sup>10</sup> The figure for external workers in Spain is expressed as cumulative data for 2021.

## Number of Employees belonging to the Protected Categories by Professional Category and Gender as at 31 December

MFE GROUP	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	1	-	1	2	-	2
Journalists	1	2	3	2	1	3
Middle managers	2	9	11	2	7	9
Office workers	79	98	177	79	95	174
<b>Total</b>	<b>83</b>	<b>109</b>	<b>192</b>	<b>85</b>	<b>103</b>	<b>188</b>

Demonstrating the ever-increasing importance that the company attributes to diversity and inclusion issues, in 2022 the ESG guidelines issued by the Group clearly expressed a goal connected with pay equity, stating the company's intention to **maintain the current levels of distribution and pay equity for each category**, considered positive, through recruitment and professional development policies that promote growth of the less-represented gender in managerial roles. In particular, the stated 2022 goal of maintaining a weighted average pay equality indicator of 93% was 100% achieved.

In 2022, the Group also consolidated its commitment to promoting a culture of diversity and inclusion by introducing a series of webinars called **"Diversità ed Inclusione"**, directed towards in-depth exploration of Diversity & Inclusion issues, addressed from different points of view, greater awareness and providing insights and starting points for reflecting on issues that more specifically concern people and their relationships.

In the second half of 2022, a **pre-assessment process** was also launched in collaboration with a specialised consulting firm to assess the company's position with respect to **gender equality** issues, in order to identify the main opportunities for improvement and assess whether to undertake a potential certification process.

### People management, attraction and development

The commitment and motivation of employees are fundamental elements for the Group's success. To this end, **opportunities for professional growth** are continually offered, exploiting the **diversity** of origin, experience and competence.

Internal company processes are aimed at ensuring a **correct assessment of employees** starting from both the selection phase and that of subsequent professional and managerial development, through constant monitoring of growth trajectories and the design of coherent training programmes.

### Recruiting Policies<sup>11</sup>

<sup>11</sup> Recruitment by the various Group companies, in Italy and abroad, is regulated by specific protocols drawn up in line with the Group's policies, in compliance with the provisions of Legislative Decree 231/01. These procedures also take into account the local legislation to which Group Companies are subjected, including provisions concerning termination of employment and provisions and regulations for specific remuneration treatment for "expats" in the event of secondment of personnel abroad.

The Group has always enjoyed great visibility on the job market and attractiveness, as demonstrated by more than **18,000 unsolicited applications** received through the Working with Us section of the corporate website<sup>12</sup>, with links to the websites of Group companies.

In parallel, the use of modern **digital recruiting tools** and relationships with the leading **recruitment** companies make it possible to actively seek and identify the best profiles on the market in relation to specific needs.

Finally, the Group's constant and continuous **collaboration with the leading Italian and Spanish universities** makes it possible to contribute to the educational offering of numerous degree and master's courses, through the many lectures and company testimonies in the classroom by its managers and offering internships in the company to young undergraduates and graduates.

The selection process is in any case always preceded by a careful **analysis of qualitative-quantitative coherence** regarding the size of the workforce, with respect to the organisational needs of the companies and also evaluating, where possible, the professional development of internal resources.

In Italy, more than 900 interviews were carried out during 2022, for both profiles with professional experience and internships.

The selection process is aimed at identifying the most suitable candidates, from the point of view of both technical and professional skills as well as soft skills, with the aim of seeking the key skills that the company considers a critical success factor for achieving corporate goals.

In particular, over the years the Group has consolidated a set of key distinctive skills, relating to the cognitive and relational-emotional areas, to be sought in the selection processes of figures from the external market and to identify and evaluate in planning the development trajectories for internal resources.

These **soft skills** in fact represent a critical success factor, common to all areas but differentiated according to the role and degree of seniority, for achievement of corporate objectives at both the group and individual growth levels and flank the professional skills necessary for the various roles in the organisation.

In order to guarantee new recruits an effective start-up of their work activity, the departments involved supervise all phases in the resource's induction, from activation of the **welcome and induction plan** to **tutoring** and **coaching**.

In 2022, 171 people were recruited with open-ended contracts in the MFE Group in Italy, an increase compared to the previous year. New staff were recruited particularly in the Technology and Operations area, where there is a significant generational transition and there is an ever more frequent need to recruit people with specific skills related to the implementation of new technologies, as well as in the commercial area.

60% of those recruited in the year are aged between 30 and 50 and 33% are less than 30 years old.

There was also the opportunity for 218 young people to have an **internship experience** in Italy lasting around 4-6 months on average.

In 2022, there was a recruitment rate of approx. 5% in Italy and approx. 7% in Spain, where 57 people were recruited below 30 years of age.

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<sup>12</sup> Figure refers to the Group in Italy

**NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER WITH OPEN-ENDED CONTRACTS BY AGE, GENDER AND GEOGRAPHICAL AREA [\*]**

ITALY	2022					2021				
	<30	30-50	>50	Total	%	<30	30-50	>50	Total	%
<b>NEW EMPLOYEE HIRES</b>										
Men	27	62	4	93	5.5%	15	42	6	63	3.7%
Women	30	40	8	78	5.0%	12	18	1	31	2.0%
<b>Total</b>	<b>57</b>	<b>102</b>	<b>12</b>	<b>171</b>	<b>5.3%</b>	<b>27</b>	<b>60</b>	<b>7</b>	<b>94</b>	<b>2.9%</b>
<b>New employee hires Rate %</b>	<b>43.3%</b>	<b>8.6%</b>	<b>0.6%</b>	<b>5.3%</b>		<b>27.7%</b>	<b>5.3%</b>	<b>0.3%</b>	<b>2.9%</b>	
<b>EMPLOYEE TURNOVER</b>										
Men	2	14	56	72	4.3%	1	2	100	103	6.1%
Women	5	16	43	64	4.1%	-	-	79	79	5.1%
<b>Total</b>	<b>7</b>	<b>30</b>	<b>99</b>	<b>136</b>	<b>4.2%</b>	<b>1</b>	<b>2</b>	<b>179</b>	<b>182</b>	<b>5.6%</b>
<b>Turnover rate %</b>	<b>5.3%</b>	<b>2.5%</b>	<b>5.2%</b>	<b>4.2%</b>		<b>1.0%</b>	<b>0.2%</b>	<b>8.8%</b>	<b>5.6%</b>	

SPAIN	2022					2021				
	<30	30-50	>50	Total	% Turnover	<30	30-50	>50	Totale	% Turnover
<b>NEW EMPLOYEE HIRES</b>										
Men	18	21	-	39	4.8%	25	29	6	60	7.2%
Women	39	24	-	63	8.4%	20	20	2	42	5.6%
<b>Total</b>	<b>57</b>	<b>45</b>	<b>-</b>	<b>102</b>	<b>6.5%</b>	<b>45</b>	<b>49</b>	<b>8</b>	<b>102</b>	<b>6.4%</b>
<b>New employee hires Rate %</b>	<b>44.9%</b>	<b>5.5%</b>	<b>0.0%</b>	<b>6.5%</b>		<b>39.5%</b>	<b>5.6%</b>	<b>1.4%</b>	<b>6.4%</b>	
<b>EMPLOYEE TURNOVER</b>										
Men	19	48	19	86	10.5%	10	16	4	30	3.6%
Women	12	35	22	69	9.2%	9	25	4	38	5.0%
<b>Total</b>	<b>31</b>	<b>83</b>	<b>41</b>	<b>155</b>	<b>9.8%</b>	<b>19</b>	<b>41</b>	<b>8</b>	<b>68</b>	<b>4.3%</b>
<b>Turnover rate %</b>	<b>24.4%</b>	<b>10.2%</b>	<b>6.5%</b>	<b>9.8%</b>		<b>16.7%</b>	<b>4.6%</b>	<b>1.4%</b>	<b>4.3%</b>	

OTHER COUNTRIES	2022					2021				
	<30	30-50	>50	Total	% Turnover	<30	30-50	>50	Totale	% Turnover
<b>NEW EMPLOYEE HIRES</b>										
Men	1	3	-	4	25.0%	1	1	-	2	13.3%
Women	3	1	-	4	36.4%	-	1	-	1	9.1%
<b>Total</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>8</b>	<b>29.6%</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>11.5%</b>
<b>New employee hires Rate %</b>	<b>66.7%</b>	<b>30.8%</b>	<b>0.0%</b>	<b>29.6%</b>		<b>16.7%</b>	<b>22.2%</b>	<b>0.0%</b>	<b>11.5%</b>	
<b>EMPLOYEE TURNOVER</b>										
Men	1	1	1	3	18.8%	-	-	-	-	0.0%
Women	1	-	1	2	18.2%	-	-	-	-	0.0%
<b>Total</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>18.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Turnover rate %</b>	<b>33.3%</b>	<b>7.7%</b>	<b>25.0%</b>	<b>18.5%</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	

NOTE: To provide a more meaningful representation of the turnover rate for the MFE Group, the calculation method includes in the numerator only the employees with open-ended contracts by gender and age group. The recruitment and turnover rates are calculated by comparing the total of open-ended contracts for recruitment and leaving in the year by age group and gender with the average value of the number of employees for the same age groups. Recruitment and leaving produced by variations in boundary due to acquisitions and terminations in the reporting period are excluded from the calculation.



## Remuneration Policies

In the MFE Group, the remuneration levels of employees are determined through an assessment carried out by the Human Resources Department and by the Business Managers who, with the aim of ensuring the competitiveness of internal remuneration levels with respect to market benchmarks, take into account the area of responsibility, the task performed and the principles of internal equity irrespective of the sex of employees, as well as the need to maintain a level of attractiveness and retention for key resources. To this end, depending on the role, all modern **remuneration instruments can be adopted to supplement fixed remuneration**, such as: non-competition agreements, short and long-term variable incentives, as well as the welfare and benefit system that Group employees enjoy.<sup>13</sup> To support the assessment of equity and the competitiveness of remuneration packages, the Group uses **remuneration survey and benchmark tools** provided by leading specialist consultancy companies.

With respect to remuneration criteria for senior management bodies, please refer to the compensation report included in the MFE Group Consolidated Financial Statements as at 31 December 2022.

With reference to the requirements of the GRI standards, the ratio of annual total compensation for the person receiving the highest compensation<sup>14</sup> to the median total compensation for all Group employees (excluding the aforementioned person<sup>15</sup>) for the 2022 financial year is about 55 times.

## Training

The Group is constantly committed to designing effective **managerial and professional training activities** and training on **sustainability** issues, in addition to those related to **legal compliance**, in order to develop and increase the skills and personal capacities of its employees, considered a critical success factor to support the development of its businesses. In 2022, particular importance was assigned to sustainability projects which constituted a new cluster of widespread activities.

The design stage for training occurs in coherence with the need to develop professional skills and managerial competences in line with the new business context and new compliance programmes, the need to align skills related to the technological evolution processes, and also the ESG goals defined by the MFE Group.

In addition to reading and interpreting the main development trends of the Group that can provide a basis for designing training, **monitoring of training needs** normally involves the department in the development and organisational change processes, the HR Management department and analysis of business development scenarios. At the same time, monitoring the evolution of legislation makes it possible to effectively ensure the provision of training envisaged by the legal framework.

The training offering is provided through various **tools**, such as in-person courses, conferences, workshop activities, online courses and webinars selected according to the specific objectives of the initiative, content and the specific requirements of the recipients in order to maximise the effectiveness and efficiency of the training activity.

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<sup>13</sup>In particular, the remuneration policy applied to the Group's top management is detailed in the 2022 Remuneration Report.

<sup>14</sup>In 2022, the annual total compensation of the highest paid person in the organisation decreased. Consequently, it is not possible to calculate requirement B of GRI 221.

<sup>15</sup>The Total Annual Compensation has been considered for the calculation of the KPI. The median value is the same that could be obtained adding the long term compensation plan, which is not included in the total annual compensation. The short term component is included on a target basis (100%, without short term assignation).

During 2022, the trend of a spread in **digital training methods** continued, both with courses held in remote classrooms or webinars and with the use of online training objects that each employee can choose to attend on demand through the Training Portal. In particular, in 2022 an e-learning platform hosting online courses was introduced and made available to all employees. People can access them freely, choosing from more than seventy courses and masterclasses. On some occasions, these online courses were assigned to groups of people who attended classroom courses with the aim of expanding on or adding to the content covered. The adoption of digital training tools, in particular through the use of new technologies, allows both an expansion in the training content and enhanced digital skills for all employees, as well as experience of a new training option that's enjoyable and involves self-learning. This development is in line with the processes of digitalisation that the Group is activating, as well as the transformation of the Smart Working model adopted.

Overall, the actions taken have led to significant training results, since people were involved and followed in activities that met with a high degree of participation and satisfaction.

The most important initiatives implemented in Italy in 2022 are briefly described below.

**Management training** for the year focused on the needs of particular groups of personnel in order to develop personal skills in keeping with needs defined and stated by the area managers or identified by the Development and Training Department, which deciphers specific personal skill growth needs for personnel across the Group. All managerial activity takes into account the complexities of the business context, understood as a social community, as well as the transformation of internal processes.

The "Problem solving relazionale" training course concluded, dedicated to a "younger" segment of personnel, in terms of both age itself and of seniority. The project aimed to enhance abilities to read and interpret the dynamics of life in an organisation, developing greater awareness of the benefits of an active and constructive approach to facing and resolving relational issues that can occur in one's journey within a company.

The need to make interpersonal exchanges within certain professional families increasingly fluid and productive also led to the organisation of various courses focusing on effective communication content. Dedicated to specific groups of people, these courses highlighted how best to interface with different parties for efficient sharing and implementation of common projects.

Also in the area of growth in personal skills, a teamwork development project ran for a cluster of senior managers who wanted to consolidate their knowledge and collaboration methods, to achieve greater cohesion and internal effectiveness, in relation to implementing innovation projects in particular. The theme of effective leadership was addressed in projects dedicated to managing collaborators for figures tasked with managing teams to be coordinated and motivated. A specific training project for trainers was provided for those called on to train new hires or students of professional schools in television production content, thanks to their production expertise and professionalism.

With regard to well-being and attention to people, in 2022 a remote listening and psychological support service was launched for all employees. The service is managed in collaboration with an outside company which allows employees to speak with a certified psychologist by phone or video, while guaranteeing personal anonymity and confidentiality. Employees can therefore make use of the service at any time they feel the need, to face private or professional situations and circumstances, in the conviction that every person can learn to take care of both their physical and mental health in order to feel better.

The development project focused on identifying key managerial competencies continued, through one-on-one coaching sessions for a selected number of managers.

In relation to **vocational activities**, activities were carried out to increase technical and trade-specific skills. In continuity with previous years, projects of a purely technical nature ran for resources in the Operations Area working on typical television studio equipment, aiming in particular at learning the functional skills for using new IP technologies typical of studio equipment in TV production. These projects are of particular importance in relation to the technological evolution that affects the technical-production areas, whose resources have been able to undertake a process of reskilling that supports both in relation to their professional growth and criteria of greater employability.

In the sales house area, a major project called “One Vision” was conceived and implemented to increase and align knowledge of advertising products. This activity involved both new hires and senior staff, in a shared path of exploring the characteristics of the broad advertising offering in the various media (TV, print, radio, digital...) that sales houses offer on the advertising investor market. The knowledge required of those who work in the commercial field is increasingly broad and diversified, as well as constantly evolving, and must be kept up to date. The programme was built drawing on the expertise of professionals within the company who took on a teaching role and therefore also put together the teaching materials that would enable their colleagues to learn. The project was organised using different teaching methods: from in-person classrooms to the provision of digital content such as videos, presentations and learning tests.

Many other professional projects were dedicated to specific topics, such as Project Management for people with interdepartmental project coordination tasks, exploring Office tools in depth (exclusively through digital self-learning) and the use of graphics and editing software which requires frequently updated knowledge.

Courses were delivered as usual to keep personnel up to date and informed on specialist content for individual areas, with attention to those that require constant adaptation to external situations or legislation. Finally, language training continued with dedicated individual courses for those who need to increase their knowledge of a foreign language, now delivered exclusively online, through a platform that offers the possibility of remote video lessons with teachers who are native speakers.

2022 was characterised in particular by the organisation and systematisation of **ESG** training activities. A schedule of projects was created with content dedicated to topics principally in the Environment and Social areas, with education and awareness-raising content related to the ESG Guidelines adopted by the Group.

**Sustainability** has emerged as a key area in which knowledge should be offered, sensitivity cultivated and awareness raised concerning topics that involve and affect people and companies at the same time.

Two series of webinars were organised in this area: “Dialoghi sulla Sostenibilità ambientale” and “Dialoghi sulla Diversità ed Inclusione”, consisting of a total of seven webinars for all personnel, in which environmental sustainability, diversity and inclusion topics such as climate change, the circular economy, inclusive language and intergenerational dialogue were the subject of dialogue with the aid of expert speakers. The topic of D&I was also explored in an engaging classroom workshop dedicated to an interdepartmental group of people who deal with communication activities or are personally engaged in ESG topics. A project that received particular attention and interest was dedicated to a group of 45 young people of lower seniority in the company, involved in the “Laboratori di Design Sostenibile” (sustainable design workshops). Over a period of about five months, they were called on to make an active contribution to developing innovative ideas in the field of corporate sustainability, through multiple guided or self-managed group work sessions. The result was that they conceived and proposed five projects that could stimulate and interest the Group. In one final occasion, the projects were presented to a group of top managers of the company, who were asked to provide feedback.

All training activities related to Sustainability topics were supported by communications on the company Intranet, to encourage employee participation.

The company's strong commitment to spreading the culture of Sustainability through specific initiatives directed towards employees has been reinforced by the introduction of a specific objective – related to number of ESG training hours provided to employees – to the short-term incentive systems of top management and some other managers. The company has committed to providing a total of 3,300 hours of Sustainability training in 2022, fully achieving the target by providing 4,483 hours.

With regard to **statutory compliance**, initiatives envisaged by legislation were carried out, paying attention to the specific issues of the company. In particular, Health and Safety training was delivered for new recruits and people with roles envisaged by the Group's Safety Management System. The courses on using the Defibrillator (AED) continued in line with the heart-protection project, which involved installing such tools on company premises. Finally, the classroom phase of the Workers' Refresher course was launched, which will involve most workers and for which specific content on the "Fundamentals of First Aid" was designed, with the goal of raising awareness among a large section of personnel around basic topics of health emergency and first aid both in the workplace and in environments where people are smart working.

With respect to Legislative Decree 231/2001, a specific course on Tax Offences was developed internally and provided to all personnel in which, in addition to revisiting some fundamental concepts of Legislative Decree 231/2001, the new category of Tax Offences is illustrated, recently added to the catalogue of predicate crimes and which it is necessary to know to prevent any type of unlawful behaviour.

In the field of Privacy, a course dedicated to personal data processing in the context of information activities was designed internally and delivered to all Journalists. In a context in which access to news cuts across different media (TV, digital, ...) the figure of the journalist assumes particular importance: before broadcasting news, they must evaluate the potential harm to the subjects involved.

On issues related to regulatory compliance, and in particular on the subject of training and information on the Organisation, Management and Control Model established pursuant to Legislative Decree 231, privacy and security, specific training, usually through an online method, is provided upon recruitment of personnel. New recruits are also informed on how to consult the Code of Ethics of the Group and the compliance programme. Finally, all employees can access this documentation at any time on the company intranet.

With regard to trade union relations, within the context of an approach of discussion with workers' representatives, a Bilateral Training Committee (consisting of company and trade union representatives) has been established for many years with the task of:

- contributing to monitoring training requirements related to the need to maintain levels of professionalism appropriate to the production evolution of the company;
- formulating indications on projects and means of professional updating of human resources, with particular reference to initiatives in the field of life-long training, in relation to increasingly rapid technological developments and to issues concerning health and safety in the workplace;
- promoting, analysing and signing annual and periodic training projects/plans to be submitted to the inter-professional funds within the scope of funded training;
- carrying out periodic qualitative and quantitative analyses of the training activity carried out.

In 2022 too, structural use has been made of resources from Fondi Paritetici Interprofessionali (Inter-professional Joint Funds): Fondimpresa for the training of middle managers and employees, and Fondirigenti for executives, to fund a considerable portion of the Group's training activities.

### Average annual Training Hours per capita by Professional Category and Gender

MFE GROUP	Men		Women		Total 2022	
	No. of hours	Hours per capita	No. of hours	Hours per capita	Total hours	Hours per capita
Executives	2,087	9	1,086	11	3,173	9
Journalists	1,394	4	1,190	4	2,585	4
Middle managers	4,471	12	3,710	9	8,181	10
Office and Industry workers	11,111	7	10,970	7	22,081	7
<b>Total</b>	<b>19,063</b>	<b>8</b>	<b>16,956</b>	<b>7</b>	<b>36,019</b>	<b>7</b>

MFE GROUP	Men		Women		Total 2021	
	No. of hours	Hours per capita	No. of hours	Hours per capita	Total hours	Hours per capita
Executives	2,955	12	1,591	15	4,546	13
Journalists	810	4	1,280	6	2,089	5
Middle managers	2,791	6	2,216	4	5,007	5
Office and Industry workers	13,249	8	9,687	6	22,935	7
<b>Total</b>	<b>19,805</b>	<b>8</b>	<b>14,773</b>	<b>6</b>	<b>34,578</b>	<b>7</b>

NOTE: The training hours per capita use the average figure for employees by category and gender as the denominator. The training hours for blue-collar workers were also included with the white-collar worker category.

## Number of Employees receiving Anti-Corruption training or communication by Professional Category

MFE GROUP	2022	%	2021	%
Executives	294	86%	204	58%
Journalists	560	91%	280	67%
Middle managers	792	101%	668	67%
Office workers	3,050	99%	2,216	72%
Industry workers	25	96%	9	34%
<b>Total</b>	<b>4,721</b>	<b>98%</b>	<b>3,377</b>	<b>69%</b>

N.B.: percentages over 100% reflect changes between the number of employees trained during the year (including layoffs) and the average number of employees for every relevant category.

In 2022, training on issues related to **human rights** involved, throughout the MFE Group, 71 people in Italy and 159 hours of training were delivered.

On issues related to regulatory compliance, and in particular on the subject of training and information on the Organisation, Management and Control Model established pursuant to Legislative Decree 231, privacy and security, specific training, usually through an online method, is provided upon recruitment of personnel. New recruits are also informed on how to consult the Code of Ethics of the Group and the compliance programme. Finally, all employees can access this documentation at any time on the company intranet.

People training and talent management are critical elements for the corporate strategy of the **MFE Group in Spain** since they allow a rapid adaptation to the dynamic needs of the environment in which it operates.

More than around 14,000 hours of training were provided in the course of 2022. Among the main initiatives were training courses on accidents and risk prevention with respect to health and safety, compliance, training courses on leadership development programmes, coaching for senior managers and managerial development courses dedicated exclusively to female personnel. Of particular note in the course of 2022 were foreign language courses (2,708 hours), digital training courses (1,250 hours) and induction courses (3,961 hours).

Given the strategic role of innovation, the training plan dedicates many training hours to IT courses and the use of new software. In continuity with previous years, the MFE Group in Spain also offers occupational risk prevention courses.

It should be noted that 66% of the workforce carried out at least one training activity with an average of 10 training hours per capita in 2022.

## Welfare and Well-being

All **MFE Group** companies have defined various corporate welfare systems in line with the policies on human resources that have always put people at the centre of the corporate system.

In 2022 this central importance was reinforced through a statement in the **Sustainability guidelines** adopted by MFE's Board of Directors of a specific commitment to recognising and appreciating the value, experience and

professionalism of the company's human resources, valuing the differences and characteristics of each individual, creating a positive and future-oriented environment. In terms of welfare, the Group has therefore made a further commitment to maintaining the high standards of excellence achieved, both in terms of the level of investment and the variety and innovation of the service offering, paying particular attention to employee satisfaction and their personal and professional growth so that they demonstrate their individual potential at all stages of their careers.

For over ten years the **Mediacenter** has been active at the Milan and Rome offices, the result of an important project aimed at creating an optimal context to facilitate the best balance between professional and personal life. In particular, this is an area on company premises that includes a series of useful and concrete services for improving the quality of life of those working for the Group.

There are also many deals negotiated by the company for its staff – with banks, insurance companies and over a hundred retailers active online or near the Group's main offices. In particular, various "ESG" conventions have been signed in the last year, directed towards supporting sustainable development because they make it possible to promote and pay attention to issues such as environmental protection, social impact, well-being and waste reduction.

The Group has also been working for many years, together with local public bodies, to offer its employees **transport and mobility services** through company shuttle buses that connect the Group's offices throughout the day (including public holidays for production centres) to the main nearby underground and/or railway stations. The service is the result of a detailed analysis of the home and work journeys of all Group personnel of the Milan and Rome offices, implemented in collaboration with the Department of Architecture and Planning (DIAP) of the Politecnico di Milano, aimed at optimising transport service routes and times and limiting personal inconvenience connected with reaching the workplace, both in terms of time optimisation and stress accumulation. The Group has put in place agreements with public and private entities for the use of parking spaces during working hours and has stipulated framework agreements with local public transport for discounted season tickets for employees with debit to the payroll.

In 2012, a **company Campus** was also set up at the Cologno Monzese site with specific architectural features aiming to connect all the buildings and production sites of the Group's headquarters with a more functional approach with respect to the use of work spaces and integration of company areas, achieved through an agreement with the Municipality of Cologno Monzese, which transferred Via Cinelandia to the Group in exchange for redevelopment of Viale Europa, which the MFE headquarters overlook.

MFE GROUP	2022			2021		
	Men	Women	Total	Men	Women	Total
Full-time	2,459	2,127	4,586	2,463	2,117	4,580
Part-time	55	217	272	71	238	309
<b>Total</b>	<b>2,514</b>	<b>2,344</b>	<b>4,858</b>	<b>2,534</b>	<b>2,355</b>	<b>4,889</b>

The Group safeguards maternity and return to work after the birth of children thanks to an important corporate initiative, the **Nursery**, which since 2004 can accommodate the children of employees up to 3 years of age; this solution allows parents to entrust their children to specialised educators, at the workplace, during working hours,

avoiding the need for employees to sacrifice time and money on the care and custody of their children during the daytime.

In 2022, a major project of **rethinking workplaces** was launched, partly as a result of the changes introduced by the new post-pandemic smart working model, which led the Group to ask how it could review the offices and make them more functional, generating value for employees on days when they are on site.

In 2022, in continuity with the previous year, MFE took part in the **WHP (Workplace Health Promotion) programme**, promoted by the Lombardy Region, allowing the Group to obtain the European workplace health promotion (ENWHP) certificate thanks to all the projects listed above and new initiatives promoted during the year, such as the “Mediaset ha a cuore il futuro” campaigns for breast cancer prevention and protecting women who are victims of violence, as well as initiatives that aim to promote employee well-being, including the launch of a remote listening and psychological support service.

The **new company intranet**, launched in 2020, continues to be an effective information and sharing tool that contains and circulates all the company regulations, organisational procedures, services for employees and Mediacenter news and publishes many news items to communicate the activities in progress in the various business areas and update its staff on the Group’s initiatives in the area of sustainability, social campaigns, broadcasting projects, production and technological innovations, training activities, broadcasting rights acquisition, radio events, new partnerships and much more. The intranet is also the tool through which links to many company applications and the services of the human resources portal (salary statements, personal documents, attendance management, contracts and forms) are made available and through which the circulation of surveys to determine employees’ opinions or experiences of certain specific issues is reinforced.

## Benefits

The benefits envisaged for **MFE Group** workers in Italy are mainly of a social security and welfare nature. For all employees there is a supplementary health care plan, 24-hour accident insurance policy and the supplementary pension fund. The company also guarantees integration of the statutory remuneration provided for maternity for all its employees. For senior managers, in addition to these benefits, life and permanent disability insurance due to illness, as well as company cars depending on the role held, are also envisaged.

In addition to the annual review of its employees’ remuneration, **Publieurope** provides health and welfare benefits.

The **MFE Group in Spain** looks after its employees by guaranteeing a wide range of benefits aimed at facilitating a better balance between work and private life. These benefits range from the possibility of using a company shuttle or free parking at the workplace to the company canteen, which benefits all workers, health insurance for spouses and children (up to 25 years), mandatory and/or optional medical check-ups and supplementary insurance for absence due to caring for children or relatives.

## Working Hours

The Group has always identified and implemented specific tools that facilitate the reconciliation of time dedicated to private and professional life, facilitating the equilibrium between demand and supply of flexibility in the workplace, in line with the needs and opportunities that characterise the television business.



With this in mind, a variety of working hours has been contractually defined with the trade unions which flexibly meets the needs of both the company and its workers. Specifically and for most employees, with various specific exceptions for the operational needs of the various organisational structures, it is possible to clock in flexibly between 9.00 and 10.30 am. The remaining workers, engaged in production activity, benefit from a 7-hour work day, rather than 8.

Moreover, from an operational point of view, reductions in working hours are generally granted to personnel requesting this in all the areas of the company, in the presence of the technical and organisational conditions and where the job permits; to date, 120 people in the entire MFE Group benefit from a part-time contract.

Starting in 2019, the Group launched the **Smart Working** project, which, having begun with pilot phases, accelerated greatly in the initial months of the pandemic emergency. Following the requirement of general application during the emergency period, the MFE Group assessed it and determined that it could constitute a new structural method of working, representing an element that enables increased productivity, digital development, the promotion of professionalism and goal-oriented work, the promotion of social, economic and environmental sustainability as well as a tool for balancing the production and organisational needs of the company and work-life balance for workers. In light of this, the Group has defined a new approach to the organisation of work characterised by synergy between flexibility, autonomy, responsibility and collaboration. To this end, the MFE Group signed an experimental agreement with trade unions in May 2021, definitively confirmed in December 2022, directed towards regulating the principles on which the new organisational method of working is based.

The New Smart Working Model adopted by the Group provides for a combination of work carried out remotely and activities carried out on the appropriate company premises according to “at least 1” logic: work can be carried out at least one day a week remotely and at least one day a week on site, through a weekly schedule defined within the individual structures, which takes into account both the technical, organisational and production needs of the company and the personal needs of the workers concerned.

## Industrial Relations

The MFE Group has established and built a consolidated and effective system of industrial and trade union relations at all levels of representation.

The topics typically subject to discussion and disclosure consist of work organisation in terms of jobs, levels and processes, the operating performance of the company, the evolution of the workforce and training issues, as well as the evolution of the business.

The companies in the MFE Group apply the relevant **National Collective Agreements or Supplementary Company Agreements (AIA)** to all of their employees, regulating all the typical situations of the employment relationship.

Specific provisions that further regulate and detail working conditions, working hours and ad hoc technical-production models for individual companies are usually managed via agreements with the trade union representatives of the workers concerned.

The Group manages any structural changes to the organisational, production and logistics structure that have a material impact on the employment relationship with employees by following the union discussion procedures governed by current legislation, national collective agreements and company agreements. These activities aim to

guarantee a fruitful negotiation phase that limits the impact on workers and, where possible, improves any contractual provisions.

On May 26, 2022, the trade union negotiations for the **Renewal of the National Collective Bargaining Agreement for Radio And Television, Multimedia and Multi-Platform Companies** concluded, valid for four years.

In November, the united platform was presented for the renewal of the AIA that expired on 31.12.2021, while in December CISL and CGIL signed the record of agreement for the renewal of the Healthcare Policy through which employees continued to be guaranteed the same insurance coverage as the previous policy and the possibility of extending the policy to family members.

Throughout 2022 periodic discussion continued with the **Coronavirus Emergency Committees** (for the Milan and Rome areas), as provided for by art. 13 of the shared protocol of 13/03/2020, composed of the company Health & Safety Representative, the Employer, the group Health & Safety Managers and Personnel Management, with periodic meetings at the initiative of the company and/or through input from the Health & Safety Representative.

The 2021-2023 renewal of the supplementary company agreement for the **MFE Group in Spain** was signed in 2021. This agreement improves on some of the regulatory conditions and governs aspects related to planning production requirements, internal mobility and notice periods.

## Health and Safety of Workers

The MFE Group in Italy and Spain<sup>16</sup> has adopted, implemented and effectively deployed an **Occupational Health and Safety Management System (OHSMS)**, compliant with the **OHSAS 18001:2007 standard**. After UNI ISO 45001:2018 came into force, in 2020 the MFE Group in Italy updated its Occupational Health and Safety Management System to the new standard, obtaining Certification at Corporate level.

The Certification is valid for Corporate and for all the 14 companies that have adopted this management model, including<sup>17</sup>: Mediaset S.p.A., RTI S.p.A., Elettronica Industriale S.P.A., Medusa Film S.p.A., Publitalia'80 S.p.A., Digitalia'08 S.r.l., Radiomediasset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l., Radio Aut S.r.l. and R2 S.r.l.

The application of the OHSMS concerns all workers operating in all offices of the above companies and their activity as well as management of contracted work.

The **UNI ISO 45001 OHS Management System** was subjected to a certification audit by the DNV certification body. The audit was successful and the 45001 certification was issued at the corporate and individual company level.

Furthermore, for the purposes of the systems and rules for recording and reporting of statistics, the MFE Group has recourse to **specific supporting IT tools**, such as the Simpledo.Net platform.

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<sup>16</sup> The occupational health and safety management system for the Mediaset Group in Spain does not cover employees in foreign offices. The foreign companies MedSet and Publieurope do not come under the Mediaset OHSMS either, but refer to local legislation.

<sup>17</sup> The Taodue company adopts a version similar to the Mediaset OHSMS and employs an external OH&S service.

At least once a year, in compliance with the provisions of art. 35 of Legislative Decree 81/08, for each certified company of the Group, a "Meeting" is convened which constitutes the "Management Review" referred to in paragraph 9.3 of UNI ISO 45001:2018.

<b>MFE GROUP</b>	<b>2022</b>	<b>2021</b>
Injuries (no.)	32	29
Fatal Injuries (no.)	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Working hours	8,007,744	8,089,122
Cases of occupational illness (no.)	-	-
<b>Rate of recordable work-related injuries</b>	<b>4.0</b>	<b>3.6</b>
<b>Rate of fatalities as a result of work-related injury</b>	<b>-</b>	<b>-</b>
<b>Rate of high-consequence work-related injuries (excluding fatalities)</b>	<b>-</b>	<b>-</b>

The **Workers' Health & Safety Representatives (WSR)** represent all workers.

In the case of critical events that may involve employees during business trips abroad, the "Personnel Abroad Security Committee" has been established.

In order to guarantee safe working conditions, in May 2013 the MFE Group set up an "**Operational Guideline**" in order to guarantee the safety of its personnel on business trips in countries or areas considered "at risk".

Lastly, the Risk Management Department provides adequate **insurance coverage for business trips abroad**. It should be noted that no Group workers are involved in activities with a high accident or health risk<sup>18</sup>.

There are also specific clauses that cover health and safety issues in contracts<sup>19</sup> in which the parties agree that the protection of health and the physical integrity of workers is a primary and constant concern for companies; also, with regard to the occupational safety and health of workers, express reference is made to the provisions of Legislative Decree 81/2008, as amended and supplemented.<sup>20</sup>

For 2022, confirming the Group's attention to the occupational health and safety of its employees, there were no serious injuries (duration of more than 6 months) nor cases of occupational illness or cases of injuries for external collaborators.

There were also no accidents with a number of days' absence greater than 70 according to INAIL.

<sup>18</sup> On 30 November 2018 (published on 5/12/2018) two Organisational Guidelines - O.G. MD/HO 105 and 106 - were issued, defining the organisational and operating models adopted by the Mediaset Group to manage any crisis situations (CRISIS Management Compliance Programme), in order to reduce negative impact on the business, limit damage to property and harm to persons and take advantage of any opportunities for the Group, contributing to improving company resilience and its value in time, also for the purposes of preventing the offences envisaged by Legislative Decree 231/2001 as amended.

The O.G. states that the "Group's priority goal" is to safeguard life and health for all in the company (covering employees, external staff, suppliers, guests...), protecting the company's reputation, supporting business continuity in areas and processes considered critical for the business in various safety and security risk scenarios.

<sup>19</sup> Mention is made of Art. 20 - Protection of the health and physical integrity of the workers of the National Collective Bargaining Agreement of Employees of Private Radio and Television Companies,

<sup>20</sup> Art. 7 – Environment and Health of the Supplementary Agreement for Group Companies in Italy

Occupational health and safety in **Spain** are regulated and guaranteed through the occupational risk prevention plan and the provisions of the individual national collective agreements. The plan is jointly defined by the Group Health and Safety Committee and by the Prevention Service ("Servicio de Prevención Mancomunado" or SPM), which is then approved by the Human Resources Department and Service Management and finally presented to the Risk Officer.

The occupational risk prevention plan ensures compliance of the company with the legislative provisions on the prevention of occupational risks and the requirements of OHSAS 18001:2007 for the prevention of standard occupational risks.

We would like to point out that in Spain all collective agreements include measures to protect the health and safety of workers.

Based on the objectives set out in the prevention plan, each year the SPM defines the activity plan. The Risk Officer has the task of approving and monitoring the plan on a quarterly basis together with the Health and Safety Committee. The Committee therefore does not carry out preventive activities but rather represents all employees: the committee consists of approx. ten people belonging to the different professional categories. Moreover, the SPM can perform extraordinary activities to meet or adapt to new regulatory needs or changes in business activities.

In the course of 2022, health and safety training for various categories of workers continued through online courses.

During 2022, no serious injuries were recorded whereas two minor injuries occurred among employees of the MFE Group in Spain. There were no cases of accidents involving external staff.

Also during 2022, there were two cases of occupational illness.

## QUALITY OF THE PRODUCT AND SERVICE

### The Offering

The MFE Group in Italy has managed to attract audiences from every age group – with a particular focus on the **coming generation** – and social class, thanks to its television programme scheduling and selection of programmes capable of meeting all TV viewers' demands.

The **broadcasting strategies** that have led to the success of the channels in Italy through the dissemination of products and content that the users like are the responsibility of the **Programme Schedule and Distribution General Management** in association with **Content General Management**.

These two departments together with the **TV Committee** approve the broadcasting projects.

Once the broadcasting lines on which to build the entertainment of channels in Italy have been decided, the relevant Product Area – in this case, the Entertainment Department – proceeds to the selection of projects of interest through an analysis of the market of reference and monitoring to make sure they are in keeping with the broadcasting lines in the codified regulations "**Manual of Audiovisual and Radiophonic Services**".

This manual guides the dissemination of content following the rules for programming, protection of minors, business communication, equal treatment, privacy and radiophonic regulations.

At the same time, both qualitative (broadcasting characteristics such as type of programme, positioning on the programme schedule, listener target and cast of artists) and quantitative (for example: duration, hours of product, hourly/total cost, etc.) television product guidelines and objectives are defined.

The Entertainment Department guarantees that the product is always in line with the values the Group wishes to convey and the principles contained in its **Code of Ethics**.

Lastly, constant sharing of the project and shared selection of programming make sure that broadcast content meets the quality expectations of TV users.

To further demonstrate the quality of the entertainment product, some examples are programmes like *Striscia la Notizia*, *le Iene* and *Forum* which, still with the objective of entertaining their audience, at the same time address social and contemporary topics.

## Responsible Advertising and Marketing

The Group's advertising is based on the **strategies** and **commercial policies** from various periods of the year which define the sales methods to investors for all advertising spaces on television channels (general-interest and specific).

From an internal control point of view, the Group takes special care to select which advertising campaigns are broadcast. To this end, the main criterion is **compliance with current legislation on advertising**.

Compliance verification is applied in full respect for the advertiser's autonomy in creative and communication choices and is aimed at protecting the company (as well as the advertiser) with respect to the legal status of the communication to be broadcast. This is expressed in the preliminary assessment of what might be the "critical" elements of the message (as well as in the identification, where possible, of the actions necessary to ensure that the advertising complies with the rules).

These control procedures aim to avoid any complaints that could lead to the early termination of the campaign, as well as fines and civil/penal sanctions against (also) the broadcaster.

Refusal to broadcast the advertising message can only occur in cases where obvious critical issues in the communication of a legal nature cannot be avoided.

Another assessment criterion that would affect an advertising campaign being broadcast on Mediaset networks is the **conformity of the message to the broadcasting policy** of the networks.

With respect to its target audience, the MFE Group applies strict selection on advertising that relates to or belongs to certain **product sectors** which - even if lawful and legitimately publishable - could be considered as not compliant with the broadcasting policy (e.g. the Group does not advertise weapons or legal cannabis) or in relation to the content of the message itself (e.g. vulgarity, violence, etc.).

This editorial judgement varies depending on the characteristics of the medium and therefore also of the target audience for which the advertising is intended.

The MFE Group is committed to broadcasting messages that have more than just a commercial purpose. To that effect, MFE is a founding member of the Fondazione Pubblicità Progresso, represented by Publitalia '80 along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

Product innovation has always been one of the main drivers for Publitalia '80 which, in 2017, created a new General Management dedicated, initially, to developing the potential connected with Smart TVs, a rapidly growing strategic medium in Italy, which allows new ways in which viewers use content to be identified.

The Management has focused its activities on developing and implementing new dedicated advertising formats, delivered on linear networks but also within the Group's OTT platform, Mediaset Infinity, made available in 2018 also for internet-connected TVs.

Another of the Management's areas of activity concerns the collection of data, fully respecting the privacy of the Group's media viewers and users, for the purposes of building data-driven products and campaigns that enhance customer communication in all the Group's digital media. From internet-connected Smart TV to Digital, Digital Out Of Home and the Digital Audio product, also launched in 2017.

The tech stack available to the Group and the expertise of the AdTech Management team provide the market with all-addressable solutions that meet a wide variety of communication goals, from branding to performance, and that seamlessly enable the scheduling of several screens, boosting and optimising the efficiency of the campaigns.

Following the acquisition of the mobile data company Beintoo in 2020, Management activity has been enhanced with measurement products and services that can analyse the effectiveness of scheduling on internet-connected Smart TVs, in terms of Drive to Site or Drive to Store. In addition, given the vast offering of digital media available, the Management has developed the model further, expanding its scope to include campaigns on linear and digital TV (web and audio).

In addition to teams dedicated to product development and data analysis, marketing and sales support, one part of the Management is the International Marketing team that observes and analyses international trends and indicators and supports the Group's international sales house, Publieurope.

The **MFE Group in Spain** believes that the responsible emission and management of advertising are both fundamental elements of the business and has therefore implemented specific management and control mechanisms.

**Publiespaña S.A.U.** manages the Group's advertising activities in strict compliance with the applicable legislation and with the specific guidelines defined by the **Association for the Self-Regulation of Commercial Communication**, which the company has been part of since 1995.

In recent years, Publiespaña S.A.U. undertook an **internal reorganisation** process to create as uniform a structure as possible with the Directorate-General for Contents; the central figure in this reorganisation is the Director-General, who is responsible for the management and sale of advertising and constantly works in close liaison with the Chief Executive Officer.

For the purposes of the internal supervisory system, a commercial policy has been implemented which allows improved monitoring of the advertising content prepared. This is examined and monitored weekly by three Directorates General (Sales, Digital Media, Marketing, Operation and Sale services), who monitor the correct broadcasting of the content.

These Directorates work in close collaboration with the Group Legal Department.

In order to avoid any proceedings for misleading advertising, MFE España voluntarily submits any doubtful case in advance to the Association for the Self-Regulation of Commercial Communication (Autocontrol). In 2022, 9 complaints were filed against Mediaset España, 3 of which were rejected and 6 were not considered by the Association for the Self-Regulation of Commercial Communication.

The **internal monitoring process of advertising content** also provides further verification, in collaboration with the Legal Department, even after airing (in the event of disputes or claims for compensation).

The MFE Group in Spain performs further internal reviews to **regulate televised content for children**; this monitoring and control includes issues regarding the advertisement of certain food products (to prevent obesity), messages on the environment, advertising toys, and the promotion of medicinal products or alcoholic beverages. Further compliance checks are carried out with regard to advertising spots for the **gambling** and **betting** sector. However, despite adopting all possible measures to ensure responsible management of both advertising content and distribution, there have been situations in which the established procedures were not able to resolve potential non-compliance.

It is worth noting that in 2022 two penalties of €373,002 and €180,813 respectively were imposed on Mediaset España for alleged inadequate classification of a programme and alleged transmission of surreptitious advertising.

From the perspective of new strategic advertising communication models, we note that Mediaset España, during the last 2 years and following the acquisition of the **Be a Lion** company, a leader in the digital communication sector, has proposed new initiatives for investors that tend to maximise return in terms of brand awareness thanks to a cross-media system of advertising that combines the force of TV content with the innovation of the digital world.

Through the Content Committee and the Digital Committee, Mediaset España has implemented a series of checks on these digital platforms, which aim to assess the suitability of the content presented with respect to the company's values.

## Protection of Minors

The MFE Group has always been attentive to the protection of minors. For this purpose, the Company continuously assesses transmissions and pays close attention to the impact that these can have during a child's developmental years.

Below are a few of the **commitments that the MFE Group has undertaken to protect minors**:

- compliance with all applicable regulations, including the Audiovisual Media Services Directive (Legislative Decree 208/21), which incorporates the provisions contained in Directive 2018/1808/EU, and the Self-Regulation Code Concerning Television and Minors signed in November 2002, which commits the Group's networks to the monitoring of programmes offered to make sure it observes the constraints in place to protect young viewers.
- classification of programmes, leading to the identification of content "that may impair the physical, mental or moral development of minors" (transmitted with all the specific warning and encryption apparatus) and to flag drama products on all linear and non-linear platforms, free of charge and pay per view, through coloured dots (green dot: suitable for everyone; yellow dot: recommended for children accompanied by an adult; flashing red dot: recommended for adults; fixed red dot: potentially harmful for minors or prohibited for children under 14).
- the offering dedicated specifically to minors, thanks to 24-hour programming of the three free-to-air channels Boing (from 2004), Cartoonito (from 2011) and Boing Plus (from 2019).

**Appropriate corporate structures** (Directorate for Documentation and Institutional Analysis and Directorate for Regulation and Institutional Requirements) preside over compliance with the provisions for the protection of minors in broadcasting content.

Following the changes introduced by the new Directive mentioned above, in 2022 the Directorate for Regulation and Institutional Requirements began a **process of analysis** to assess the impact on programming, not only with reference to the linear offering but also the non-linear offering, arranging meetings with the corporate structures involved. The Directive introduced the following main innovations in this area:

- the extension of the regulations on compliance with the provisions for the protection of minors contained in the Directive and Self-Regulation Code Concerning Media and Minors (previously applicable only to television broadcasters) to suppliers of linear and non-linear media services (OTT);
- in disciplinary proceedings and application of sanctions in the event of violations, the provision by AGCOM of the involvement of the Committee for the Application of the Self-Regulation Code Concerning Media and Minors and the greater severity of the fines imposed by AGCOM themselves, with an amount ranging from a minimum of 30,000.00 to a maximum of 600,000.00 euros.

The MFE Group is also committed to **promoting responsible TV consumption by users**, planning periodic campaigns on the use of parental control, available to users on the Mediaset Group website ([www.mediasetinfinity.mediaset.it](http://www.mediasetinfinity.mediaset.it)). The most recent campaign was broadcast on all Mediaset networks between June and October 2022.

From the date of signing the Self-Regulation Code Concerning Television and Minors (November 2002), the Group has participated via its own representative (as Vice Chairman) to help the Committee apply the Code and has always made itself available for active discussion in the area of events, conferences and study days promoted by institutions, research centres and universities on the most pressing emerging issues. This participation was also confirmed upon composition of the current Committee (2021–2024 term).

The Group has also kept its role on the Advisory Board of the **Safer Internet Centre for the Italia-Generazioni Connesse** project, coordinated by the MIM – Ministry of Education and Merit. TV news and public service and in-depth information programmes focused continuously on the issue of cyberbullying and the potential risks connected with the Internet.

As part of the **institutional initiatives**, in September 2022, Mediaset signed the Pietrarsa Manifesto, a call to action promoted by the Italian Data Protection Authority in order to educate children concerning the value of personal data and increase their awareness in using digital devices and services. Taking up the invitation of the Authority, Mediaset announced an upcoming institutional campaign, scheduled for 2023 – within the “Mediaset ha a cuore il futuro” project – entitled “Occhio ai dati, ragazzi!” (Mind your data, guys!) to educate young people and their families on the subject.

Regarding the participation of minors in the content produced, the **MFE Group in Spain**, in addition to following the procedures issued by the **Community of Madrid Labour Department**, has drawn up a **manual** in which all necessary information concerning the rights of minors is collected to ensure children’s activities on television are suitable and to ensure that their right to education and enjoyment of their leisure is not violated. This manual is available on the intranet and is provided to all production companies who employ minors to implement the measures presented.



Furthermore, the **Code of Ethics** of the MFE Group in Spain states that, as a basic principle, "*no one should behave in such a way as to induce, promote, favour, permit or allow acts or attitudes that could be characterised as prostitution or corruption of minors*".

As for the impact of the content transmitted to minors, the Spanish regulation requires the **classification of the audiovisual content to be transmitted**, defined in the framework of content self-regulation, signed by the operators of free-to-air television in 2015 and under the supervision of the Spanish National Commission on Markets and Competition (CNMC). According to this self-regulation framework, all televised content must be classified, except for news and events broadcasting (sport, music, culture, politics, bullfights and bull runs).

For these purposes, the **Department of Institutional Relations** works continuously in close contact with the **Antenna Department** in order to clarify and qualify any content that may have an impact on regulations for minors.

The age classification established determines the time slot in which each programme may be broadcast.

Furthermore, prior to the transmission of programmes involving children, a preliminary approval by the **Child Protection Authority** is required in addition to the aforementioned verification.

Finally, thanks to the **Parental Control system**, the Group ensures a safe browsing environment for registered users on the Mitele platform and on all devices.

As part of its audiovisual activities, Mediaset España adheres to a strict framework that requires compliance with current legislation, self-regulation codes and sector guidelines.

## Protection of Intellectual Property

The MFE Group considers respect for and protection of intellectual property to be of strategic importance and, to protect its audiovisual rights, prosecutes those responsible for pirated transmission of its content, through every competent body.

We start with careful monitoring using **specialised companies** and, once we have identified pirated content, we proceed to **caution** the pirates, with the help of **external legal firms** where required, and in the event of repeat offences file **administrative actions with AGCOM** via civil and criminal lawsuits, both to prevent offences and to obtain compensation.

These actions have resulted in judges taking measures with significant compensatory obligations which, although pending further stages in some cases, confirm the legal direction of copyright protection. Particular attention was also paid to anti-piracy activity for Group-owned films in cinemas.

The same level of attention for intellectual property is also recommended to internal production facilities, for which the **Collective Management** of Copyright and Related Rights provides preventative advice on request.

The Group is also present in all national and European institutions that deal with copyright legislation.

In the case of foreign subsidiaries such as Medset, external legal firms meeting the local regulatory requirements act to protect intellectual property and copyright.

In addition, RTI has a specific **O.G. ("Procurement of television productions and purchase of formats and licences")** which governs this case.

The reporting activity already undertaken by our group from 2014 in accordance with AGCOM ruling 680/13/cons “Regulation on protecting copyright within electronic communication networks”, for shutting down pirate websites who transmit cinema and TV series content to which we hold the usage rights, continues.

The MFE Group followed the preparatory work for EU Directive 2019/790 on copyright and related rights in the digital single market and its transposition into the Italian legal system closely.

Among the most recent **judicial rulings on the topic of copyright protection**, we refer to sentence no. 1168/2019 (RTI vs Vimeo LLC), in which the Court of Appeal of Rome, recognising in the conduct of the portal those “signs of interference” already addressed by the 2019 sentence (RTI vs Yahoo!) and the 2021 ordinance of the Court of Cassation (RTI vs TMFT Enterprises - Break Media), recognised the active nature of the provider and confirmed important principles connected to notification of the offence by rights holders (excluding a necessity to indicate the URLs relating to the content deemed violated) and to the quantification of the damage sustained by the same (which must be assessed using, as a minimum measure, that of the “price of consent”: the price that the rights holder would have asked to grant use of the content).

The **MFE Group in Spain** has defined procedures to control the flow of content to various platforms to guarantee the exercise of its intellectual property rights, while carrying out technical audits to review their correct application.

We would highlight the existence of the Property Management procedure that establishes and regulates rights and duties in this area.

Intellectual property is also guaranteed in all contracts with figures (authors, artists, presenters, etc.) who take part in a television production.

In addition, Mediaset España has **an external content monitoring service on YouTube** which tracks and removes all content owned by Mediaset España from this channel.

The intellectual property rights of programmes broadcast live and on-demand via online platforms are protected by specific **internal control systems** that the company applies before the programmes are aired. The Group examines and defines the different contractual clauses of all the contents produced and transmitted on the various channels with the support of the Legal Department.

The **management of the Multi-Platform Department** ensures that all content offered via various websites has the appropriate broadcasting rights in the contract with the producer in question.

Mediaset España has adopted a **contractual monitoring system** for films produced by Telecinco Cinema which combats illegal access to content produced while the film is shown in cinemas (from film release until viewing on DVD/Blu-ray).

## Responsible Management of The Supply Chain

In carrying out its own characteristic activities, the Group interacts with a multiplicity of **suppliers** for the acquisition of **current goods and services** as well as for **investments in tangible and intangible assets**, the latter consisting mainly of multi-year rights to use audiovisual content.<sup>21</sup>

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<sup>21</sup> This item refers to operating costs (costs for acquisitions, services rendered, leasing and rentals and other management charges) reported on the income statement on an accrual basis, net of inventory changes, increases of internal work capitalised and provision for risk.

Given the peculiarities of their products and services, all Group companies use Italian and Spanish suppliers where possible to **promote local business in the areas in which they operate**.

### Percentage of Spending by Local Suppliers by Product Category (\*)

#### ITALY

	2022	2021	
		Italy	Other countries
Purchasing costs for goods and services	1,137	1,011	126
Investments in movie and TV rights (**)	229	136	93
Investments in other fixed assets (**)	45	44	1

#### SPAIN

	2022	2021	
		Spain	Other countries
Purchasing costs for goods and services	361	334	26
Investments in movie and TV rights (**)	109	68	41
Investments in other fixed assets (**)	6	6	-

(\*) Suppliers considered to be local are identified on the basis of the country of origin. In terms of relevance, spending by local suppliers differs for Group companies operating in Italy and for those in Spain.  
 (\*\*) The item refers to the increases in the related categories of tangible and intangible fixed assets.

As for the **purchase of multi-year broadcasting rights**, it is necessary to underline the high incidence of expenses towards the main **American majors** and towards the **holders of sports broadcasting rights** in the total investments of the Group. As can be seen from the tables, in 2022, 84% of MFE Group spending in Italy was from Italian suppliers, while 86% of MFE Group spending in Spain was from Spanish suppliers.

### Fairness in Supplier Relationships

In addition to reference to the Group Code of Ethics, the Group has joined the initiative promoted by **Assolombarda** (extended to the main Italian companies of the Group), which started on 27 May 2014, signing up to the **Italian Responsible Payment Code**, the first ever code in Italy for responsible payments. In taking this

step, the MFE Group has committed to meeting the payment times agreed on with its suppliers and in general to promoting a culture of prompt, transparent payments.

MFE is part of the first group of Italian and multinational companies founding the Code and, in compliance with its provisions, it has declared that average payment times contractually defined with its suppliers also for 2022 were 60–90 days and relative payment dates were duly complied with.

Note that the **selection<sup>22</sup> of suppliers** and the goods or services to be acquired is based on the evaluation of various **parameters**, such as the quality and price of the good or service, guarantees of after-sales services, as well as promptness and efficiency. When selecting suppliers, great attention goes into verifying their reliability and seriousness in terms of compliance with current legislation and regulations governing their activity. Supplier and purchasing certification processes are governed by specific **company procedures (OGs)**, which ensure the timely identification of suppliers and the traceability of supply channels, which thus helps guarantee the quality and legitimacy of the goods and services purchased.

Furthermore, all purchasing processes are based on the **search for the maximum competitive advantage** for the MFE Group as well as **impartiality** and the **granting of equal opportunities** towards each supplier who meets requirements.

The preparation of standard contractual texts or those with specific legal issues is assured by the **Group's legal department**, and by external lawyers where necessary.

In a bid to make the procurement process more efficient and standardised towards third parties, the MFE Group in Italy operates via **specialised purchasing centres**, whose processes are described in the following paragraphs.

In addition, the Group aims to oversee the **certification activities** of the various categories of suppliers with a single organisational unit, thus facilitating the identification of any factors that influence the selection and management of the portfolio.

Given the particular business of the companies in the Group, the main purchase activities of all companies fall into three macro areas:

- Acquisition of **broadcasting rights** (films, series and sporting events);
- Acquisition of **content** (entertainment, news, drama) for the various distribution platforms;
- Acquisition of **goods and services to support** television production and cross-production.

The related procurement processes for each of these areas are described below with evidence of their main purchase poles.

## Acquisition of Rights

The **vendor list** for the **selection of suppliers** is prepared, updated and submitted to the Risk, Control and Sustainability Committee every six months, and annually to the Executive Committee and the Board of Directors of MFE, in compliance with the corporate organisational guidelines.

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<sup>22</sup> Art.19 of the Group Code of Ethics.

The assessment includes the **verification of any ongoing proceedings**, such as liquidation, bankruptcy and mergers, and also includes the transparency of the corporate chain.

Furthermore, suppliers resident in countries with preferential taxation entered on the **Black List** are not considered for the purposes of this selection.

The selection of suppliers of broadcasting rights takes place through the widespread coverage of the national and international content distribution market - while also participating in major sector events - giving preference to **companies with consolidated experience and expertise**: North American majors and minimajors, European studios, leading Italian and international independent distributors.

Special attention is paid to **Italian works** and is aimed at both current and library works, through the acquisition by a Group company of cinematographic works from independent producers, and through commercial agreements with companies outside the Group who are specifically dedicated to domestic production.

The **Purchasing Rights Department** maintains commercial relations with all the major Italian film distributors, through multi-annual volume agreements and prompt procurement.

Once interest has been established for that particular product, **"all rights"** acquisition usually takes place in order to ensure that this is available on different platforms (e.g. Infinity, pay TV and free TV). Given the different needs of the platforms, a percentage of the budget is then allocated to exclusive purchases for each of these.

In 2022, the **volume of investments** was **€262.9 million**, of which 63% for cinema/series/doc broadcasting rights and 37% for sports broadcasting rights. 81% of suppliers are Italian or European.

Also, **constant market monitoring** is carried out on film content to identify the main trends and products of interest (at international and local level) and to gather useful information in general to guide the broadcast offering.

The movie rights acquired in 2022 come from Italian producers, since the publishing line established by the Group for Medusa envisages a focus on Italian cinema, typically comedy. In 2022, given the strategic business objective of Medusa, the "core" suppliers were predominantly Italian. These suppliers, as executive producers or original producers, have an almost entirely Italian supply chain. Film shooting and all subsequent post-production processes take place in Italy.

The close relations between Medusa Film and Italian cinema is a guarantee for the selection, production and dissemination of the best product, given the constant commitment of the Medusa Film and its suppliers to enhancing local artistic and professional excellence. This commitment must always be guaranteed to the highest standards in the industry in order to withstand competition from foreign products.

Lastly, note that the **Organisational Guideline on "Planning, acquisition and management of movie rights"** states that supply contracts for the purchase of film rights from Italian counterparties must contain clauses that demand suppliers obtain approval for public programming. In the event of non-fulfilment of this clause, Medusa Film has the right to withdraw from the existing contract without jeopardy to any possible claims for damages or, alternatively, to apply further specific clauses (for example the reduction of the fee).

In the event of acquisition of movie rights by foreign counterparties, the contracts drawn up must contain clauses that provide for Medusa Film's right to make the cuts necessary to obtain approval for public programming, with prior approval of the supplier.

## Acquisition of Content

**Entertainment** - Suppliers are selected on the basis of the television broadcasting guidelines and the purchasing requirements plan defined by Programme Schedule and Distribution General Management in collaboration with Content General Management.

The **Entertainment Department** selects broadcasting projects of interest and manages negotiations with the supplier. At the same time, the Legal Affairs Department carries out preliminary checks to ascertain the effective ownership of the broadcasting rights (brand/titles) granted by the selected supplier and the usability of the proposed titles.

The Provider Certification Department of the **Procurement Division** is responsible for carrying out the accreditation and preliminary qualification of suppliers.

The management of the process of contracting out television productions and acquiring formats and licences must be carried out in compliance with applicable national, European and/or international **rules and regulations** in force, with particular reference to offences remotely relevant for the purposes of Legislative Decree 231/01.

When commencing collaboration with a new supplier, the accreditation and certification process is managed by the Procurement Division through the dedicated department.

The Entertainment Department informs the relevant Purchasing Hub of the qualitative and quantitative targets for the television product to be purchased/produced.

At contractual level:

- there is a **specific clause** on guarantees and adherence to the Code of Ethics and compliance programme;
- there is a general **ban on subcontracting**, and where subcontracting takes place, certification of subcontractors is required.

The following obligations in terms of **contractual clauses** are also provided for:

- **compliance with the provisions of the law** in force on contributions and health and safety in the workplace pursuant to Legislative Decree 81/2008, as well as an indemnity in favour of R.T.I. with regard to all the obligations necessary for this purpose;
- compliance with the obligations laid down in current legislation on the **employment of staff who are non-EU nationals**;
- compliance with current **environmental regulations**.

Starting from 2021, a clause directed towards **verifying the supplier's obligations in relation to tax** and social security was also added.

Suppliers are always chosen with analysis of **sourcing models** that make best use of internal structures and skills.

About half of the suppliers/collaborators dedicated to entertainment content production are studios and/or agencies from across Italy, particularly around Rome and Milan, which ensure the services of actors, documentalists, directors, costume designers, set designers, directors of photography, choreographers, commentators, hosts or guests. The Entertainment Purchasing Department (for non-VIPs) and Artistic Resources Department (for VIPs) provide for the research and stipulation of contracts with the various artistic resources employed by the various Group companies. In 2022, the Entertainment Purchasing Department managed

approximately **500** contracts relating to procurement, licensing and supply of services. With regard to artistic collaborations in the entertainment area, it finalised **15,310** contracts, plus **735** in the music sector.

In 2022, the Artistic Resources Department concluded 7,360 contracts for a total of 993 collaborators (including hosts, commentators, guests, reporters also in the News, Sport, Digital and Radio areas), continuing with action to contain costs and optimise performance.

Of these, about 40 are annual and/or long-term contracts relating to strategic artistic resources (the main faces linked to the most important broadcasting products in the programme schedule).

**News** - The category of suppliers for **News Rights** (transfer or acquisition of TV and internet rights) for material – videos and photos – of regional news, information, entertainment, and international are mostly Italian and from other European or non-European countries. These are small or medium-sized suppliers in most cases but also major suppliers (e.g. national and international press and video agencies). With regard to the purchase of **strategic sports broadcasting rights**, the management makes use of the purchasing centres headed by Mediaset (*Sports Rights Acquisition Management*) which participates in the calls arranged by events organisers/suppliers. The other purchases are followed by the same structures with the same logic as the news management.

In addition to these collaborations, the News area purchases **licences for technical materials** of various types, as well as **regional suppliers of materials** and lastly part of the purchases goes to press and video agencies.

Selection of suppliers, both for content and collaboration, is determined based on the broadcast needs of the programme while also assessing the professional characteristics and experience of the collaborator.

**Drama** - The selection of independent producers is fundamentally based on the projects selected by the broadcaster. The broadcaster decides based on the broadcasting potential of the identified product, or on the congruence between the project examined and the broadcasting line of the Group.

Historically, drama productions are solely **Italian in origin**.

Furthermore, remaining on the topic of changes in the supply chain, it should be noted that the contractual template predominantly used in the past, or the **contracting template**, has gradually been replaced by **templates of co-production** and pre-purchase due to the new legislation on tax credits for audiovisual production, thus entering a residual category.

**Digital** - The total number of suppliers involved throughout the year for the various activities is about 180, mainly resident in Italy, while some are from the United States.

Given the speed of changes the digital sector is particularly prone to, selection of suppliers is always up to whichever partner companies demonstrate a marked predisposition to technological and product innovation.

**Radio** - For the conduct of its business, it mainly relies on the service provided by **speakers, hosts and authors** employed for the creation and management of the programming schedule on broadcasters 105, Virgin Radio, R101, RMC and Radio Subasio.

These include 175 **Italian freelancers**, most of whom are known within the radio and television scene.

Most collaborators are Italian, but a limited number of foreign resources are also contracted.

The main radio content is Italian and foreign music, which is indirectly acquired from the **record companies**, with repayment of broadcasting rights via **collecting companies** specifically appointed for this purpose (SIAE, SCF, etc.).

The actual selection of suppliers takes place, first of all, through **constant market monitoring** and careful **assessment of company needs**, and their reliability is certified through a continuous **accreditation process**<sup>23</sup>.

Offers are made, suppliers selected and services contracted according to the needs identified.

In the artistic field (mainly for speakers, hosts and guests), where each broadcaster uses different resources depending on the specificity of the radio business, target listeners and audience response, the main factors for the selection are the individual characteristics of each artist. More generally, the direction followed would be to make the selection both using the criteria for the dynamics of the competitive scenarios in which broadcasters act, and also via the parameters of adequacy and consistency of remuneration/contribution with the market prices of that particular professional category.

In addition to **broadcasting and creative activities**, there are also **technical activities** (low frequency and control room, carried out by employees) and the **distribution of the national signal** (high frequency) through stations (equipment and pylons) and radio relays spread over all regions of Italy. The maintenance of the stations (1838 between Radio Studio 105 spa, Virgin Radio Italy Spa, RMC Italia Spa, Monradio Srl, Radio Subasio Srl and Radio Aut Srl) and of the transmission equipment is entrusted to external professional maintenance technicians (local suppliers), a total of 86 maintenance companies. In addition to these maintenance service providers there are lessors who lease out the stations, a total of 265.

## Procurement of Goods and Services

The Group in Italy operates exclusively with accredited third party suppliers registered on the **Vendor list**, checking preliminary details (company name, country of residence, address, etc.), overall corporate transparency (identification of the final beneficial owner), the level of concentration of revenues (monitoring whether this exceeds 50% threshold for a single customer), and the absence of pending issues concerning both the company and representatives connected with it.

Also in 2022 – despite the critical issues and difficulties still related to the state of emergency and economic repercussions of the war – efforts continued to improve the efficiency of the **supplier accreditation process**, which now includes a greater number of more in-depth checks on active suppliers.

In 2022, the functionality implemented in the **Synertrade** supplier management platform was consolidated further and improvements were made regarding automatic data updates from Synertrade to SAP (accounting system).

The new **structured subcontracting management** process was also consolidated, so it can now be traced and managed on the Synertrade platform.

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<sup>23</sup>All suppliers are selected in compliance with the laws and regulations in force, such as Legislative Decree 231 and 81/08 and the ethical principles of the Group.



Further **rationalisation of the supply chain** was carried out based on critical issues linked to expenditure, the regulatory complexity of the merchandise sector involved in the commercial relationship (e.g. suppliers that provide additional legal obligations), the type of contract (e.g. subcontract) and according to the employment of personnel (employees or direct contractors of the supplier or staff of third parties to whom the service is subcontracted).

During 2022 the new version of the **Vendor Rating** came into operation, with a new questionnaire directed towards consideration of ESG topics as well; this qualitative assessment of the supplier is also used to select the parties to be invited to tender and for the renewal of some contracts of significant amounts.

In addition to the contractually required documentation, upon request when necessary, MFE has the right to request self-certification from the supplier, signed by the legal representative, for contracts involving work services (contracts) stating that the personnel employed in rendering the services are regularly hired, paid and insured, and ensuring compliance and correct fulfilment of all legal obligations regarding worker protection.

Lastly, the management of these processes aims to implement a gradual **turnover of suppliers** in order to diversify total expenditure over several parties, thus reducing their concentration and diversifying their risks.

MFE has also established that all suppliers must complete all registration phases including acceptance of the terms and conditions for using the platform, the privacy rules, the Group Code of Ethics and the Compliance Programme in order to be classified in the portal dedicated to them.

In the management of its supply chain, the **MFE Group in Spain** promotes **responsible practices** within its sphere of influence by transmitting **environmental, social and ethical standards** to its supply chain. Since 2010, contracts with suppliers to the MFE group in Spain have contained a clause that establishes their **commitment to carry out sustainable activities**, namely: respecting workers' rights and union membership, refraining from using child labour, refusing any kind of slave labour, prohibiting any kind of discrimination, complying with the legislation on the prevention of risks at work, ensuring the safety of employees during working hours and prohibiting any conduct involving corruption, blackmail or extortion.

The contractors also declare that they comply with environmental regulations and promote the efficient use of limited resources such as energy, water and raw materials in the course of their activities. In this way, suppliers declare their commitment to ethical and responsible management.

With regard to the types of suppliers and the main items of expenditure relating to the MFE Group in Spain, there is a greater concentration in the **purchase of television broadcasting rights** and content, 26.0%, followed by **technological, professional and production services**, which together account for around 24.3%.

Contracts with national suppliers cover the vast majority of goods and services purchases, where international suppliers correspond mainly to the negotiation of technological services.

## THE SOCIAL IMPACT OF THE GROUP

### Advanced Training Initiatives

The MFE Group education programmes for non-employees, designed to develop skills linked with the world of commercial TV, continued in 2022 as in earlier years.

There was consolidation of the collaboration between **IULM University** and Mediaset to organise and manage the **Master's in Journalism**.

In addition to the **internships** that are part of the IULM Master's in Journalism, the company collaborates with several **journalism schools** all over the country (Università Cattolica, Università Statale di Milano IFG, Università di Torino, IFG Urbino) and in 2022 it offered 20 students the possibility of an internship.

The MFE Group also offers its experience and professionalism via the **Master's in Marketing, Digital Communication and Sales Management**, which was established in 1988 by **Publitalia'80**.

Furthermore, the MFE Group has had ongoing **collaborations with leading Italian universities** for some years now, offering students of the main faculties opportunities for integrated **curricular internships** to complete their studies. During their internship experience, the young undergraduates are given the opportunity to experience the world of work while building professional relationships, interfacing with the organisational dynamics of the company and using the knowledge acquired during their studies to further hone the skills and experiences that will facilitate their entry into the labour market.

In 2022, an important joint project began between Operations Management and the Human Resources Department started, directed towards offering a professional training course to young graduates in the television production sector. The **"Scuola dei Mestieri"** (School of Trades) was conceived as a tool to enable professional know-how to be handed down to future generations by capitalising on more senior figures involved as "master tradespeople", in a period characterised by a high age-related turnover within the Company, and in the technical and production areas in particular.

### Initiatives aimed at the Community

MFE Group agencies receive daily information on philanthropic activities, events and initiatives by non-profit organisations and charitable associations for the protection and support of ethnic minorities, voluntary groups, and institutions of medical research.

In addition to this and given the Group's desire to put its communicative power and the skills of its collaborators at the service of the community, the **"Mediaset ha a cuore il futuro"** initiative was launched in September 2019: communication campaigns that operate according to an integrated multimedia scheme featuring TV and radio as well as digital and social media coverage give visibility to issues of national importance.

The numerous awareness-raising and exposé campaigns involve a strong media response on all the Group's generalist and thematic networks: self-produced commercials are accompanied by TV news reports, spaces within information, infotainment and entertainment broadcasts, programmes within the TV and radio schedules, quotes and detailed information on websites and social media channels, together with other social initiatives.

When talking about social initiatives for the community, mention must be made of the satirical programme **Striscia la Notizia**, which always follows the issue of sustainability closely.

The programme promotes initiatives to protect the environment, through the reports in the **Ambiente Giovani** slot (in which very young ‘scientific advisors’ deal with activities or associations dedicated to protecting the environment) and food production, artisanal and organic, in the “**Paesi, paesaggi...**” and **Speranza Verde** slots by Davide Rampello and Luca Sardella respectively. The show has always been engaged in exposé, such as Pinuccio’s investigation into environmental pollution in the provinces of Bari and Foggia or Stefania Petyx’s reports on open dumps in Sicily; there is also the weekly slot with Luca Galtieri’s waste-fighting tour, in which the reporter involves students and teaching staff at hotel schools throughout Italy in preparing dishes made with leftovers.

Finally, the consolidated partnership between *Striscia la Notizia* and the **F.A.I.** (Italian Environment Fund) in the protection, preservation and enhancement of the Italian artistic and natural heritage is extremely important.

Radio too plays an important role in social initiatives directed towards the community.

In 2022, **radio** proceeded with the commitments undertaken in previous years towards the community.

In addition to the campaigns already mentioned on all Mediaset networks, the Group’s Radio Stations have supported non-profit organisations such as “La casa della Speranza”, which helps people in need, or “Airalzh”, which is committed to raising awareness to combat the devastating effects of Alzheimer’s by promoting prevention and research. The AIL National Anti-Blood Disease Day was promoted in June, 2022.

There was also sensitivity around the issue of the war in Ukraine, supporting the “White Milk Foundation”.

There were frequent spontaneous mentions during live broadcasts. On RMC, for example, Rosaria Renna and Max Venegoni addressed the issue of prevention by reminding listeners about the *Arance della Salute* of Fondazione AIRC, committed to fighting cancer, or supporting research with azaleas, also from Fondazione AIRC, on Mother’s Day. During the Christmas period, on the other hand, the speakers at RMC promoted the AIL Poinsettias fundraising initiative to fight blood cancer.

In her R101 broadcasts, Silvia Notargiacomo talked about a Milanese app called “Prenda un nipote” to help elderly people overcome loneliness and gave listeners information about the “Children for you” initiative, to support children, or the “Giocattolo sospeso” initiative of friends from Naples for children from less well-off families.

The Group’s radio stations continue their commitment to social issues with spaces on air such as Michela Vittoria Brambilla’s “Dalla parte degli animali” slot on “Cari Amici di R101”, which deals with issues like stray and abandoned animals.

On the **web**, a page dedicated to these projects was developed within the **Mediaset Infinity** site. In addition to gathering together all the material produced for the campaigns in chronological order, the aim of the dedicated space is to publicise brand-new contributions and in-depth information produced specifically for every topic focused on. It’s a genuine archive, always up to date and open to consultation at any time, so that the contemporary nature of the problems addressed remains present.

We also wish to stress that sponsorship of **fundraisers for public and private bodies** (recognised by the state) is all certified by government associations (Civil Protection for Italy and AGIRE for the world). Many of these activities are also carried out through the support of *Mediafriends*, a non-profit organisation founded in 2003 as a tangible expression of the Company’s vision of corporate social responsibility.

It is within this scenario that the Group takes to the field alongside **Mediafriends** and **Fabbrica del Sorriso** through its own agencies, in daytime packages on generalist networks or on *TGCom24*. Particular visibility is given to the projects to which Fabbrica del Sorriso is committed, not only upon presentation and during fundraising but also when the project is run and for the results from the initiative.

The "**Tg dei Ragazzi**", in collaboration with "*la Città dei Bambini e dei Ragazzi*" in Genoa, is another *TGCom24* educational partnership initiative to have been given visibility.

Publitalia'80 contributes to the social activities of the MFE Group through Mediafriends, providing advertising space that is used to promote fundraising mainly to support the identified charity initiatives. In addition to this, Publitalia'80 reserves some advertising space to initiatives that support scientific research, training and cultural activities.

During the year, about **5,642 spots** were broadcast related to social campaigns.

The Group's radio stations broadcast socially themed spots free of charge. This activity comes under the sub-concession contract in force between RadiomediASET, Monradio and Subasio and the Mediamond sales house.

### **Activities to support youth entrepreneurship**

Also for 2022, **AD4Ventures**, the **MFE venture capital** project, confirmed its commitment to Italian youth entrepreneurship and more generally to choosing companies with a strong focus on sustainability.

The investment model involves taking stakes in digital startups in the consumer and retail areas, medium-sized and with high growth potential, through advertising campaigns in Italy and Spain in all Group media, TV, radio and digital properties.

The investment portfolio also extends beyond national borders provided that the companies have operations in the country.

With growth in reputation built up over the years, AD4Ventures has become an important reference point for every youth entrepreneurial concern not yet able to commit great economic resources to developing marketing campaigns. Beyond that, collaboration with institutions such as Fondo Italiano d'Investimento and CDP, fully active since 2022, now represents great legitimacy of its activity within the Italian entrepreneurial system.

## AD4VENTURES INVESTMENT PORTFOLIO AT 31<sup>ST</sup> DECEMBER 2022



Leading mobile payment solution	On line flower delivery	Cooking and dining e-commerce	Sustainable meat from extensive farming	Online therapy service	On line sporting goods shop	Home furniture flash sales
Baby and kids e-commerce	Hotels by the hour around the world	Digital platform leader in HVAC	Customizable unique travel experience	Leading company in the orthodontic industry	Second hand luxury marketplace	



					EXIT	EXIT	EXIT
					EXIT		

**The commitment of MFE in Spain to social welfare** is reflected in the **12 Meses** project. Over 2022, its activities were directed mainly towards the most vulnerable groups in society (such as children), equality in every area and protecting the environment.

We would also highlight initiatives to promote the circular economy and women’s rights as well as aid to the Ukrainian refugee population and support for the activities of the Spanish Federation of Food Banks.

This prevention and information activity was also made possible thanks to continuous exchange of ideas and opinions with various associations and non-profit organisations.

We would also highlight the creation of the **“Valor Mediaset”** brand in 2020, which aims to involve the most important advertising investors in Corporate Social Responsibility campaigns. These initiatives continued into 2022.

In 2022, for the third year running, the **“For a Future with Water”** information project was pursued, an awareness-raising campaign on the need of future generations for adequate water resources.

The campaign, conducted together with WWF España, aims to achieve this goal by promoting positive use of current water resources.

Finally, in 2022 Mediaset España guaranteed **free advertising space for NGOs** amounting to an estimated value of **6 million euros**.

## COMMITMENT TO ENVIRONMENTAL PROTECTION

The Group's commitment to the environment is also referred to within the **Code of Ethics**<sup>24</sup>, with special reference to the conduct and provisions on environmental protection, which highlight the central role of environmental protection as a key factor in the company.

The MFE Group is inspired by the principles of respect and protection of the environment and the local territory, and their impact on the health of humans and other living species. To achieve this goal, all MFE business activity complies with the **highest standards of compatibility and environmental safety**.

As proof of this commitment, the Group has adopted a specific Corporate Organisational Guideline (**O.G. "Requirements for environmental protection"**) which describes the activities carried out for the collection and disposal of waste produced, which is treated according to the principles of selective separation and recycling of waste wherever possible and as required by current laws and best operating practices.

## EU taxonomy

### Regulatory Context

**Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020** introduced the classification and reporting system of the European Taxonomy to direct investments **towards activities defined as environmentally sustainable** in a language common to the main actors in the market, facilitating the transition to a climate-neutral economy, more resilient to the effects of climate change and attentive to the use of resources.

For the purposes of this legislation, an activity that contributes substantially to achieving one or more of the **6 environmental objectives** without causing significant harm to any of the others is considered "environmentally sustainable". These objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water resources
4. Transition to a circular economy
5. Pollution prevention and reduction
6. Protection and restoration of biodiversity and ecosystems

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<sup>24</sup> The specific provision has been confirmed in the new Code of Ethics adopted by the Group and its subsidiaries in 2019: Art. 26 (Environmental protection) "1. The MFE Group considers protecting the environment to be a key factor in the company and is inspired by the principles of respect for and protection of the environment and the local territory, due both to their intrinsic value and their impact on the health of humans and other living species. To this end, the MFE Group is committed to observing the regulations in force and works so that all its business activity complies with the highest standards of environmental safety and compatibility.

<sup>2</sup> Particular attention is dedicated to the collection and disposal of waste produced by the company, which wherever possible is treated according to the principles of selective separation and recycling of waste, to reduce the impact on the environment to a minimum and as required by current laws and best operating practices."

<sup>25</sup> European Parliament and Council, REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Specifically, for the purposes of this Regulation, to qualify as environmentally sustainable (or “eco-sustainable”), and therefore to be considered “Taxonomy-aligned”, an economic activity must jointly satisfy a series of **conditions**:

- contributing substantially to one or more of the six environmental objectives referred to in Article 9 of the Regulation;
- complying with the technical screening criteria established by the Commission for each individual environmental objective;
- not causing significant harm to the other environmental objectives (according to the “do no significant harm” principle);
- being carried out in compliance with the minimum safeguards (in line with the OECD guidelines and the United Nations/ILO guiding principles on business and human rights).

Pursuant to the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the MFE Group is required to include information on how and to what extent its activities are associated with environmentally sustainable economic activities according to the EU Taxonomy in its Non-Financial Disclosure.

For this second year of application, the MFE Group has prepared a disclosure that includes the share of **taxonomy-eligible economic activities** and those that are not taxonomy-eligible, in relation to its turnover, capital expenditure and operating expenses. The MFE Group subsequently analysed the criteria set out in the Regulation and the technical annexes for all eligible activities identified (or ‘taxonomy alignment’). The indicators indicated have been calculated on the basis of the indications contained in Annex 1 to Regulation (EU) 2021/2178 and are based on the data currently available and the current interpretation of the legislation for the first two out of the six environmental objectives and may therefore be subject to changes in the future.

### **The MFE Group Approach**

In line with the legislative requirements, both the “statistical classification of economic activities in the European Communities” (NACE) and the descriptions of the activities listed in Annex I and Annex II of the Delegated Climate Act 2021/4987 have been analysed to determine the eligibility of economic activities, regardless of whether one or all of the technical screening criteria are met.

For this reason, MFE Group activities are not associated with economic activities eligible for the climate change mitigation objective. Broadcasting (TV and Radio) and film production and distribution activities alone were instead **eligible for the climate change adaptation objective**. Adaptation activities can only be reported as ‘eligible’ under Capex and Opex and must pass the Substantial Contribution criteria to Climate Change Adaptation for eligibility. The taxonomy-eligible economic activities identified are:

- 8.3 - Programming and broadcasting activities
- 13.3 - Film, video and TV programme production, music and sound recording activities

The Group’s main revenue-generating activity, the sale of advertising space, is not among those identified as taxonomy-eligible.

The appropriate analyses were prepared in 2021 on this basis to identify the financial information required by the Taxonomy and produce the economic KPIs of revenues, capital and operating expenses, given below also for 2022.

In 2022, as required by the EU Regulation, MFE also assessed the alignment of the above activities, through specific analyses intended to verify: (i) technical criteria for a substantial contribution to climate change adaptation; ii) the absence of factors capable of causing significant harm to the rest of the environmental objectives (DNSH) and iii) compliance with the minimum safeguards envisaged by article 18 of Delegated Regulation 2020/852.

### Criteria for Substantial Contribution

As part of analysing the technical criteria for a substantial contribution to climate change adaptation, the physical climate risks aligned with the specifications described in Appendix A of the Taxonomy were analysed for the first time. The goal of these analyses was to verify the degree of resilience from the perspective of operational continuity of the operative structures for the Group's eligible activities in both Italy and Spain – the main geographical areas in which the Group operates – in relation to certain categories of significant risks identified among those included in the appendix to the Regulation that may significantly compromise the operability of physical and technological structures in the coming years and compromise the business continuity of the Group's activities. These analyses were performed through a risk and vulnerability climate change assessment, in order to identify the potential physical risks applicable to the organisation and their relative exposure. Specific tools were used to generate climate change forecast scenarios between 10 and 30 years. The analysis identified, in the most pessimistic cases with further increases in average temperatures, a high risk of hydrogeological phenomena near the areas where the Group's operational sites are located, and analysed the appropriate physical solutions already available to the Group.

### Minimum Safeguard Clauses

The analysis of compliance with the minimum safeguards was performed with the goal of verifying the absence of cases of violations/disputes as at the date of this report, as well as the existence and effective application of governance models and procedures in line with those required by best practices and international reference frameworks, regarding: i) protection and respect for human rights, ii) prevention of corruption, governance and tax compliance offences, iii) compliance with fair competition rules.

The analyses performed did not identify any cases of violation or significant disputes with respect to the areas analysed. The activities also generally attested to an adequate level of supervision by the Group (governance and guidelines), which operates in regulatory and labour law contexts characterised by a high level of regulation.

In particular:

**Human Rights:** The MFE Group has always operated with a firm commitment to protecting Human Rights, with actions and organisational safeguards that guarantee full respect for and protection of the fundamental rights of individuals within its organisation, for employees and collaborators, in accordance with the values and principles expressed in its Code of Ethics. In preparation for full compliance with the specific requirements envisaged by the new European regulations, in 2023 the Group will adopt a structured Policy in line with best practices and international reference standards, which will further formalise the Group's commitment to respect for human rights. In this area, the Group is already engaged in a process of gradually adopting ESG criteria for certain categories of suppliers to complement its supplier evaluation and selection models and will also consider the adoption of suitable and functional human rights due diligence procedures, in order to identify, assess and manage the potential negative impacts of the normal development of its business along the entire value chain.



**Corruption:** the company has strict policies and procedures for the prevention of crimes of corruption, with particular reference in Italy to Compliance Programmes pursuant to Legislative Decree 231/01.

**Taxation:** MFE manages governance and tax compliance matters as key components in developing its business with an approach of continuous supervision.

**Fair competition:** the MFE Group operates in full compliance with the laws and regulations in force and commonly recognised ethical principles as described in articles 2, 20 and 23 of its Code of Ethics. In 2019, the Group also initiated a process to adopt a specific **Antitrust Compliance Programme**, understood as a system of rules predominantly directed towards preventing potentially significant conduct in terms of antitrust offences. After the Italian Antitrust Authority (AGCM) issued "*Antitrust Compliance Guidelines*", this activity led to the preparation of a specific *Antitrust Compliance Program* in 2022, adopted by MFE at the beginning of 2023.

In 2022, in line with the sustainable broadcasting content development guidelines adopted, the Group is defining a shared model for correlating self-produced content and content in its multimedia offering with the 17 Sustainable Development Goals in the UN 2030 Agenda.

This analysis was also performed in response to the regulatory requirement of the European taxonomy in order to identify the Group's own products and broadcast content able to increase the level of resilience or to contribute to the efforts of the public to adapt. To date, the indicators, determined solely by broadcast content "predominantly" focused on environmental issues and connected to "climate change", would not fully represent the complex activity of promoting and distributing such content that the Group offers in its role as a responsible, pluralist broadcaster. This is the case especially within other segments of the offering (mainly news and infotainment) which can be difficult to isolate and measure by their nature.

The Group will continue this process in order to define measures and indicators that represent its own social and environmental contribution provided on the basis of shares of programming.

Despite that, considering that a human rights policy is still under definition and it has not been finalized by the end of 2022, the Group cannot grant a coverage of minimum safeguards within its perimeter.

The Sustainability Report presents a qualitative representation of the Group's widest multimedia ESG offering in the "The Sustainability of the Broadcast Offering" chapter.

## Performance Indicators

### KPI calculation methodology

In line with the requirements of the Taxonomy Regulation, the MFE Group carried out the analysis of turnover, investments and operating expenses referring to the financial year 2022, in order to calculate the required KPIs and additional applicable regulatory requirements<sup>26</sup>, as described below. Any cases of double counting in the calculation of the KPIs (Turnover, CapEx and OpEx) were avoided by using the data and information included in the Annual Report as at 31.12.2022.

### Turnover<sup>27</sup> KPI

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<sup>26</sup> The analysis and calculation methodology of the KPIs were carried out with particular reference to the interpretation of the information defined in Annex I of the "Delegated Regulation (EU) 2021/2178 of the European Commission of 6 July 2021 supplementing Article 8 of Regulation (EU) 2020/852) and the document "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets" published on 2 February 2022.

<sup>27</sup> The financial data included in this KPI correspond to the Group's net revenue included in the Annual Report as at 31 December 2022: Sections 6.1 and 6.2

For the calculation of the Turnover KPI, consolidated net turnover was considered as the denominator in accordance with IAS 1.82(a). With regard to the numerator, based on the above-mentioned considerations and on the interpretation of the Taxonomy Regulations, only the turnover of companies with broadcasting activities (TV and Radio) and film production and distribution, the economic activities that are considered eligible, were considered.

### **CapEx<sup>28</sup> KPI**

For the calculation of the Capital Expenditure KPI (CapEx), at the denominator, in line with the applicable regulations, the following elements were considered (as detailed in the Directors' Report of Operations): investments in TV and film rights, changes in advances on rights, increases on the same rights and tangible and intangible fixed assets .

The denominator includes movements pertaining to all legal entities consolidated on a line-by-line basis and included in the MFE Group's scope of consolidation, in particular, any acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), and assets for rights of use (IFRS 16).

As far as the numerator is concerned, only the movements described above relating to eligible legal entities were considered eligible. The remainder of the increases in tangible assets, intangible assets, and rights of use considered in the denominator were therefore not considered eligible.

### **OpEx<sup>29</sup> KPI**

For the calculation of the Operating Expenditure (OpEx) KPI, the following elements were considered at the denominator, in line with the applicable regulations: all direct non-capitalised costs related to building renovation measures, short-term rent and variable rents, maintenance and repair as well as any other direct expenses related to the day-to-day maintenance of property, plant and equipment, either by the company or by third parties to whom these tasks are outsourced, necessary to ensure the continuous and effective operation of these assets. All operating costs that do not belong to the above categories have not been included.

In the numerator, costs included in the denominator related to the companies of the legal entities considered eligible were considered. In the denominator, the remainder of the operating costs of the legal entities were therefore considered ineligible.

The proportion of eligible and non-eligible activities for the year 2022 is indicated on the basis of the criteria defined above. With respect to the turnover indicator for eligibility, the analysis was 7%, in relation to CAPEX, 97%, and OPEX, 55%<sup>30</sup>. In relation to alignment, given the circumstances described above, these three indicators have a value of 0% (see the following tables for further details).

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<sup>28</sup> The financial data included in this KPI corresponds to the increases in fixed assets included in the Annual Report 2022: Paragraph of the Financial Report

<sup>29</sup> The financial data included in this KPI are included in the consolidated operating costs included in Annual Report 2022: Paragraph 6.4, this value is not directly derivable within the breakdown used by the MFE Group as the individual natures do not all have the same degree of significance.

<sup>30</sup> The economic values on which calculation of taxonomy KPIs is based have been taken from the MFE Group's consolidated financial statements as at 31/12/2022 prepared in accordance with IAS/IFRS international accounting standards. For further information on the accounting procedures adopted by the Group, please refer to chapter 2 ("GENERAL CRITERIA AND ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS") of the Explanatory Notes to the aforementioned documents.

Economic activities (1)	Code (2)	Absolute turnover (3) € mil.	Proportion of turnover (4) %	Substantial contribution criteria					DNSH criteria					Minimum safeguards (17) Y/N	Taxonomy- Aligned proportion of turnover, year 2022 (18) %	Taxonomy- Aligned proportion of turnover, year 2021 (19) %	Enabling activity (20) E	Transition activity (21) T			
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N						Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES %</b>																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of Environmentally sustainable activities (Taxonomy-aligned) (A.1)			0	0%	-	0%	-	-	-	-	Y	-	Y	Y	Y	Y	N	0%	0%	E	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
<i>Programming and Broadcasting activities</i>			83	170.6	6%																
<i>Music Practice, Video and Television Programme Production, Sound Recording and Music Publishing activities</i>			13.3	27.2	1%																
<b>Total (A.1 + A.2)</b>			<b>197.8</b>	<b>7%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
Turnover of taxonomy non-eligible activities (B)			2603.4	93%																	
<b>TOTAL (A + B)</b>			<b>2,801.3</b>	<b>100%</b>																	

Non-taxonomy-eligible activities (B) include, among others, activities related to the sale of advertising space and the management of television and radio transmission equipment in Italy.

Economic activities (1)	Code (2)	Absolute Capex (3)	Proportion of Capex (4)	Substantial contribution criteria						DNSH criteria					Minimum safeguards (17)	Taxonomy-Aligned proportion of Capex, year 2022 (18)	Taxonomy-Aligned proportion of Capex, year 2021 (19)	Enabling activity (20)	Transition activity (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)					

#### A. TAXONOMY-ELIGIBLE ACTIVITIES %

A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Capex of Environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
		0	0%	-	0%	-	-	-	-	Y	-	Y	Y	Y	Y	N	0%	0%	E	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Capex of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
	Programming and Broadcasting activities	83	35.1%	90%																
	Mobile Picture, Video and Television Programme Production																			
	Sound Recording and Music Publishing activities	13.3	26.8%	7%																
	<b>Total (A.1 + A.2)</b>	<b>378.6</b>	<b>97%</b>																	

#### B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Capex of taxonomy non-eligible activities (B)																				
		10.0	3%																	
	<b>TOTAL (A + B)</b>	<b>388.6</b>	<b>100%</b>																	

Non-taxonomy-eligible activities (B) include, among others, activities related to the sale of advertising space and the management of television and radio transmission equipment in Italy.

Economic activities (1)	Code (2)	Absolute Opex (3)	Proportion of Opex (4)	Substantial contribution criteria						DNSH criteria					Minimum safeguards (17)	Taxonomy-Aligned proportion of Opex, year 2022 (18)	Taxonomy-Aligned proportion of Opex, year 2021 (19)	Enabling activity (20)	Transition activity (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)					

#### A. TAXONOMY-ELIGIBLE ACTIVITIES %

A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Opex of Environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
		0	0%	-	0%	-	-	-	-	Y	-	Y	Y	Y	Y	N	0%	0%	E	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Opex of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
<i>Programming and Broadcasting activities</i>	8.3	64.4	54%																	
<i>Motion Picture, Video and Television Programme Production</i>	13.3	0.4	0%																	
<i>Sound Recording and Music Publishing activities</i>																				
<b>Total (A.1 + A.2)</b>		<b>64.8</b>	<b>55%</b>																	

#### B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Opex of taxonomy non-eligible activities (B)	53.4	45%
<b>TOTAL (A + B)</b>	<b>118.2</b>	<b>100%</b>

Non-taxonomy-eligible activities (B) include, among others, activities related to the sale of advertising space and the management of television and radio transmission equipment in Italy.

## Management of Electromagnetic Emissions

The MFE Group in Italy<sup>31</sup> has always been committed to **respecting the sector legislation** on electromagnetic emissions.

**Elettronica Industriale S.p.A.**, a subsidiary of the MFE Group, is required to present documentation to the local authorities certifying compliance with the field limits of plants for the installation of new plants or for the modification of existing plants.

In 2022, 791 requests were made to modify plants, compliant with current regulations, including compliance with the population exposure limits for electromagnetic fields.

These activities allow the Group to monitor the impact produced by any changes made to the plants throughout the area and ensure the non-existence of any negative effects due to radio-television signal emissions. The applications must obligatorily contain all electromagnetic impact assessments of the plants subject to the authorisation request.

The **Electromagnetic Impact Analysis (EIA)** for larger plants are extremely thorough and include “pre-existing electromagnetic background” levels and the impact of that individual plant. The reference standards for the Electromagnetic Impact Analysis are those reported in Law 36/2001 and include the maximum permitted levels to which the population can be subjected<sup>32</sup>.

Furthermore, while complying with regulatory limits, Elettronica Industriale S.p.A. continuously assesses any specific provisions set by individual municipalities as well as any indications of any provincial, state and international location plans for transmission sites.

As regards the assessment of the overall impact of the transmission sites (within which Elettronica Industriale S.p.A. plants also operate), the role of the **ARPA departmental agencies (Regional Agency for Environment Protection)** must also be taken into consideration, which is responsible for monitoring activities through periodic analysis and sampling of the plants, with particular attention to more prone units of the company.

As part of managing relations with public bodies, Elettronica Industriale S.p.A. always provides absolute availability for inspections and collaborates with the ARPA, even in a preventive manner, using comparison activities during meetings with those public bodies.

The most sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on Mediaset for failure to comply with the limits.

During 2022, the Regional Environmental Protection Agencies carried out 2 checks in the two halves of the year first half of the year and 12 in the second half. These checks revealed that the electromagnetic field limits had been exceeded in a site where MFE equipment was also present. It was however exceeded by less than one tenth of the legal limit and so no requests for reduction for compliance or fines were made by the authorities.

In 2021 and until June 2022, following the **transition to new frequencies** caused by the release of the '700 band for telephone companies, new applications were made to authorise all plants, which will have to comply with the new frequency allocation plan. This will result in further analysis of the electromagnetic fields envisaged by the applicants and the Regional Environmental Protection Agencies. The total number of plants envisaged by the new National Frequency Allocation Plan will be lower (from 5 to 3) compared to the current number of plants in operation, with a resulting decrease in the electromagnetic impact in the majority of cases. The most sensitive

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<sup>31</sup> The issue of electromagnetism is taken into consideration only in Italy as the MFE Group in Spain does not directly manage the signal transmission network.

<sup>32</sup> The maximum exposure limits allowed by current legislation are 20 V/m in public places (see also par. 3.3) with a caution threshold of 6 V/m near housing and places frequented continuously (at least 4 hours per day).

plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on MFE.

The equipment managed by the **RadioMediaset** company is generally housed at stations that it does not own.

The appointed RadioMediaset Office independently, or with the support of specialist companies and/or the tower operator itself, provided with the technical documentation necessary, draws up the applications to present to the local authorities for authorisation to change existing equipment and/or activate new equipment.

The procedure adopted by the Group for the radio station in order to monitor electromagnetic pollution and safeguard the community is divided into the following activities:

- Execution of an Electromagnetic Impact Analysis (EIA) for each plant it intends to install ex novo or whose emission characteristics are to be modified by specialised third-party companies and personnel in possession of the qualifications required by current legislation, in order to ensure compliance with the exposure limits, attention thresholds and quality objectives for electromagnetic emissions as required by current legislation;
- Selection and contracting of the aforementioned counterparties in line with the provisions of the current company guidelines;
- Submission of the request for installation and operation of radio equipment (including the aforementioned EIA) to the Single Contact Point for Productive Activity (SUAP) of the municipality responsible for that area by a company lawyer or by the company/professional who carried out the aforementioned analysis, by delegation of a company representative;
- Assessment of the EIA by the Regional Agency for Environmental Protection (ARPA) for that area. Issue of the authorisation for installation and operation of radio equipment by the competent Municipality, subject to obtaining permission from the local ARPA;
- Continuous monitoring of the operation of Group radio equipment by dedicated department via verification of the data acquired by the equipment through telemetry. Where anomalies are detected that could cause the equipment to operate at higher energy levels than those envisaged, the department will promptly alert the competent maintenance companies in order to resolve any anomalies found;
- Periodic checking on the operation of the systems by specifically contracted maintenance companies;
- In recent years, a complete mapping of all the radio equipment managed by the MFE Group in Italy was performed by a specialised third-party company, aimed at assessing the risks pertaining to individual systems and preparing the related RADs (Risk Assessment Documents). Measurements were carried out on the overall level of electromagnetic emissions from the stations where radio equipment operated by the Group is installed in Italy (these were cumulative measurements, bearing in mind that there may be several systems belonging to various radio companies at a single location) and, where necessary, measurements on the emissions level of the Group's systems (narrow measurements), in order to ensure compliance with the electromagnetic emission threshold imposed by current legislation. Where anomalies were detected, installers/maintenance technicians were promptly alerted to resolve them.

In 2022, 6 communications were submitted to the ARPA for changes not involving increases in EMF values, 9 SCIA start of activity communications for equipment of less than 20 W and 16 applications for authorisation for equipment of greater than 20 W, for a total of 16 assessments (EIA). In addition to this activity, there were also 6 test reports (post-activation checks requested by the authority). There were also 10 monitoring operations by the ARPA (periodic checks on the territory by the authority) involving 9 sites, for a total of 16 systems.

During the reference year, the ARPA identified non-compliance with the required attention thresholds at 3 sites due to multiple exposures. This involved 4 managed systems and others belonging to third parties, of which 2 sites are still being assessed with a view to joint total restoration, while for 1 site the managed system was relocated.

During 2022, 2 fines of €1,166.36 each were imposed for exceeding the legal values for 2017. The appointed RadioMediaset Office also gathers the data for drawing up the Risk Assessment Document, including the electromagnetic field levels, which allow appropriate interventions for remedying the most important issues to be identified and developed. 2022 saw 404 monitoring operations, 272 plant Risk Assessment Documents prepared, of which 186 were updates and 4 RADs for owned sites for these purposes.

There were no risks to station workers since the electromagnetic levels detected are completely within the thresholds prescribed by law.

In any case, in an effort to further reduce risk, the power of the transmitting plants is reduced during any work at height on the pylon/pole, thus keeping the exposure of workers to electromagnetic fields to a minimum.

## Waste Management

In order to minimise its impact on the local territory, the MFE Group, including foreign investee companies, constantly monitors its consumption of raw materials and the waste produced by its activities.

The Group mainly produces waste connected to its specific activity, such as mixed packaging materials, toner, electrical and electronic equipment and bulky waste (e.g. sets), and hazardous waste composed of materials from ordinary maintenance activities (e.g. neon lights and batteries). Lastly, it is worth mentioning the possible production of hazardous waste due to the hospital service.

WASTE BY TYPE (TONs)	2022	2021
Bulky Waste	483	758
Mixed-Material Packaging	424	697
Plastic	17	256
Broken equipment, other than that indicated in 16 02 09 to 16 02 13	134	129
Paper and Cardboard Packaging	69	124
Other (hazardous)	5	10
Other (non-hazardous)	125	131
<b>Total</b>	<b>1,256</b>	<b>2,105</b>

All refuse produced is managed in compliance with current regulations on the environment (Legislative Decree 152/2006) and waste collection is managed using appropriate bins that have been approved for hazardous waste.

The MFE Group also adopts oversight activities on the correct administrative and legal management of the refuse through the **supervision of the transport process**, in close coordination with the suppliers and in compliance with the law.

The verification of the authorisations and the administrative management of the waste for all premises that are part of the Cologno Monzese headquarters are carried out using specific software (ECOSWEB).

It should also be noted that the **separate collection of urban waste** has always been present within the company.



The Group produced approximately 1,256 metric tons of waste in 2021. In particular, hazardous waste represents less than 1% of the total waste produced, with the rest non-hazardous.

### Waste divided by Type and Disposal Method (metric tons) for the MFE Group

	2022			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recycle	7	47	54	5	33	38
Composting	-	-	-	-	-	-
Recovery[*]	4	1,195	1,199	5	2,046	2,051
Dump[**]	-	3	3	-	15	15
Other	-	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>1,244</b>	<b>1,256</b>	<b>10</b>	<b>2,094</b>	<b>2,105</b>

[\*] Including recovery through energy production R-13 – R-5.

[\*\*] Preliminary deposit before one of the operations referred to in points D1 to D14 (excluding temporary deposit, before collection, in the place where they are produced)

The **MFE Group in Spain** monitors the consumption of paper, CDs and toners in all its offices. This monitoring focuses specifically on the Fuencarral and Villaviciosa offices in Madrid, where all activities related to audiovisual production are concentrated, and involves around 91,41% of the workforce.

In 2022, all waste generated by the MFE Group in Spain was managed appropriately, promoting recycling activities according to national legislation.

In 2022, Mediaset España continued with work to eliminate non-biodegradable plastic waste in the canteen and adjoining bar.

In compliance with the regulations governing hazardous and non-hazardous waste, the Group has appointed a specialised third party company for its management.

Waste electrical and electronic equipment is managed by technical warehouse workers, while organic waste produced by the canteen is collected and separated by kitchen personnel according to the type of material.

Hazardous waste included batteries, fluorescent tubes and printer material.

### Management of Energy Consumption and Emissions

The main energy sources used by the MFE Group, in Italy and Spain and in the other foreign investee companies, for the performance of its activities are divided into four types: electricity, natural gas, diesel and petrol.

The largest proportion of energy consumption is due to **electricity**, used mainly for the supply and operation of radio towers, servers, data centres and uninterruptible power supplies for technical equipment, as well as for the air conditioning and lighting of the Group's plants. The adoption of LED light arrays for television studios continues.

In some locations, electricity is also used to power the heating and cooling units and for powering data centres. In 2022, around 311 TJ of electricity was consumed, approximately 5% less compared to 2021.

## Energy Consumption within the Group by Source (TJ)[\*]

	2022	2021
Electricity purchased	311	326
Natural gas	30	33
Diesel	23	24
Petrol	4	3
<b>Total</b>	<b>368</b>	<b>386</b>

[\*] Source: Lower Calorific Value of natural gas equal to 0.034 GJ/m<sup>3</sup>, Lower Calorific Value of diesel oil equal to 42.85 GJ/ton, average density of diesel oil 0.84 kg/litre, Lower calorific value of petrol equal to 43.13 GJ/ton, average density of petrol 0.74 kg/litre (Sources: NIR: Italian Greenhouse Gas Inventory 1990-2017 - National Inventory Report 2022).

To provide a more meaningful representation of the MFE Group's energy consumption, the source of the conversion coefficients used for the calculation was updated during the year. For the figures published previously, please refer to the 2021 Sustainability Report published in the "Sustainability" section of the [mfemediaforeurope.com](https://www.mfemediaforeurope.com) website.

## Greenhouse Gas Emissions (TONS of CO<sub>2</sub>) for the Group [\*]

	2022	2021
Scope 1[**]	3,718	4,067
Scope 2[**] - Location-based	26,398	27,528
Scope 2[**] - Market-based	0.59	34,442

[\*] Scope 1 emissions are expressed in metric tons of CO<sub>2</sub> equivalent. Scope 2 emissions are expressed in tons of CO<sub>2</sub>, but the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO<sub>2</sub> equivalent) as can be deduced from the reference technical literature.

[\*\*] 2022 data: Natural gas emission coefficient equal to 2.01574 kgCO<sub>2</sub>e/Sm<sup>3</sup>, diesel oil emission coefficient equal to 2.55784 kgCO<sub>2</sub>e/l, petrol emission coefficient equal to 2.16185 kgCO<sub>2</sub>e/l (source: DEFRA 2022. UK Government - GHG Conversion Factors for Company Reporting).

2021 data: Natural gas emission coefficient equal to 2.02135 kgCO<sub>2</sub>e/Sm<sup>3</sup>, diesel oil emission coefficient equal to 2.51233 kgCO<sub>2</sub>e/l, petrol emission coefficient equal to 2.19352 kgCO<sub>2</sub>e/l (source: DEFRA 2021. UK Government - GHG Conversion Factors for Company Reporting).

To provide a more meaningful representation of the MFE Group's emissions, the source of the emission factors used for the calculation was updated during the year. For the figures published previously, please refer to the 2021 Sustainability Report published in the "Sustainability" section of the [mfemediaforeurope.com](https://www.mfemediaforeurope.com) website.

In particular, it should be noted that all electricity purchased by the **MFE Group in Spain** (equal to about 14.72 GWh in 2022) is certified and comes from renewable sources through Guarantees of Origin. This consumption is mainly due to the technical equipment of the studios, including recording, transmission and post-production equipment, as well as computer equipment and air conditioning in IT rooms.

Activity to achieve greater efficiency in terms of the above consumption continued in 2022, above all by replacing the above equipment which is most energy inefficient and obsolete.

Fuel consumption (petrol and diesel) in 2022 amounted to 1.02 TJ, mainly due to the company car fleet and some generators.

Natural gas is used to heat offices, laboratories and warehouses and represents around 13.5% of total energy consumption.

The MFE Group company fleet in Italy consists of cars for long-term hire and a specifically owned car fleet in Spain.

In 2022, the Group's activities generated greenhouse gas emissions due to direct energy consumption (natural gas, petrol and diesel) and indirect energy consumption (electricity) of the Group itself. In particular, a high proportion of the greenhouse gas emissions are due to Scope 2 emissions, for which MFE is indirectly responsible, as it derives from the electricity supply purchased externally. However, the zero contribution of the MFE Group in Spain to these type of emissions (according to the Market-based approach) is noteworthy, since all electricity of the Group is covered by certificates of guarantee of origin.

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: "location-based" and "market-based". The "location-based" approach envisages the use of a national average emission factor related to the specific national energy mix for the production of electricity (emission coefficient used for Italy of 315 gCO<sub>2</sub>/kWh and for France of 56 gCO<sub>2</sub>/kWh - Source: TERNA, International Comparisons 2022). The "Market-based" approach envisages the use of an emission factor defined on a contractual basis with the electricity supplier. Given the absence of specific contractual agreements between MFE Group companies in France and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" was used for this approach (emission coefficient of 49 gCO<sub>2</sub>/kWh - Source: Association of Issuing Bodies, European Residual Mixes 2020, 2021). Note too that the companies of the MFE Group in Italy and Spain do not use Scope 2 emissions for the "market-based" approach since they purchase electricity from renewable sources certified with Guarantees of Origin.

Finally, the direct emissions of Scope 1 generated directly within the Group due to the use of fuels for heating, generators and the car fleet amount to approximately 3,718 tCO<sub>2</sub>eq.

During 2022 the Group in Italy has realised and completed a project of electrification of its garages, enabling the installation of about 220 recharging stations (wall-boxes and fast charge columns) for cars. This infrastructure facilitates the gradual conversion of the car fleet to new electrified models, with the aim of reducing CO<sub>2</sub> emissions from company vehicles.

In reference to the sustainable management of greenhouse gas emissions, it should be noted that the **MFE Group in Spain** identifies, measures and manages its emissions and establishes appropriate measures for their reduction. In addition to quantifying the emissions generated, the company also makes this information public, which demonstrates its degree of awareness and transparency in this sector. The commitment of the MFE Group in Spain to transparency is reflected in its participation in the **Carbon Disclosure Project (CDP)** initiative since 2009, with which the Group agrees to publicise its objectives and the methods implemented to reduce greenhouse gas emissions.

Furthermore, it should be noted that in order to reduce greenhouse gas emissions as much as possible and raise awareness among its employees, the MFE Group in Spain offers its staff a **shuttle service** linking the company's premises with metro stations over a wide range of hours in order to encourage greater use of public transport.

In this context, we would highlight the fact that the car fleet owned by Mediaset España includes 1 minibus for transporting employees and a fleet of cars for long-term hire, used exclusively by the group's senior managers, comprising 18 diesel cars, 12 petrol and 18 hybrid.

# ADDITIONAL INFORMATION

## TECHNOLOGICAL INNOVATION AND DEVELOPMENT

In 2022, a new Technology Transformation business unit was created within the Group's Technology Department to identify and promote opportunities to implement new technologies within the company and ensure cross-area governance of technological innovation projects. To achieve these goals, the Technology Transformation unit acts in cooperation with the Group's other departments (Strategic Marketing, AdTech, Business Digital, Operations) and identifies working priorities according to business needs.

In the second half of 2022, the business needs in terms of innovation were collected and the following project lines were identified:

- Adopting artificial intelligence solutions to pursue business process efficiencies (5-6 use cases identified).
- Launching a DVB-I market trial.
- Testing 5G technology in contribution and broadcasting.
- Using clouds to increase the flexibility of the production process.

Moreover, the following activities were continued from previous years:

- Creating prototypes or proof of concept for the development and validation of emerging technologies useful for the development of core business or for the innovation of the Group's organisational processes.
- Participating in defining technical specifications and commercial requirements with international television standardisation bodies. DVB Project<sup>33</sup>; EBU<sup>34</sup>; SMPTE<sup>35</sup>.
- Having a presence within domestic and international associations for draft and publishing technical specifications for TV receivers: HDFI<sup>36</sup>; CRTV<sup>37</sup>; FAME<sup>38</sup>.
- Participating in regulatory and EU round tables for the development of digital television in Italy and Europe.
- Providing technological support for training, information-gathering and dissemination concerning the company's primary trends in technological innovation.
- Researching the technological context of the media world with the aim of outlining development scenarios with national and international research observatories.

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<sup>33</sup> DVB Project: Digital Video Broadcasting Project

<sup>34</sup> EBU: European Broadcasting Union, specifically 5G-Media Action Group (5G-MAG)

<sup>35</sup> SMPTE: Society of Motion Picture & Television Engineers

<sup>36</sup> HDFI: HD Forum Italia

<sup>37</sup> CRTV: Confindustria Radio Televisione

<sup>38</sup> FAME: Forum on Advanced Media in Europe

## Projects and Experiments in 2022

### Finalisation of the PoC for the DVB-I standard<sup>39</sup>:

In July 2022, validation and testing of the DVB-I standard was completed with the development of a technological proof of concept (PoC) which had been launched in 2019. All anticipated use cases were acquired, tested and validated on different brands of TV receivers together with other international technological partners that participated in the testing

The purpose of the PoC made it possible to verify and assess the functional and operational requirements for a potential future launch of multiplatform hybrid television services in the DVB-I standard, which is due to occur following the refarming of the 700 MHz spectrum, which was completed in June 2022.

The results achieved in developing the PoC for the DVB-I project were presented to the company's top management in July 2022 through a real-world demonstration involving the entire end-to-end supply chain: from the production of television content and channels with formats adapted to style a list of DVB-I services integrated with normal digital terrestrial services. All goals, use cases and functionalities envisioned in the project were fully and successfully achieved, tested and demonstrated: channel-changing times (zapping time), synchronisation and latency of services offered between DTT and OTT platforms, simul-broadcast distribution on IP networks (multicasting), channel metadata (channel banners), content information, content guide, parental control functions and content protection for free and freemium TV streaming services were demonstrated and confirmed as functions that integrate perfectly with television, with a user experience that is perfectly akin to and entirely compatible with the traditional TV experience.

The positive outcomes achieved by Mediaset with the DVB-I PoC in 2022 also demonstrated the need to proceed to real-world testing of the functional requirements and use cases produced during the prior testing period with real users, real DVB-I services that can be enjoyed on interoperable TV receivers that will be brought to market. To this end, it was necessary to request that a specific market test be conducted: A market trial to be launched during 2023 with the aim of testing the functionality of the entire end-to-end supply chain of this emerging IP-based linear TV distribution platform.

The outcomes achieved by Mediaset with the DVB-I PoC were presented in full and discussed at various international events as an example of a feasibility study and analysis in developing emerging technological standards for the future of linear TV distribution over present and future distribution platform models: IP; 5G;... Together with other project partners, Mediaset's DVB-I presenter appeared at various international trade fairs and sectoral events including: IBC in Amsterdam (Sept 2022), HbbTV Symposium in Prague (Oct 2022), HDFI Innovation Day in Rome (Nov 2022), EBU TV Horizon (Dec 22).

Mediaset's DVB-I concept was also presented to national industry associations, including: Confindustria Radiotelevisione (CRTV), ANITEC. Ad hoc demonstrations were given to Italian institutions to maximise its visibility, such as to the Ministry for Economic Development and regulation authority Agcom, which aroused significant interest.

Alongside the DVB-I PoC, activities also continued in 2022 to support and consolidate the DVB standard as well as to support DVB-I aspects of the HbbTV 2.0.4 standard, which was published in 2023.

Moreover, key actions were also initiated to launch a market trial for the DVB-I service by the first half of 2023.

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<sup>39</sup> DVB-I: Digital Video Broadcasting over IP network. This is the new IPTV standard.

## **Addressable Advertising 2.0 project:**

Mediaset continues to invest in enhanced advertising projects with an addressable advertising function across its linear TV channels using digital tools: this will allow linear channel advertising campaigns to be measured accurately by enabling viewers to receive advertising that is more contextualised and relevant to their specific interests.

Two projects had already been conducted as part of this enhanced advertising program in 2021.

- The first was aimed at integrating Hybrid Linear Digital Advertising capabilities with the Mediaset application ecosystem, making it possible both to improve the delivery of digital adverts on connected TV sets and to increase the number of TV sets available: the first campaigns enabled by the new technology were aired as early as December 2021. Mediaset is the second broadcaster in Europe to boast this technology, which serves as confirmation that it wishes to strengthen its position as a technical leader in the Italian connected-TV landscape.
- The second project has made it possible to increase the level of automation in interactions between the concessionaire and advertisers by developing, in collaboration with a leading vendor in the sector, an innovative booking application that is made available to the sales force and fully integrated with the advertising delivery systems, making it possible to launch a campaign in just a few minutes after the customer's request.

Investment then continued into 2022 with the rollout of the "DVB-TA project, which has allowed a wider selection of television sets to receive connected advertising formats (ADD+): in particular, Concessionaires will be able to deliver advertising across a wider selection of commercially available models of connected television sets with the same high level of quality as offered by classic linear advertising over digital terrestrial. (transitions between replaced ads without any apparent continuity solution).

Finally in 2022, Publitalia '80 also acquired a leading market instrument in the field of Customer Data Platforms to support fully "cookieless" addressable advertising by placing first-party data at the centre of its offering in compliance with stringent GDPR regulations and the evolving ad-tech market. The first "cookieless" use cases will be enabled in Q1 2023 and the transformation will be complete by the end of the year.

The goal in the coming years remains that of improving the user experience and targeting opportunities, this underlining the Mediaset Group's intention to strengthen its position as a leader in the Italian connected-TV landscape.

## **Transition to IP technology in Mediaset's production centres**

Having completed the transition to tapeless<sup>40</sup> production processes thanks to a new transportation architecture and signals routing using IP technology, production digitisation will continue into 2022 so as to achieve greater efficiencies in production terms and in process logistics.

These new Video Centres, which became operational in 2022, are a significant milestone in enabling significant recovery in terms of efficiencies with significant development in the management of the core business processes relating to the contribution/emission/distribution of video signals.

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<sup>40</sup> Tape-to-file technology, which consists of dematerialising the use of physical magnetic media (tapes) for video-magnetic recording in favour of files (bits) that run virtually over advanced IP telematic networks

The IP Video Centres have also been a key element in the switching/routing of audio-video signals of the 2 new IP Technology production units, which were designed, built and commissioned the Cologno Monzese production centre in 2022.

As part of the continued development and innovation of IP technology infrastructure in 2022, RTI officially took over the direct management of contribution and transportation services when it comes to connection switching between production centres.

The innovative "Light" IP production unit is intended for Studio 4 productions featuring 2D or 3D graphic generation and virtual sets (recorded or live interviews, such as focus, business digital productions, etc.), while also being operable in emergencies for news productions. This production unit, with its agile and flexible robotics, IP cameras and ability to handle both virtual sets and more traditional LED-wall sets in the same studio, entered operation in April 2022.

Subsequently, the first "High-End" Full-IP production unit was also released in September 2022; this unit can potentially be shared among multiple studios and is initially being used for the production of the programme "Le Iene" (Studio 7).





# CORPORATE GOVERNANCE REPORT

## Introduction

MFE - MEDIAFOREUROPE N.V. (the "Company" or "MFE") is a joint stock company under the laws of the Netherlands (*Naamloze Vennootschap*) having its office address and tax residence at Viale Europa 46, Cologno Monzese (Milan).

The Company has its tax residency in Italy. It has been listed on Mercato Telematico Azionario since 1996 (Euronext Milan since 25 October 2021) managed by Borsa Italiana S.p.A., the company that organises and manages regulated Italian markets (the "Italian Stock Exchange").

Following the transfer of the registered office to the Netherlands (the "Transfer") completed on 18 September 2021, the company elected the Netherlands as its home member state, for the purposes of Article 2(1) of the Transparency Directive (Directive 2004/109/EC), informing the market pursuant to Article 5:25a(3) of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

As a company based in the Netherlands, MFE is subject to the Dutch Corporate Governance Code ("DCGC"). On 20 December 2022, the Corporate Governance Code Monitoring Committee published the update of the 8 December 2016 version of the DCGC effective as of 1 January 2017, and available at the following website address: <https://www.mccg.nl/publicaties/codes/2022/12/20/dutch-corporate-governance-code-2022>. in the unofficial English translation. The new code became effective on 1 January 2023.

The purpose of the DCGC is to facilitate an effective and transparent system of controls and balancing in listed companies and, to this end, govern relations between management and control boards and shareholders (including the Shareholders' Meeting).

The DCGC is intended for companies that have opted for a two-tier corporate governance structure, in which management and control of company operations are assigned to a management board and supervisory board respectively.

The DCGC also applies to companies that only have a Management Board (one-tier governance structure). In this case, the management board comprises executive directors and non-executive directors and the latter carries out controls on the management activities of the executive directors.

## Transfer of the registered office to Amsterdam (Netherlands)

On 23 June 2021, an extraordinary Shareholders' Meeting of the Company resolved to transfer the registered office from Milan to Amsterdam while keeping tax residency in Italy, through the adoption of the legal form of a *naamloze vennootschap* governed by the laws of the Netherlands, called Mediaset N.V.

On 18 September 2021, with all necessary conditions contemplated being met, the notary deed necessary for the Transfer was stipulated and became effective.

The Company has been aiming to create a pan-European group in the entertainment and content sector which, on the strength of its leadership position on own reference markets (Italy, Spain and Germany) is structured in such a way as to increase the competitive edge of its own business, and increase the scope of its action to reach out to other European countries, also through appropriate operations to achieve growth by external lines. The purpose of the Transfer was to help achieve this goal, in keeping with the strategic rationale underlying the MFE project

approved by shareholders in the Extraordinary Meeting of 4 September 2019, and, firstly of creating the conditions suitable for future combinations. In this context, the Netherlands was chosen, in order to have the Company's registered office in a jurisdiction which, for various reasons, is ideal for the objective. Specifically, the choice of the Company's registered office was based on finding a system that can foster the internationalisation process and which can, like the Netherlands among others: (a) facilitate a more realistic valuation of the Company by the stock exchange and more in general by the international business community, which still sees broadcasters as "local" businesses, and therefore strictly related to and dependent on valuations of the domestic economic context; (b) consolidate the Company's ability to raise capital and financial resources necessary to support the development of new business projects and facilitate operations for integration with new partners; (c) offer a legal system, that is well-known and appreciated by market operators and investors at international level, capable of enhancing the pan-European dimension of the Company's target business, while still maintaining its identity and historical presence on current reference markets; (d) allow, on the one hand, the adoption of a governance model in line with international best standards; and (e) on the other hand, provide wider-ranging protection for investors, and also guarantee a high level of certainty in terms of the law and contractual/business relations and consequently, the feasibility of the internationalisation project.

## **Board of Directors**

### **Nomination and composition**

MFE opted for the one-tier governance system, with only a Board of Directors. Operations, carried out by Executive Directors, are controlled by Non-Executive Directors. With this system, there is no independent control body.

Pursuant to the Articles of Association, the Board of Directors comprises one or more Executive Directors and one or more non-Executive Directors. The exact number of Directors, as well as the number of Executive and Non-Executive Directors, is decided by the Board of Directors. The majority of members of the Board of Directors must be Non-Executive Directors.

In accordance with the Articles of Association of the Company, the Directors are appointed by the General Shareholders' Meeting. The appointment of each Director may not last for more than four years. The term of office may not run beyond the end of the first annual Shareholders' Meeting held in the fourth year following the appointment, unless the director steps down or is removed from office beforehand.

The current Board of Directors comprises 15 Directors, elected by the General Shareholders' Meeting of 23 June 2021, before the Transfer. The term of office is for three years and will last up to the date of the General Shareholders' Meeting that will approve the financial statements of the Company for the year ended 31 December 2023.

The Board, with the Transfer taking effect, confirmed Fedele Confalonieri as Chairman and Pier Silvio Berlusconi as Chief Executive Officer.

The Board also confirmed Marco Giordani as Chief Financial Officer and Emanuela Bianchi as Secretary of the Board of Directors.

The Board of Directors comprises the following persons:

<b>Members, date of birth, gender</b>	<b>Office</b>	<b>Date first appointed*</b>	<b>Date of appointment or reappointment**</b>	<b>End of the appointment***</b>
<b>Fedele Confalonieri</b> (06/08/1937), M	<b>Chairman</b> (Non-Executive Director)	16/12/1994	23/06/2021	31/12/2023
<b>Pier Silvio Berlusconi</b> (28/04/1969), M	<b>Chief Executive Officer</b> (Executive Director)	28/07/1995	24/06/2021	31/12/2023
<b>Marina Berlusconi</b> (10/08/1966), F	Non-Executive Director	28/07/1995	23/06/2021	31/12/2023
<b>Stefania Bariatti</b> (28/10/1956), F	Non-Executive Director	23/06/2021	23/06/2021	31/12/2023
<b>Marina Brogi</b> (15/07/1967), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Raffaele Cappiello</b> (17/09/1968), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Costanza Esclapon de Villeneuve</b> (28/09/1965), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Giulio Gallazzi</b> (08/01/1964), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Marco Giordani</b> (30/11/1961), M	Chief Financial Officer (Executive Director)	20/03/2001	23/06/2021	31/12/2023
<b>Gina Nieri</b> (02/12/1953), F	Executive Director	28/09/1998	23/06/2021	31/12/2023
<b>Danilo Pellegrino</b> (18/09/1957), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Alessandra Piccinino</b> (31/08/1962), F	Non-Executive Director	29/04/2015	23/06/2021	31/12/2023
<b>Niccolò Querci</b> (10/05/1961), M	Executive Director	22/04/2009	23/06/2021	31/12/2023
<b>Stefano Sala</b> (23/09/1962), M	Executive Director	29/04/2015	23/06/2021	31/12/2023
<b>Carlo Secchi</b> (04/02/1944), M	Non-Executive Director	20/04/2006	23/06/2021	31/12/2023

\* The date of first appointment of each director means the date on which the director was appointed to the Mediaset S.p.A. Board of Directors for the first time (ever).

\*\*The current Board of Directors was appointed by the Shareholders' Meeting of 23 June 2021. On 18 September 2021, the company transferred its registered office to the Netherlands and became a Dutch N.V..

\*\*\* The term of office will end on the date of the General Shareholders' Meeting to approve the financial statements of the Company for the year ended 31 December 2023.

## Curricula Vitae

### FEDELE CONFALONIERI

Born on 6 August 1937 in Milan. He graduated with a degree in Law from Milan University. He is a member of the Advisory Board of Confindustria and Assolombarda. He is Chairman of MFE-MEDIAFOREUROPE N.V. and Mediaset S.p.A.. He is a Director of the daily newspaper "Il Giornale", Chairman of the Milan Cathedral Heritage Association Veneranda Fabbrica del Duomo di Milano and member of the General Council of the industry association Confindustria Radio Televisioni. He is also Director and Deputy Chairman of the Board of Mediaset España Comunicación S.A..

### PIER SILVIO BERLUSCONI

Pier Silvio Berlusconi was born in Milan on 28 April 1969. He began his professional career in 1992 working for Publitalia in the marketing area, moving on to the Italia 1 television network. In November 1996, he became head of scheduling and programme coordination for Mediaset networks. In 1999, he was appointed general deputy manager of RTI content and since April 2000 he has been Chairman and CEO of RTI as well as Deputy Chairman of Mediaset. Since April 2015, he has also been CEO of Mediaset Group (now MFE-MEDIAFOREUROPE). Since February 2020, he has been Deputy Chairman and CEO of Mediaset S.p.A.. Since June 2020, he has been Chairman of Medusa Film S.p.A. He is also a Board Member of the following companies: Arnoldo Mondadori Editore S.p.A., Fininvest S.p.A. and Publitalia S.p.A.

### STEFANIA BARIATTI

Stefania Bariatti was born in Milan on 28 October 1956. She is full professor of international law at the Faculty of Law, Milan University, a member of the Governing Council of UNIDROIT, International Organisation for the Unification of Private Law, and a member of the Board and Chair of the Antitrust Technical Committee of the Italian Banking Association, ABI. She has been a board member of universities and non-profit foundations and a board member of listed companies since 2013. She is currently on the board and on the board committees of A2A S.p.A., INWIT S.p.A. and BNL S.p.A.. She has represented Italy at the European Union and the Hague Conference on Private International Law and has assisted the European Parliament and European Commission on drafting legislation in the sector of judicial cooperation in civil law matters. Since 2011, she has been part of the Group of experts of the European Commission on insolvency law. She is co-director and on the editorial staff and scientific committee of various Italian and international scientific journals, a member of numerous Italian and international associations and research centres and is the author of over 150 published works. She is a member of the Milan Bar Association.

### MARINA BERLUSCONI

Marina Berlusconi was born in Milan on 10 August 1966. She joined the company at a very young age and has always been deeply interested and involved in the management and development of the Group's economic and financial strategies. In July 1996, she took the position of deputy chair of Fininvest, which she held until October 2005, when she was appointed chair of the holding. Since February 2003 she has been the Chair of Arnoldo Mondadori Editore S.p.A.

### MARINA BROGI

Marina Brogi was born in Rome on 15 July 1967. After graduating in Political Economy at Bocconi University in 1988 with Professor Tancredi Bianchi, she completed her studies at the London Business School. She is a full

professor of the Economics of Financial Intermediaries at the Faculty of Economics, La Sapienza University, Rome, where she was vice president between 2011 and 2017 and currently lectures in International Banking and Capital Markets and Bank Corporate Governance. She is Chair of the Technical and Scientific Committee of the Italian Association of Financial Industry Risk Managers (AIFIRM). She is a member of the CFA Institute Systemic Risk Council. From 2014 to 2016 she was a member of the Securities and Markets Stakeholder Group of ESMA. She has been a member of the Scientific Committee of the Confindustria Research Centre. She has acted as commissioner in a number of public competitions for CONSOB, has been called on as an expert by the Ministry for the Interior, and has been heard by the XI Senate Commission on Employment and the VI Commission on Finance of the Chamber of Deputies. Since 2008, she has been a member of the management and supervisory Boards of listed and non-listed companies and financial intermediaries.

#### RAFFAELE CAPIELLO

Raffaele Capiello was born on 17 September 1968 in Rome. He graduated in law from La Sapienza University, Rome, with honours. Since 1992 he has provided legal advice, also at judicial level, on corporate, banking, finance and competition law, for the law firm of Professor Libonati in Rome, also as a partner in the Libonati-Jaeger partnership, until 2010 when he opened his own practice in Rome. He lectures in Commercial Law at the School for the Legal Profession at Rome's La Sapienza University (2013/2019), and in Insolvency Law on the Master's course in receivership, at the University of Niccolò Cusano (since 2018). He was a member of the Rome Section of the Financial Banking Arbitrator (2015/2021). He has held (and continues to hold) positions in insolvency procedures for the Insolvency Court, for the Ministry of Economic Development and for the Bank of Italy. He has acted as Extraordinary Director for Stefanel S.p.A., Cotorossi Group, Cogolo Group, Altiforni and Ferriere di Servola Group and Cavarinvest s.p.a. - all in extraordinary administration. He has been the Liquidator of Il Manifesto soc coop in receivership, and Receiver in the Creditor Arrangement of Acqua Marcia RE spa.. He has held the position of independent director for financial and listed companies. He currently holds the following offices: Minority-appointed Independent Director of B&C Speakers S.p.A., listed on the Milan Stock Exchange; Member of the Advisory Committee of Fondo Tessalo, a closed-end reserved alternative investment fund managed by DeA Capital Real Estate SGR S.p.A.; He is a minority-appointed Independent Director of MFE-MEDIAFOREUROPE N.V., listed on the Milan Stock Exchange, and a minority-appointed independent Director of Avio S.p.A., listed on the Milan Stock Exchange.

#### COSTANZA ESCLAPON DE VILLENEUVE

Costanza Esclapon De Villeneuve was born in Florence. She is the founder and Chair of Esclapon & Co., a strategic communications consulting company, and was Director of Communications and External Relations of the State Broadcaster Rai, from 2012 to 2016. She previously held the position of Director of External Relations for Wind and Alitalia and was head of the press office at Intesa Sanpaolo and at Enel. She has taught Communication at La Sapienza University, Rome. She was awarded the Bellisario Prize in 2012 and is a member of the Board of Directors of Fai, Enel S.p.A. and Prelios Sgr. She was made a *Cavaliere al Merito della Repubblica* (Knight of Merit of the Republic) in 2023.

#### GIULIO GALLAZZI

Giulio Gallazzi was born in Bologna on 8 January 1964. He graduated in Business Management in 1987, and was awarded a Master's in 1990 from SDA Bocconi, Milan. He was later a Visiting Scholar at Harvard Business School. He is the founder and current Chairman and C.E.O. of SRI Group, an international holding that controls nine operating companies linked by strong strategic business interdependencies, with headquarters in London and

operational offices in Milan, Rome, Brussels, Luxembourg, Shanghai, Beijing (PRC) and Dubai (UAE), as well as numerous Joint Ventures established in 15 countries globally. Today, the Group is a landmark for European SMEs focused on internationalisation. The SRI Group is active in Business Development Advisory Services, Corporate Finance, International Business Management, and Corporate and Governance Restructuring. Over the last few years, Giulio Gallazzi has overseen proprietary investments in private equity in Fintech Banking and Insurance, Digital Life Sciences and high industrial technology, gaining considerable expertise in strategic management change, from a traditional economy to the digital economy, in both international finance and industry. Between 2014 and 2016 he was a director of Ansaldo STS - a leading Italian company in the field of rail and metropolitan signalling technology. He was formerly a Director of the Carige Group (2016-2018), where he was appointed Chair of the Board following a governance crisis, to lead the company through to the new Shareholders' Meeting. Besides being on the board of MFE-MEDIAFOREUROPE N.V., he has been a member of the Board of Directors of ASTM S.p.A., one of the leading motorway operators (the second operator worldwide) and active in large infrastructure engineering. He is board director of Danieli & C., a leading group in plant and steel making at worldwide level. He has published a number of works and articles on business development and sustainable finance. In his youth, he had an important sporting career: he was Europe's American football champion with the Italian national team in 1987, which he also captained, and in 1986 was the Italian champion with the Bologna Warriors. In 1988 he was voted MVP of the Championship.

#### MARCO GIORDANI

Marco Giordani was born in Milan on 30 August 1961. He holds a degree in Business Management from Luigi Bocconi University, Milan. He has been Chief Financial Officer of the Mediaset Group (now MFE Group) since 2000. He is Chairman of Monradio S.r.l., RadioMediaset S.p.A. and Virgin Radio Italy S.p.A. He is also Chief Executive Officer of R.T.I., Director of MFE-MEDIAFOREUROPE N.V., Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Medusa Film S.p.A. and Mediaset S.p.A., as well as a member of the Executive Committee of MFE-MEDIAFOREUROPE. From 1998 to 2000 he was a member of the Equity Interests Control division of IFIL S.p.A., and was then appointed to the Board; he is a member of the Executive Committee of LA RINASCENTE S.p.A., and Director of S.I.B. (Società Italiana Bricolage). In 1991 he became Finance Manager of the RINASCENTE Group and Chief Financial Officer in 1997.

#### GINA NIERI

Gina Nieri was born in Lucca on 2 December 1953 and has two daughters. She holds a Degree in Political Sciences from Pisa University, and a specialisation in Journalism and Mass Communication from Luiss University, Rome. She has worked in commercial television since 1977, firstly as General Secretary of FIEL, the first association of "free" broadcasters. She then joined FRT – the Federation of Radio and Television Operators – as Director, remaining until 1990, when she joined the FININVEST GROUP as Manager for Relations with Trade Associations. She is currently Director of the Institutional, Legal and Strategic Analysis Division in the MEDIASET Group. Since April 2015, she has been a Director and member of the Executive Committee of MEDIASET S.p.A. (now MFE-MEDIAFOREUROPE N.V.). In 2020, she was elected as Vice-Chairman of RTI. Since February 2020, she has been a member of the Board of Directors of MEDIASET S.p.A. (formerly MEDIASET ITALIA S.p.A.), the Italian holding company of the MFE-MEDIAFOREUROPE N.V. Group. In April 2020, she was elected as a member of the Board of Directors of PUBLITALIA'80 S.p.A. In June 2021, she was elected as a member of the Board of Directors and member of the Executive Committee of Mediaset SPA, which on 18 September of the same year, with the relocation of its headquarters to the Netherlands, became Mediaset N.V. and which on 25 November 2021 assumed its current name of MFE-MEDIAFOREUROPE N.V. In April 2022, she was elected as a Director of Mediaset España Comunicación S.A.. She was a member of the BORSA ITALIANA Consultation Committee. She is on the General

Council of CONFINDUSTRIA and ASSOLOMBARDA. She is on the Chairman's Committee of the Master's in Marketing, Digital Communication and Sales Management of PUBLITALIA. Since 2019, she has been Vice-Chairman of CERRE, (Centre on Regulation in Europe). She is a member of the Board of Directors of Class CNBC S.p.A.. From 2000 to 2005, she was a member of the Board of Directors of ALBACOM S.p.A with a Mediaset share. She participates in work groups at the European Commission, on matters concerning protection of minors, also on the internet, pluralism of the media, management of the radio spectrum, copyright and regulation of the European digital services market. On 27 December 2012 she was awarded the title "*Commendatore dell'Ordine al Merito della Repubblica Italiana*" (Commander of the Order of Merit of the Italian Republic).

#### DANILO PELLEGRINO

Daniilo Pellegrino was born in Milan on 18 September 1957, and studied Business Management at Cattolica University, Milan. In 1975, he joined Magneti Marelli S.p.A., a Fiat Group company where he held various positions in the Administration and Control Area. He joined the Fininvest Group in 1988. He is currently CEO of Fininvest S.p.A. and holds the following positions in the Group's companies: He is Chairman of Alba Servizi Aerotrasporti S.p.A. and of ISIM S.p.A., Deputy Chairman of Teatro Manzoni S.p.A., Milan, and director of A.C. Monza. He is a member of the Board of Directors of Arnoldo Mondadori Editore S.p.A..

#### ALESSANDRA PICCININO

Alessandra Piccinino was born in Naples on 31 August 1962. She was awarded a Degree with Honours in Economics from Naples University, and completed her education with a Master's Degree in European Advanced Studies at the College of Europe, Brussels, Belgium. She worked for over twenty years for the American Group Dow Chemical, holding various positions in finance and administration with responsibility for several countries (1987-2009). She was CFO of Axitea, an Italian leader in security, held by an English private equity firm (2010-13). She has been Financial Advisor for Fintech and Insurtech companies, angel investor and member of Italian Angel for Growth (IAG), a network of business angels. She was consultant for FIA (the International Automobile Federation) in 2018. She was Chief Financial and Operating Officer at Moleskine, a leading lifestyle brand with a global presence, and part of the D'leteren Group, Belgium (2019-2021). Chief Financial Officer of Lifestyle DESIGN, a federation of brands with a worldwide presence in the design and luxury furniture sector, including Poltrona Frau and Cassina, all controlled by the Haworth Group, USA (2021-22). Since 2012, she has been a Board Director of listed and non-listed companies, including: Ansaldo STS SpA (2015-16), Mediaset SpA (2015-18), American School of Milan (2012-2020) of which she was the Chair. Since 2017 she has been independent non-executive director of Italgas Reti SpA, a leading operator in natural gas distribution in Italy and Europe; since 2018, she has been independent non-executive director of Pierrel SpA, a supplier of services to the pharmaceutical industry; since 2020 she has been on the Steering Committee of Italian Angel for Growth; since June 2021 she has been non-executive independent director, Chairman del Audit Committee and member of the Related Parties Committee of MFE – MEDIAFOREUROPE N.V., a financial holding of Mediaset Group.

#### NICCOLO' QUERCI

Niccolò Querci was born in Florence on 10 May 1961. He was awarded a degree in Law from Siena University in 1986 and a Master's in Business Communication in 1988. He has been Central Director of Human Resources and Operations of the Mediaset Group since 2018, after having served as Central Director of Human Resources, Procurement and Services since 2014 and Central Director of Human Resources and Organisation since 2007. Since 2007, he has been Vice-Chairman of Publitalia '80 S.p.A. From 2006 to 2010, he was Chairman of the company Media Shopping S.p.A.. Since 2003 he has been Managing Director of R.T.I S.p.A. for Human Resources, General

Services and Safety. Since 2001 he has been Deputy Chairman of R.T.I. S.p.A.; from 1999 to 2006 he was Director of artistic resources, productions, entertainment and sport and, until 2008, he was Manager for diversified and new business activities of the Group. From 1992 to 1999 he was Assistant and Chief Secretary of Silvio Berlusconi with various organisational duties. From 1989 to 1992 he was Key Account Manager and assistant Chairman and Chief Executive Officer of Publitalia '80, and Account Executive from 1987 to 1988 at P. T. Needham.

He is also a Director and member of the Executive Committee of MFE-MEDIAFOREUROPE N.V. as well as Director of Mediaset S.p.A. and Mediaset España Comunicación S.A.

#### STEFANO SALA

Stefano Sala was born in Milan on 23 September 1962. He is married and has three children. He holds a degree in business management from "Luigi Bocconi" University in Milan. Board Member of MFE-MEDIAFOREUROPE N.V. (since April 2015) and member of the Executive Committee, Chief Executive Officer of Publitalia '80 S.p.A. (since April 2014 and formerly Commercial CEO of Publitalia '80 S.p.A. from December 2012 to March 2014), Executive Chairman of Publiespana S.A.U. (since January 2023), Chairman of Publieurope Ltd (since September 1, 2021 and formerly Chief Executive Officer of Publieurope Ltd since April 2017), Chairman of Digitalia '08 S.r.l. (since February 2023, formerly Chairman and Chief Executive Officer since February 2022 and formerly Chief Executive Officer since December 2012), Chairman of Mediamond S.p.A. (since June 2020 and formerly Vice Chairman since February 2015), Board Member of Mediaset Italia S.p.A. (since February 2020), Board Member of RTI S.p.A. (since April 2017), Board Member of RadioMediaset S.p.A. (since June 2016), Chairman of Adtech Ventures S.p.A. (since February 2023), Chairman of Videowall S.r.l. (since August 2019), Board Member of Auditel (since May 2020).. From January 2009 to November 2012 he held the position of Chairman and Chief Executive Officer of GroupM Italy. Between March 2006 and December 2008 he was Chairman and Chief Executive Officer of Mediaedge: Cia Italy and Executive Vice President of GroupM Italy. From January 2004 to February 2006, he was Chairman and Chief Executive Officer of Mindshare Italy; earlier, from May 2001 to December 2003, he was Managing Director of Media Insight/Mindshare Italy. From April 1999 to April 2001 he was Managing Director of CIA Italy. From April 1995 to March 1999 he was Sales manager with Cairo Pubblicità. From March 1991 to March 1995, he worked with Telepiù Pubblicità as Media Centre Director and previously as Sales Manager and Sales Executive.

#### CARLO SECCHI

Carlo Secchi was born in Mandello del Lario (Lecco) on 4 February 1944. He is Emeritus Professor of European Economic Politics at Bocconi University Milan, where he was also Rector from 2000 to 2004. He was a member of the European Parliament during the fourth legislature (1994-1999), where he was Deputy Chair of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the twelfth legislature (1994-96). He is on the steering committees of technical and scientific foundations and institutes. He is Deputy Chairman of ISPI (Institute for the Study of International Politics, Milan). He is a member of the Board of Directors of MFE-MEDIAFOREUROPE N.V.. In 2014, he was appointed chair of the supervisory board of Pirelli S.p.A. Since 2009, he has been European coordinator of the TEN-T priority projects (Atlantic Corridor). He has written numerous books and papers on trade and international economics, on economic integration and European matters. He is a member of the Commission for Ethics and Integration in Research of Italy's National Research Council.

On [28 March 2023], the Non-Executive Directors [assessed that Marina Brogi, Stefania Bariatti, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino and Carlo Secchi met the requirements of independence pursuant to provisions 2.1.7 and 2.1.8 of the DCGC, as set out in the Non-Executive Directors' Report].



The composition of the Board of Directors complies with legal provisions and the Policy on diversity, approved by the Board of Directors on 18 September 2021. In particular, as regards gender quotas, the Directors of the least represented gender number six, out of a total of fifteen Directors, and number five out of a total of ten non-Executive Directors. As regards the best practices established in the DCGC on the composition of the Board of Directors, reference is made to the section on compliance with the DCGC.

## **Role of the Board of Directors**

The Board of Directors is assigned the management of the Company. Executive Directors oversee the day-to-day management of the Company's business.

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of operations and related business.

The Board of Directors may delegate powers and duties to individual Directors or to Committees with at least two Directors as members.

During 2022, 12 Board meetings were held.

The Board of Directors resolved, among others, on the approval of the strategic, industrial and financial plans of the Company and its Group, periodically monitoring the adoption of these plans; it also resolved on the definition of strategic objectives and the nature and level of compatible risk, monitoring implementation during the year and reviewing and approving the Group's three-year economic and financial forecasts; it resolved on the adequacy of the organisational, administrative and general accounting structure of the Company and strategic subsidiaries; also on the general performance of operations; it resolved on the Company's Policy for the remuneration of directors and key managers; it reviewed the functioning of the Board and its committees; it resolved on the updating of the mandate given to the Internal Auditing Department, the work plan prepared by the Head of the Internal Auditing Department; it reviewed periodic reports on the accounts;

it resolved on the financial reporting policy, with reference to additional quarterly reporting; it resolved on the approval of the amendments concerning the Regulation of the Medium-Long-Term Incentive Plan 2021-2023; it resolved on the launching of a voluntary public offer for the acquisition of the entire share capital of Mediaset España Comunicación S.A. and the consequent fulfilments, [including the issuance of new Ordinary A Shares in support thereof]; [on the 2022 budget]; it resolved on the launch of a Share Buyback Plan; it approved the Interim Financial Report as at 30 September 2022.

The Board also monitored the COVID-19 health emergency during the year, assisted by the Audit Committee, evaluating the performance of operations and correct implementation of the safety measures adopted by the Group to protect workplace health and safety.

As in previous years, the Board of Directors was not managed or coordinated by the majority shareholder.

## Table indicating directors attending meetings

Director	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Environmental Social and Governance Committee	Related Parties Transactions Committee
Fedele Confalonieri	12/12					
Pier Silvio Berlusconi	12/12					
Stefania Bariatti	12/12			6/6	3/4	
Marina Berlusconi	3/12					
Marina Brogi	11/12			6/6	4/4	4/4
Raffaele Cappiello	12/12		9/9			
Costanza Esclapon de Villeneuve	12/12					4/4
Giulio Gallazzi	10/12				4/4	
Marco Giordani	12/12					
Gina Nieri	12/12					
Danilo Pellegrino	8/12					
Alessandra Piccinino	12/12		9/9			4/4
Niccolo' Querci	12/12					
Stefano Sala	11/12					
Carlo Secchi	12/12		9/9	6/6		

In addition, the Board of Directors passed a number of resolutions regarding, inter alia, the increase of the Company's shareholding in ProSiebenSat.1 Media SE, to the approval of the Company's Dividend Policy, to the definition of the dividend payment date for the financial year 2021, to the conversion into shares of the rights granted in 2019 with reference to the second cycle of the 2018/2020 Medium-Long Term Incentive Plan, to the allocation of rights for the 2022 financial year to the recipients identified with reference to the second cycle of the Medium-Long Term Incentive and Loyalty Plan 2021-2023, to the allocation of shares for the 2019 financial year with reference to the second cycle of the Medium-Long Term Incentive Plan 2018/2020, to the remuneration and performance objectives (SIA) for the 2022 financial year of the variable component of the Chief Executive Officer.

### Chairman

The General Shareholders' Meeting of 23 June 2021 appointed Fedele Confalonieri as Chairman of the Board of Directors. On 18 September 2021, the Board of Directors confirmed Fedele Confalonieri as Chairman of the Board of Directors. In this position, Mr. Confalonieri is authorised to represent the Company, to chair meetings of the Board of Directors and General Shareholders' meeting; he has the casting vote in Board Decisions and ensures that activities of Committees are coordinated with those of the Board.

### Chief Executive Officer

On 24 June 2021, the Board of Directors appointed Pier Silvio Berlusconi as Deputy Chairman and Chief Executive Officer. On 18 September 2021, following the Transfer, the Board of Directors confirmed Pier Silvio Berlusconi as Chief Executive Officer with powers, among others, of ordinary and extraordinary administration up to the

maximum limit of a value of Euro 15,000,000.00 per transaction, with the exception of powers exclusively held by the Board of Directors and Executive Committee.

### **Executive Committee**

On 18 September 2021, the Board of Directors confirmed the establishment of an Executive Committee and appointed as members: the Chief Executive Officer, Pier Silvio Berlusconi (Chairman), and the Executive Directors Marco Giordani, Gina Nieri, Niccolo' Querci and Stefano Sala, giving this Committee powers, among others, to review in advance material investments and/or transactions of subsidiaries not budgeted for and of an amount between Euro 5 million and Euro 65 million, with the exclusion of companies controlled by listed subsidiaries of the Company not managed or coordinated by it. The Executive Committee specifically reports to the Board of Directors on activities carried out.

### **Non-Executive Directors**

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of the Company's operations and related business. Moreover, Non-Executive Directors have the duties assigned to them by the Board of Directors or pursuant to the Articles of Association.

The Non-Executive Directors met, in the absence of the Executive Directors, on 21 November 2022 and 28 March 2023, and, inter alia, carried out the evaluations referred to in Sections 2.2.6 and 2.2.7 of the DCGC and approved their Report pursuant to Section 5.1.5. of the DCGC.

### **Regulations of the Board of Directors**

Pursuant to the Articles of Association, the Board shall draw up regulations governing its decision-making procedure.

On 18 September 2021, the Board of Directors approved the aforesaid regulations<sup>41</sup> which govern, among others, rules for the periodic assessment of the Board's composition and functioning, the duties and responsibilities of executive and non-executive directors, the Board meetings and conflicts of interest of Directors. These regulations are in addition to provisions concerning the Board and each Director contained in applicable laws and regulations, as well as the Articles of Association.

### **Diversity Policy**

On 18 September 2021, the Board of Directors of the Company, following the Transfer, reviewed the *Diversity Policy* in compliance with DCGC best practices.

The guidance and recommendations in the Policy are functional to achieving the objective of having on the Board members that can ensure the role given to them is performed effectively. The Company believes this is only possible by taking action, both during the application and appointment stage, which involves various entities with different duties (internal committees, the Board, the Shareholders' Meeting), and after the appointment, and therefore while board members perform their duties as part of the ongoing management of activities. To this end, the professional skills necessary to achieve this result must be clearly defined *ex ante* - and possibly reviewed over time to take account of any new situations or changes to be addressed - and the selection of candidates for the position of Directors and their appointment must take into account these guidelines and recommendations. The

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<sup>41</sup> The Regulations of the Board of Directors are available on the Company's website.

Board of Directors appreciates and promotes diversity on the Board of Directors and in the Company as a whole. Different expertise and backgrounds reflect the diversified nature of the environment in which the Company works and its shareholders operate, improving effectiveness through a diverse approach and way of thinking, guiding innovation and accelerating growth.

The Board of Directors, assisted by the Nomination and Remuneration Committee, is responsible for monitoring the results of adopting the Diversity Policy and updates to it.

For the results of the execution of the Diversity Policy, reference is made to the Report of the Non-Executive Directors.

### **Board evaluation**

For the results of the evaluation pursuant to DCGC, reference is made to the Report of the Non-Executive Directors.

### **Board induction**

In order to promote a greater knowledge, among others, of internationalisation strategies and specific business and corporate governance issues, the Company organised 12 induction sessions for Non-Executive Directors, in line with an already established practice in the corporate setting. These meetings, which also involved management and external consultants, specifically illustrated both the regulatory and self-regulatory framework of reference, as well as the evolution of the European regulatory framework for digital services, and further explored the management system of the areas supervised by the corporate functions of Data Protection Officer, Finance Department and Investor Relator, as well as the areas of cyber security and addressable advertising. A guided tour of the Mediaset TV studios in Cologno Monzese (MI) was also organised.

## **Board Committees**

On 28 September 2021, the Board of Directors set up four board committees: the Audit Committee, the Nomination and Remuneration Committee and, on a voluntary basis, the Environmental Social and Governance Committee and the Related Parties Transactions Committee.

### **Audit Committee**

The Audit committee comprises the Non-Executive, Independent Directors Alessandra Piccinino, who is Chair, Raffaele Cappiello and Carlo Secchi, and was established by the Board of Directors on 28 September 2021.

The Board of Directors also approved the regulations<sup>42</sup> of the Committees that establish its operation and duties.

Pursuant to provision 1.5.1 of the DCGC, the Committee deals with preliminary works concerning the supervision of the integrity and quality of the Company's financial reporting, and the effectiveness of its internal risk management and control systems.

In particular, the Committee assists the Board of Directors, advising on the following matters:

(a) the Company's compliance with applicable laws and regulations;

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<sup>42</sup> The regulations of the Audit Committee are available on the Company's website.

- (b) revision of the Company's internal risk management and control systems;
- (c) recommendations to appoint the independent auditors;
- (d) relations with internal and external auditors, as well as compliance with their recommendations and observations;
- (e) the Company's disclosure of financial and non-financial information;
- (f) Company financing;
- (g) the Company's use of ICT, including IT security risks;
- (h) the Company's tax policy; and
- (i) the monitoring and evaluation of reporting on the Company's ESG objectives and programmes.

The Committee shall report to the Board of Directors on its decisions and results. This report shall include at least the information indicated in provision 1.5.3 of the DCGC.

The report includes information on how functions have been performed by the Audit Committee during the financial year, and also provides information about the composition of the Audit Committee, the number of Audit Committee meetings held and the main topics discussed.

The report also includes the following information:

- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems, as indicated in the best practice provisions 1.2.1 - 1.2.3 of the DCGC;
- (b) the methods used to assess the effectiveness of internal and external audit processes;
- (c) significant observations on financial reporting; and
- (d) the way in which material risks and uncertainties are discussed, according to the best practice provision 1.4.3 of the DCGC, together with a description of the most important results of the Audit Committee.

In the course of 2022, the Audit Committee met nine times and positively assessed the outcome of the preliminary investigation related to the assessments for the approval of the interim report as at 30 September 2022.

Among other activities, the Committee systematically provided assistance during the year, ensuring adequate preparation for the evaluations and decisions of the Board (and concerning the internal control and risk management system) regarding the approval of periodic financial reports, including the annual financial statements.

The Committee also carried out preparatory activities regarding the Non-Financial Statement, which was drawn up pursuant to Legislative Decree 254/2016, and notified the Board of its positive assessment of the analysis and contents of the document, as regards sustainability issues that are material for the Group, considering related activities and characteristics and, overall, the data and information gathering process. It also reviewed the update made by the Risk Officer to the assessment and procedures for managing main company, strategic and process risks, of the Group, which are based on "Enterprise Risk Management", and reviewed the annual audit plan of the Independent Auditors, giving a favourable opinion of the annual audit plan, and acknowledged the summary reports issued by the Internal Auditing Department.

Audit activities were periodically reviewed with the head of Internal Audit, who attended in all meetings, during which the main results and corrective actions were discussed with the Committee.

The Committee specifically reported to the Board of Directors on activities carried out.

## **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises the Non-Executive Independent Directors Stefania Bariatti, who is Chair, Marina Brogi and Carlo Secchi, and was established by the Board of Directors on 28 September 2021, combining the duties of the selection and appointment committee and those of the remuneration committee.

The Board of Directors also approved the regulations<sup>43</sup> of the Committees, that establish its operation and duties.

As regards appointments, the Committee carries out preliminary activities to support the decisions of the Board, reporting on the findings of analyses and on preparatory activities pursuant to provisions of Article 2.2.5. of the DCGC, including activities concerning the diversity policy and maximum number of positions held by directors. The Committee also assists the Board of Directors in its evaluation activities and its committees.

The Committee has the following functions regarding remuneration:

- pursuant to Article 3.1.1 of the DCGC, it submits a clear, transparent proposal to the Board of Directors on the policy for the remuneration of Board Directors. The Board of Directors presents the policy (which shall include the matters indicated in section 2:135a of the Dutch Civil Code) to the Shareholders' Meeting, for adoption;
- prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- it gives a prior, non-binding opinion on proposals made concerning the remuneration and performance target setting related to the variable component of the CEO's remuneration package;
- it makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

The Committee met six times during 2022 and, on the subject of remuneration, in particular, formulated a proposal to revise the remuneration of the Chief Executive Officer, revised the regulation of the Medium-Long Term Incentive and Loyalty Plan for the financial years 2021/2023 and the criteria for the allocation of shares against the rights assigned to the beneficiaries in 2019 (Medium-Long Term Incentive and Loyalty Plan for the financial years 2018/2020), following the introduction of the dual-class share structure, approved by the Extraordinary Shareholders' Meeting of 25 November 2021, resolved on the Medium-Long-Term Incentive and Loyalty Plan for the years 2021-2023, the General Remuneration Policy 2022, the preliminary assessment of the achievement of the economic objectives of the LTI Plan 2019/2021 for the financial year 2020 and the verification of the continued employment of the beneficiaries of the Plan at the end of the vesting period, the remuneration and performance objectives (SIA) for 2022 of the variable component of the Chief Executive Officer, as well as prepared the Remuneration Report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the Code.

During 2022, in the area of appointments, the Committee supported the Board of Directors in the activities and methods of the annual evaluation of the Board itself, its Committees and individual Directors and monitored the results of the implementation of the Diversity Policy. The Committee specifically reported to the Board of Directors on activities carried out.

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<sup>43</sup> The regulations of the Nomination and Remuneration Committee are available on the Company's website.

## Environmental Social and Governance Committee

The Environmental Social and Governance Committee comprises the Non-Executive, Independent Directors Marina Brogi, Chair, Stefania Bariatti and Giulio Gallazzi, and was established on a voluntary basis by the Board of Directors on 28 September 2021.

On the same date, the Board of Directors approved the regulations<sup>44</sup> of the Committee that establish its operation and duties. The Environmental Social and Governance Committee gives the Board of Directors initial advice, to support it in drawing up the Company's environmental, social and governance policies, in compliance with its strategy. For this purpose, the Environmental Social and Governance Committee may bring specific environmental, social and governance objectives to the attention of the Board of Directors. The decision to pursue or otherwise these objectives and the related implementing programmes are brought to the attention of the Board of Directors and management of the Company. The monitoring and evaluation of the achievement of the Company's environmental, social and governance objectives and the implementation of related programmes are assessed periodically by the Audit Committee and the results are included in its report to the Board of Directors.

## Related Parties Transactions Committee

The Related Parties Transactions Committee, set up, on a voluntary basis as it is not required by the laws and regulations in force in the Netherlands, by the Board of Directors on 28 September 2021 is composed of the Non-Executive and Independent Directors Costanza Esclapon de Villeneuve, Chairman, Marina Brogi and Alessandra Piccinino.

On the same date, the Board of Directors approved the Policy on related-party transactions (later amended on 21 December 2021), and the<sup>45</sup> regulation of the Committee (later amended on 21 December 2021) establishing its operation and duties:

1. The Committee shall periodically evaluate the Company's Policy on Related Party Transactions and submit any proposals to amend it, to the Board of Directors;
2. if a transaction qualifies as a Material Related Party Transaction, the Committee shall give the Board of Directors a non-binding opinion, before the transaction is carried out;
3. the Committee shall review the Transactions with Related Party carried out by the Company that do not qualify as Material Related Party Transactions based on quarterly reports made available by the Committee.

Where:

**"Material Related Party Transaction"** means a Transaction with a Related Party if (i) the information on the Transaction is inside information as defined in Article 7(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and (ii) the Transaction has not been carried out as part of the normal activities of the Company or has not been carried out under normal market conditions; and

**"Excluded transactions"** mean:

- (a) Transactions between the Company and Subsidiaries;
- (b) Transactions which, considered separately but carried out, over a period of twelve months, with the same Related Party and which are uniform, have a cumulative value of no more than (i) Euro 300,000.00 (three hundred thousand) if the counterparty is one natural person and (ii) Euro 500,000.00 (five hundred thousand) if the counterparty is a legal person;

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<sup>44</sup> The regulations of the Environmental Social and Governance Committee are available on the Company's website.

<sup>45</sup> The regulations of the Related Parties Transactions Committee are available on the Company's website.

(c) Transactions concerning the remuneration of directors or some parts of their remuneration assigned or due pursuant to Article 135 of the DCC;

(d) Transactions offered to all shareholders under the same conditions, guaranteeing an equal treatment for all shareholders and protecting the interests of the Company and its related activities.

With reference to the transactions indicated above (point b), the Board of Directors established that the Transactions conform to the usual activity of the Company and are carried out under normal market conditions, and are therefore excluded from the Policy on Related Party Transactions.

During 2022, the Committee met four times and periodically reviewed the Related Party Transactions concluded by the Company during the reporting period.

The Committee specifically reported to the Board of Directors on activities carried out.

## **Conflict of Interests**

A Director that has a conflict of interest or has an interest which appears to possibly give rise to a conflict of interests shall declare the nature and extent of the interest to other Directors and if, in relation to the matter concerned, the Director has a direct or indirect personal interest in conflict with the interests of the Company and its business, s/he may not take part in the resolution or decision-making process of the Board of Directors. If the conflict of interest involves all Directors, the Board of Directors may in any case take decisions.

During 2022, no transactions in conflict with Directors were reported.

## **Remuneration**

Information on the remuneration of Directors and members of Board committees is provided in a specific report on remuneration, contained in this document.

## **Disclosure pursuant to the decree implementing Article 10 of the EU Directive on Public Purchase Offers**

### **Structure of share capital**

Pursuant to the Netherlands Decree *Besluit artikel 10 overnamerichtlijn*, the following information is provided:

a) the authorised share capital of MFE, the increase of which - with consequent amendment of the Articles of Association - was resolved by the Extraordinary Shareholders' Meeting held on 27 April 2022 in connection with the launch of the voluntary tender offer on all the shares of Mediaset España Comunicación S.A., is equal to Euro 817,076,316.72, divided into 1,805,662,972 class A ordinary shares (with a par value of Euro 0.06 each) and 1,181,227,564 class B ordinary shares (with a par value of Euro 0.60 each) and that all shares grant the same equity rights, the same treatment and, except for voting, equal administrative rights.

The issued and subscribed share capital amounts to Euro 800,313,280.50 divided into a total of 2,707,506,599 shares, of which 1,526,279,035 class A Ordinary shares (with a nominal value of Euro 0.06 each and which attribute 1 voting right each) and 1,181,227,564 class B Ordinary shares (with a nominal value of Euro 0.6 each and which



attribute 10 voting rights each) including - as at 31 December 2022 - 88,707,693 treasury class A shares (without voting rights) and 38,627,313 treasury class B shares (without voting rights).

The shares are listed on Euronext Milan.

	<b>Number of shares</b>	<b>Percentage of share capital</b>	<b>Listing</b>
<b>B Shares</b>	1,181,227,564	43.63%	Euronext Milan
<b>A Shares</b>	1,526,279,035	56.37%	Euronext Milan

With reference to the rights and obligations attached to each class of shares, it is provided that , in the event of the issuance of shares, each shareholder shall have a pre-emptive right in proportion to the overall nominal value of their shares. This right is not provided for in the case of the issuance of:

- o shares issued for non-cash contributions; or
- o shares issued for employees of the Company or a company of the group.

Each shareholder is authorised to attend, speak at, and to the extent permitted, exercise voting rights at the ordinary Shareholders' Meeting, and be represented by written proxy. In this regard, reference is made to Article 34 of the Articles of Association.

For all information concerning the rights associated with each share category, reference is made to the Articles of Association and other information in the section in the "structure of share capital", available on the Company's website.

b) All shares are registered. Share certificates are not issued. There are no restrictions on the transfer of shares.

c) the following are the relevant shareholdings as at 31 December 2022

<b>Shareholder</b>	<b>Number of shares</b>	<b>Share capital per nominal amount</b>		
	<b>% MFE B + MFE</b>	<b>% MFE B + MFE</b>	<b>% MFE B</b>	<b>% MFE A</b>
<b>Fininvest S.p.A.</b>	42.95%	47.91%	49.17%	38.13%
<b>Simon Fiduciaria S.p.A.</b>	16.74%	18.68%	19.18%	14.85%
<b>Vivendi S.E.</b>	4.02%	4.49%	4.61%	3.57%

d) Shares carrying special control rights have not been issued.

e) No share-based plan for employees has been set up, apart from medium-/long-term incentive and loyalty plans. Therefore there is no specific procedure for employees to exercise voting rights.

f) All outstanding ordinary class A and B shares carry voting rights. Each ordinary class A share carries the right to one vote and each ordinary class B shares carries the right to ten votes.

The right to vote for treasury shares held by the Company is suspended pursuant to Dutch law and the Articles of Association.

g) On 22 July 2021, the global settlement agreement reached by the Company, Fininvest S.p.A. and Vivendi S.A. was concluded, ending their disputes, with the parties waiving all pending proceedings and lawsuits. In particular, Fininvest acquired 5.0% of the share capital of Mediaset (now MFE) held directly by Vivendi, at the price of Euro 2.70 per share (considering the coupon detachment and relative payment, on 19 July and 21 July 2021 respectively). As part of wider-ranging agreements, Vivendi committed to gradually selling on the market the entire share of 19.19% of the Company held by Simon Fiduciaria over a five-year period. Fininvest has the right to purchase any unsold shares in each 12-month period, at the annual price established.

On 18 November 2021, the Company, Fininvest and Vivendi agreed to amend some parts of agreements reached on 3 May 2021 and on 22 July 2021, to take into account the two-tier share structure introduced (see the Press Release published on 18 November 2021 and available on the Company's website). With reference to Vivendi's commitment to sell the entire share currently held by Simon Fiduciaria in MFE on the market over a five-year period, current agreements establish that a fifth of ordinary class A shares and ordinary class B shares are sold each year (starting from 22 July 2021) at a minimum price of Euro 1.375 in year 1, Euro 1.40 in year 2, Euro 1.45 in year 3, Euro 1.5 in year 4 and Euro 1.55 in year 5 (unless Vivendi authorises the sale of these shares at a lower price); in any case, Vivendi will be entitled to sell its quota of ordinary class A and/or ordinary class B shares held through Simon Fiduciaria at any time, if their price reaches Euro 1.60. The above does not affect Fininvest's right to purchase any unsold shares in each 12-month period, at the new annual price established.

h) The appointment, suspension and withdrawal from office of Board Members are governed by Article 14 of the Articles of Association. The amendment to the Articles of Association is governed by Article 37.

i) The powers of the Board members are defined in the Articles of Association and in the Regulations of the Board. Regarding, in particular, the possibility of shares being issued or repurchased, the Board may decide to issue shares if and to the extent that it has been authorised to do so by the ordinary shareholders' meeting. This authorisation may be given on each occasion for a maximum of five years and may be extended on each occasion for the same maximum period of five years. The authorisation shall establish the number of shares which may be issued by resolution of the Board. The issue of shares is subject to the provisions in Articles 2:96 and 2:96a of the DCC. The Extraordinary Shareholders' Meeting of 27 April 2022 resolved to authorise the Board of Directors for a period of eighteen months, starting from the date of said meeting, to:

a) issue a number of new class A ordinary shares necessary to fulfil the payment of the share exchange consideration and the squeeze-out quota within the framework of the launch of the voluntary public tender offer for all the shares of Mediaset España Comunicación S.A.; and

(b) in connection with the foregoing, limit or exclude any right of pre-emption in connection with the issue of class A Ordinary shares referred to in (a) above.

The Shareholders' Meeting of 29 June 2022 authorized the Board of Directors for a period of 18 months from the date of the annual meeting, i.e. until 29 December 2023, to acquire, in one or more transactions, a maximum number of shares in the capital of the Company up to 20% of the Company's issued share capital at the time of the relevant transactions.

With reference to this authorization, as indicated in the press release published on 7 July 2022 and available on the Company's website, the Board of Directors of MFE resolved, on the same date, to issue 383,678,784 new MFE A Shares assigned to the shareholders of Mediaset España Comunicación S.A. who subscribed to the voluntary public tender offer that had been concluded.

The Shareholders' Meeting held on 29 June 2022 authorised the Board of Directors to purchase a maximum number of the Company's shares up to 20% of the share capital (represented by category A and category B shares) issued by MFE on the date of the transactions themselves, in order to, among other things, ensure the coverage of the remuneration plans established by the Company and to allow the Board to carry out share buyback programmes (category A and/or category B) if deemed in the best interest of the Company and its shareholders.

The Shareholders' Meeting also decided that:

the authorisation could be exercised from the end of the voluntary public offer on Mediaset España Comunicación S.A. until 29 December 2023 and replace the authorisation granted by the Shareholders' Meeting of 23 June 2021; the repurchase could take place, by or on behalf of the Company, on the market, by means of a public purchase offer, exchange offer or by any other means, as determined by the Board of Directors, at a minimum price, excluding expenses, equal to the nominal value of the shares (of the same class as those being purchased) and a maximum price equal to 10% above the opening price on the day the shares (of the same class as those being purchased) were acquired.

The Board resolved to initiate a share buy-back programme, intended for the reduction of the share capital, pursuant to Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, pursuant to, and in accordance with, the above authorisation. This programme naturally expired on 30 November 2022.

From the commencement of the programme to its conclusion, 88,707,693 MFE A Shares (representing 0.6650% of the issued nominal share capital of MFE) were purchased by the Company in the context of the programme, for a total consideration of Euro 32,636,244.12.

j) The Company is not party to significant agreements that become effective, or end, in the event of a change in control of the company following a takeover bid.

k) The Company has not entered into any agreement with a Board Director or employee that envisages compensation in the event of resignation or dismissal without just cause, or in the event of resignation or dismissal or in any case the termination of employment as a result of a public purchase offer pursuant to Article 5:70 of the Dutch Financial Supervision Acts.

## Shareholders' Meeting

The Ordinary Shareholders' Meeting (the "Meeting") is held each year, at the latest in June. Further Shareholders' Meetings shall be held whenever the Board deems it necessary, subject to the provisions of Articles 2:108a, 2:110, 2:111 and 2:112 of the DCC.

The purpose of the Shareholders' Meeting is to discuss, among other things, the annual report, the adoption of the annual accounts, the allocation of profits (including the proposal for the distribution of dividends, governed by a specific Policy adopted by the Board on 17 May 2022), the discharge of Board members from liability for their management and supervision, and other proposals brought up for discussion by the Board of Directors.

### Convening the Shareholders' Meeting

The Shareholders' Meeting is convened by the Board of Directors or the Chairman no later than forty-two days prior to the meeting. The agenda of the Shareholders' Meeting is drawn up in compliance with applicable provisions of the DCC and the DCGC.

The shareholders and/or other entities entitled to take part in the Shareholders' Meeting that, individually or jointly, meet the requirements in Article 2:114(a)(2) of the DCC, may request the Board to include points on the agenda of the Meeting as indicated in Article 30.5 of the Articles of Association.

All notices and announcements for Shareholders' meetings and all other notices to shareholders and parties entitled to take part in Shareholders' Meetings are provided in compliance with legal provisions and regulations

applicable to the Company, also due to the listing of shares on relevant stock exchanges. The notice and documentation concerning items on the agenda are published, in accordance with law, on the Company's website and according to other procedures established by applicable regulations.

Shareholders' Meetings are held in Amsterdam (Netherlands) or at Haarlemmermeer (including Schiphol Airport – Netherlands), at the discretion of the parties convening the shareholders' meeting.

The notice convening the meeting includes the information required by law.

With specific reference to ordinary and extraordinary shareholders' meetings held during the reporting year, pursuant to Article 106(4) Law Decree no. 18 of 17 March 2020 on "Measures to strengthen the national health service and provide economic support for families, workers and businesses connected with the COVID-19 emergency", amended with modifications by Law no. 27 of 24 April 2020, and extended by Law Decree 183/2020(6)(3) converted with amendments by Law no. 2 of 26 February 2021 and, subsequently pursuant to the Dutch emergency act concerning COVID-19, the Company arranged for participation in the Shareholders' Meeting entirely through the Agent, Computershare S.p.A.. At the Extraordinary Shareholders' Meeting held on 27 April 2022 and at the Annual Shareholders' Meeting held on 29 June 2022, shareholders were given the possibility to request an attendance card to follow the meeting by audio cast, without the possibility of speaking.

Each shareholder entitled to participate in the Shareholders' Meeting may be presented, through written proxy, in accordance with law. The notice convening the Shareholders' Meeting must contain all the relevant information.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or his replacement. However, the Board may also appoint another person to chair the Shareholders' Meeting. If the chair of the Shareholders' Meeting is not decided, the Shareholders' Meeting will elect a chair, on condition that, up until the time when the chair is selected, this position is held by a member of the Board designated for this purpose by the directors present at the Shareholders' Meeting.

Generally, all directors take part in Shareholders' Meetings.

The independent auditors of the Company are authorised to take part in and speak at Shareholders Meetings.

During the Shareholders' Meeting convened to approve the Financial Statements, the Board reports on activities carried out and on the reports comprising the annual financial report, made public beforehand in accordance with law and regulations, and also replies to requests for clarifications from shareholders.

All decisions of the Shareholders' Meeting are passed by the absolute majority of votes cast at the Meeting, regardless of the share capital present or represented. In the case of equal votes, the proposed resolution will be rejected. Each class A ordinary share carries the right to one vote. Each class B ordinary shares carries the right to ten votes. The notice convening the Shareholders' Meeting indicates, among others, how shareholders may exercise their rights before the Shareholders' Meeting. In determining how many votes are cast by shareholders, how many shareholders are present in person or represented, or to what extent the capital subscribed by the Company is represented, the shares for which votes cannot be cast in accordance with law, are not considered.

The Shareholders' Meeting has all powers established by law and by the Articles of Association.

The Company Secretary will keep a list of parties attending each ordinary Shareholders' Meeting. With reference to each participant or party represented entitled to vote, the list will consider the name, number of votes exercised and, if necessary, the name of their representative.

The minutes of the Shareholders' Meeting are kept by or under the supervision of the Secretary of the Company and made available on the Company's website no later than three months after the end of the Meeting. From the time when the minutes are published, shareholders have three months to suggest amendments or additions, after which the minutes will become final and will therefore be adopted.

## Relations with Shareholders and the Engagement Policy

In 2022, the financial communication programme was implemented through virtual events with investors from different countries. Conference calls in audio webcasting (available as podcasts on the Company's website) regarding financial results were held quarterly, and the Company took part, through its representatives, in various sector conferences held through streaming. These activities integrated the daily interaction with the numerous investors who come into contact with the Company through the Investor Relations Team.

Economic and financial information (financial statements, interim reports and additional periodic financial information, presentations to the financial community and the trading performance of financial instruments issued by the Company) as well as information of interest to shareholders in general (press releases, the composition of company boards, minutes of shareholders' meetings as well as documents and information on corporate governance, compliance and whistleblowing) are available on the Company's website. The Non-Financial Statement is also available on the same site.

In its meeting of 18 September 2021, the Board of Directors adopted the "Policy to manage engagement with shareholders in general". To establish ongoing relations with shareholders based on an understanding of reciprocal roles, the Board appointed Marco Giordani, Chief Financial Officer of the Group, as Head of shareholder relations. For this purpose the Chief Financial Officer is assisted by the following two departments that report directly to him:

- Corporate Affairs Department, which monitors relations with Retail Investors and Institutional Bodies (AFM, Consob, Borsa Italiana);
- the Investor Relations Department, which oversees relations with the Financial Community (Financial Analysts, Institutional Investors and Rating Agencies).

Contact information for the Corporate Affairs Department and the Investor Relations Department is available on the Company's website.

## Code of Ethics

The Company has a Code of Ethics - approved by the Board of Directors on 18 September 2021 in compliance with Netherlands law/regulations - which sets out the values that MFE acknowledges, accepts and shares, at all levels, in its business activities.

The provisions of the Code of Ethics convey the fundamental principles and values that inspire the Company and Group, and also indicate the general obligations of diligence, fairness and loyalty that must characterise work activities and conduct in the workplace.

MFE and its subsidiaries, in carrying out their activities, comply with laws and regulations in force in all countries where they operate, and they act in compliance with principles of loyalty, fairness, responsibility, freedom, the dignity of the person and respect for diversity, rejecting all forms of discrimination.

The Code of Ethics was adopted with the aim of defining and/or confirming values, compliance with which is fundamental for performing activities properly, for a reliable management and image, convinced that ethics in doing business lies behind a business's success.

The principles and provisions of the Code of Ethics, which form a basic value common to all Group companies, are binding for the members of company boards, for all persons that are employed by the Group and who operate with Group companies in any capacity, regardless of their relationship of employment, which may also be temporary.

During all stages of its growth, the Group has pursued as a primary goal the protection of its stakeholders' interests, and has also been committed to the social dimension - considered as a real investment for businesses.

The Code of Ethics represents, among others, a foundation for company compliance programmes, based on specific procedures, and the Group's overall internal control system. MFE ensures information on the Code of Ethics and its adoption is provided and circulated to all target subjects, so that everyone operating - in any capacity - for the Group, carries out their activity and/or duties strictly complying with the principles and values of the Code. The Code of Ethics is published on the MFE Group website (<https://www.mfediaforeurope.com/it/governance/compliance/>).

To protect company interests, the Code of Ethics also envisages sanctions for people who are liable for violations of the Code's provisions, and of company procedures in force. The Code also establishes that the above violations or any unlawful conduct may be reported via the channels set up in compliance with regulations in force in countries where the Group companies operate<sup>46</sup>.

## Inside information

The Procedure to Manage and Report Inside Information (the "Procedure") was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014), in order to comply with laws and regulations, also at European level, applicable to insider trading. On 18 September 2021, the Board approved the update to the Procedure, in view of the Transfer of the Company, acknowledging, among others, that the competent authority for the purposes of delays in disclosing inside information is still the Supervisory Authority for the Italian market, CONSOB.

The Procedure governs the internal management of inside information concerning the Company and its subsidiaries, and its disclosure to the public, as well as the operation of the "Insider List". The Inside Information Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by it to prevent the commission of offences and crimes.

The Procedure applies, and is binding, to the directors, statutory auditors and employees of MFE and its Subsidiaries, as well as to external parties acting in the name and on behalf of the Company and its Subsidiaries - with the exclusion of the listed subsidiary Mediaset España Comunicación S.A., which is required to keep its own Insider Register, and oversee related obligations and disclosures to the relevant market - which, in any capacity, have access to information concerning MFE and its subsidiaries.

The directors of the Company and in general all other recipients of the Procedure are required to keep documents and information acquired while carrying out their duties confidential, with particular reference to inside information. Notices to the authorities and public are issued according to the terms and procedures of applicable regulations, in compliance with the principle of fair disclosure and as required by the Procedure. The Company has disseminated the Procedure to its own personnel and to those of its subsidiaries, also by means of publication on the company intranet and on the Company's website (<https://www.mfediaforeurope.com/it/governance/corporate-regulations/>), and has also continued to train the competent entities on the process of managing inside/significant information.

## Internal Dealing

The Internal Dealing Procedure was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014). On 18 September 2021, the Board approved the update to this procedure, amended on 1 March 2022, in view of the Transfer of the Company. Based on this Transfer, the competent authority which must receive

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<sup>46</sup> The Italian holding Mediaset S.p.A. and its Italian subsidiaries adopted a specific whistleblowing system in 2019, conforming to provisions in Law 179 of 30 November 2017.

disclosure on transactions in financial instruments with significant parties and persons closely related to them is the Supervisory Authority for the Dutch Market (AFM). The purpose of the Internal Dealing Procedure is to govern, on a mandatory basis, the performance, also through third parties, of transactions in financial instruments of the Company by significant persons and persons closely related to them, and related disclosure. The Internal Dealing Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by the Company.

In particular, an "Internal Dealing Officer" was appointed from the Corporate Affairs Department of MFE, to prepare and update, among others, the insider list, send notices to significant parties of their identification, provide disclosure to the AFM on information received from significant parties and the resignations of any board member, systematically file documentation concerning the identification of significant parties and closely related persons sent to the AFM and monitor changes to internal dealing policies and regulations.

Lastly, in compliance with the Regulation on Market Abuse and the Internal Dealing Procedure, significant persons are prohibited from performing transactions within 30 calendar days from the announcement of the draft annual financial statements and interim financial report which the company publishes in accordance with law or on a voluntary basis (Black Out Periods).

## Compliance with the Dutch Corporate Governance Code

Companies with their registered office in the Netherlands whose shares are listed on a regulated market or equivalent system are required, in accordance with Dutch law, to indicate in their annual reports whether they adopt the provisions of the DCGC and, if they do not adopt certain provisions, shall indicate the reasons for not doing so.

The Company has a governance system comprising a single management board, the Board of Directors («one-tier Board»). Therefore, pursuant to and for the purposes of provisions in section 5 of the DCGC and relative Guidance, the principles that refer to members of the supervisory board are applicable to Non-Executive Directors, and the principles that refer to members of the management board are applicable to Executive Directors.

For the 2022 financial year, the Company declares it has essentially complied with the DCGC, providing the following explanations and considerations with reference to the following provisions:

**Principle 2.1.7 (iii) of the DCGC:** for each shareholder or group of connected shareholders, that directly or indirectly holds more than ten per cent of the company's shares, there can be no more than one member of the supervisory board (Non-Executive Directors in the one-tier system) that is affiliated or represents them, as provided for in provision 2.1.8, sections vi. and vii. The General Shareholders' Meeting has appointed two Non-Executive Directors, Marina Berlusconi and Danilo Pellegrino, directors of the controlling shareholder Fininvest S.p.A., as Chair and CEO respectively.

The Company considers the Composition of the Board to be appropriate however, in that it is consistent with the historic composition of the Board and fully reflects the ownership structure, with a reference shareholder that holds the majority of the shares.

**Principles 2.1.9 and 5.1.3 of the DCGC:** (independence of the Chairman): principles 2.1.8, 2.1.9 and 5.1.3 of the DCGC require the Chairman to be an independent director. The current Chairman, Fedele Confalonieri, is a Non-Executive Director, who does not qualify as independent. However, this appointment is considered appropriate because of its historic continuity and considering his exclusive experience and authority demonstrated in past years, also as regards all shareholders. In July 2018, as part of the agreement for the termination of the executive employment of Chairman Fedele Confalonieri, an exceptionally early "severance

payment" was agreed to be paid in the event of termination or non-renewal of the Chairman in his current position. The Company does not consider this a deviation from the DCGC as DCGC Principle 3.2.3 applies only to Executive Directors.

**Principle 2.2.2 of the DCGC** (period of appointment and reappointment): some Non-Executive Directors have been Directors for more than eight years. The Company does not consider this to be a deviation from the DCGC, as these periods only apply from the time of the conversion of MFE into a Dutch N.V..

**Principle 2.2.4 of the DCGC** (succession plan): the Board of Directors does not consider it necessary at present to adopt a succession plan, given the stable shareholder structure capable of ensuring, if necessary, a rapid appointment process, and the consolidated expertise and managerial abilities of the directors and front line managers, capable of ensuring business continuity.

**Principle 2.3.2 of the DCGC:** if the supervisory board comprises more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointments committee from its members. The Company has combined the roles of the latter two committees, in a single committee called the Nomination and Remuneration Committee. Given its organisational structure, the Company believes that channelling expertise into a single committee facilitates the performance of the duties assigned to it.

**Principle 2.3.6 (ii) of the DCGC** (Deputy Chairman of the Board of Directors): pursuant to Article 15.2 of the Articles of Association of the Company, the Board of Directors may appoint one or more Non-Executive Directors as Deputy Chairmen for a period to be determined by the Board. However, the Company did not appoint any Director as Deputy Chairman of the Board of Directors.

**Principle 3.1.2 (vi) of the DCGC** (Remuneration policy): under the approved medium-long-term incentive plan, the beneficiaries hold the shares for five years after assignment but only for 20% of shares (i.e. a 36-month vesting period and a 24-month lock-up period for 20% of shares). This ensures that the interests of management are better aligned with the long-term interests of shareholders, as the total period for the vesting and holding of shares is five years.



## Conformity Statement

The Board of Directors is responsible for preparing the annual report in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge:

- the financial statements as included in this report provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries;
- the management board report provides a true and a fair view of the state of affairs at the balance sheet date and developments during the 2022 financial year of the Company and its affiliated companies whose figures have been included in the consolidated financial statements, together with a description of the material risks and uncertainties that the Company faces.

April 18<sup>th</sup>, 2023

Board of Directors:

**Fedele Confalonieri**

*Chairman*

**Pier Silvio Berlusconi**

*Chief Executive Officer*

**Marco Giordani**

*Executive Director and Chief  
Financial Officer*

**Stefania Bariatti**

*Non-Executive Director*

**Marina Berlusconi**

*Non-Executive Director*

**Marina Brogi**

*Non-Executive Director*

**Raffaele Cappiello**

*Non-Executive Director*

**Costanza Esclapon de  
Villeneuve**

*Non-Executive Director*

**Giulio Gallazzi**

*Non-Executive Director*

**Gina Nieri**

*Executive Director*

**Danilo Pellegrino**

*Non-Executive Director*

**Alessandra Piccinino**

*Non-Executive Director*

**Niccolo' Querci**

*Executive Director*

**Stefano Sala**

*Executive Director*

**Carlo Secchi**

*Non-Executive Director*

## Statement by the Board of Directors

The Internal Control and Risk Management System an essential element of the Corporate Governance system of MFE and the Group it heads (hereinafter also the "MFE Group"), is made up of the set of people, tools, organizational structures, and company rules aimed at allowing a healthy management of the Group, correct and consistent with the corporate objectives, through an adequate process of measurement, management and monitoring of the main risks and the structuring of adequate information flows to ensure the circulation of information and the coordination of the various actors.

This system was developed and defined taking into consideration the indications of the Dutch Corporate Governance Code ("The Dutch Corporate Governance Code"), the reference "best practices" and the international frameworks "COSO - Internal Control" and "COSO - Enterprise Risk Management ", issued by the Committee of Sponsoring Organizations of the Treadway Commission and updated, respectively, in 2013 and 2017.

The Internal Control and Risk Management System of the MFE Group is divided into "three levels of control":

First level: entrusted to the individual operating units, which identify and assess the risks and define specific mitigation actions for their management, ensuring the correct execution of transactions / operations. These control activities are delegated to the primary responsibility of the operational management and are considered an integral part of every corporate process.

Second level: entrusted to specific company functions other than line / operational functions, which contribute to the definition of risk measurement methods, as well as their identification, assessment and monitoring. Furthermore, they provide support to the first level of control in the definition and implementation of mitigation actions for the main risks. These control functions monitor specific compliance risks with current laws / regulations, both transversal and specific to the sector, and applicable both nationally and internationally, supporting the management and top management in defining the response strategies to these risk factors, in compliance with the decisions taken by the Governance bodies. Among the second level of control the Risk Office function contributes to the periodic process of identification, assessment and monitoring of corporate risks based on applying the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017.

Third level: entrusted to the Internal Auditing Department, it is aimed at assessing the adequacy of the design and the effective functioning of internal control system the as a whole, also by monitoring line controls as well as second level control activities.

MFE's Internal Auditing Department assists the Board of Director in maintaining effective controls by independently and

objectively evaluating the adequacy and effectiveness of the organization's internal control and risk management systems. Criteria established under 'Internal Control – Integrated Framework', the Treadway Commission's Committee of Sponsoring Organizations (COSO framework), are used by MFE's Internal Auditing Department to analyze and make recommendations to the Board of Directors concerning the effectiveness of the Company's internal control framework.

Based on risk assessments performed, the Board of Directors, under the supervision of the Non Executive Directors and the Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of MFE

In addition, the Board of Directors is responsible for MFE's enterprise risk management under the supervision of the Non Executive Directors and Audit Committee. Through oversight and framework setting, MFE's Risk Office function ensures that the Group-wide risk profile is managed in line with MFE's risk appetite, and stakeholder expectations are managed both under normal business conditions and adverse conditions caused by unforeseen

events. The Board of Directors is informed in a timely manner of risks to the Company's economic/statutory solvency, reputation, reliability of financial reporting or operations.

In preparing the consolidated financial statements, MFE's directors and management have adopted a going concern basis on the reasonable assumption that the Company is and will be able to continue its normal course of business in the foreseeable future.

Relevant facts, circumstances and risks relating to the consolidated financial position on December 31, 2022, were assessed in order to reach the going concern assumption.

The main areas assessed were financial performance, capital adequacy, financial flexibility, liquidity, and access to capital markets, together with the factors and risks likely to affect MFE's future development, performance, and financial position.

Commentary on these areas is set out in the Directors' Report on Operation in the section "Disclosure of the main risks and uncertainties to which the Group is exposed" in this Annual Report.

Management concluded that the going concern assumption is appropriate on the basis of the financial performance of the Company, its continued ability to access capital markets, adequate solvency ratios, and the level of leverage and Cash Capital at Holding.

MFE's risk management and control systems provide reasonable assurance for the reliability of financial reporting and the preparation and fair presentation of MFE's published financial statements. They cannot, however, provide absolute assurance that a misstatement of MFE's financial statements can be prevented or detected.

On the basis of the above, MFE's Executive Board states the following with respect to risks to the Company's financial reporting:

- The report provides sufficient insights into any failings with regards to the effectiveness of the internal risk management and control systems;
- MFE's risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain any material inaccuracies;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- The report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

The statements in this section are not statements in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act.

Based on the above and the assessment performed, the Board of Directors believes that, as of 31 December 2022, the Group's and the Company's internal control over financial reporting is considered effective and that:

- the "Disclosure of the main risks and uncertainties to which the group is exposed" paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph "Disclosure of the main risks and uncertainties to which the Group is exposed" of the management board report);
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note "Presentation basis and accounting standards for the preparation of the Financial Statements" of both consolidated and Company only financial statements at 31 December 2022); and

- the management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph "Disclosure of the main risks and uncertainties to which the Group is exposed" of the management board report).

April 18<sup>th</sup>, 2023

Marco Giordani

*Executive Director and Chief Financial Officer*

## Non-Executive Directors Report

This report has been prepared in accordance with paragraph 5.1.5. of the Dutch Corporate Governance Code (the "Code").

MFE-MEDIAFOREUROPE N.V. ('MFE' or the 'Company') is subject to Dutch law and the Code and has chosen to adopt the one-tier governance model, characterised by the fact that both Executive and Non-Executive Directors sit on the Board of Directors, with the Non-Executive Directors accounting for the majority in accordance with the Articles of Association.

### Non-Executive Directors

There are ten Non-Executive Directors on MFE's Board of Directors: Fedele Confalonieri (Chairman), Stefania Bariatti, Marina Berlusconi, Marina Brogi, Raffaele Capiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Danilo Pellegrino, Alessandra Piccinino and Carlo Secchi. In addition, there are five Executive Directors.

The table below shows the main personal details of each Non-Executive Director:

Member, age, gender, nationality	Main office	Date first appointed*	Current date of appointment**	End of office***
<b>Fedele Confalonieri</b> 85, M, Italian	Chairman	16/12/1994	23/06/2021	31/12/2023
<b>Marina Berlusconi</b> 56, F, Italian	Non-Executive Director	28/07/1995	23/06/2021	31/12/2023
<b>Stefania Bariatti</b> 66, F, Italian	Chairman of the Nomination and Remuneration Committee Member of the Environmental Social and Governance Committee	23/06/2021	23/06/2021	31/12/2023
<b>Marina Brogi</b> 55, F, Italian	Chairman of the Environmental Social and Governance Committee Member of the Nomination and Remuneration Committee Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023
<b>Raffaele Capiello</b> 54, M, Italian	Member of the Audit Committee	27/06/2018	23/06/2021	31/12/2023
<b>Costanza Esclapon de Villeneuve</b> 57, F, Italian	Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023
<b>Giulio Gallazzi</b> 59, M, Italian	Member of the Environmental Social and Governance Committee	27/06/2018	23/06/2021	31/12/2023
<b>Danilo Pellegrino</b> 65, M, Italian	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
<b>Alessandra Piccinino****</b> 60, F, Italian	Chairman of the Audit Committee Member of the Related Parties Transactions Committee	29/04/2015	23/06/2021	31/12/2023

Member, age, gender, nationality	Main office	Date first appointed*	Current date of appointment**	End of office***
<b>Carlo Secchi****</b> <b>79, M, Italian</b>	Member of the Audit Committee Member of the Nomination and Remuneration Committee	20/04/2006	23/06/2021	31/12/2023

\*The date of first appointment of each director means the date on which the director was first appointed (ever) to the Board of Directors of Mediaset S.p.A. \*\*The current Board of Directors was appointed by the Shareholders' Meeting of 23 June 2021. On 18 September 2021, the company transferred its registered office to the Netherlands and became a Dutch N.V..

\*\*\*The term of office will end on the date of the General Shareholders' Meeting to approve the financial statements of the Company for the year ended 31 December 2023. \*\*\*\* with competence in accounting and/or auditing Additional information on the professional background of each Non-Executive Director and their attendance at Board meetings can be found in the Corporate Governance Report in the section entitled "Role of the Board of Directors".

Some Non-Executive Directors were in office for more than eight years. However, the Company does not consider this a deviation from the DCGC since it is only subject to the DCGC since its transformation into a Dutch company and the Company, in any case, has applied the counts of provision 2.2.2 of DCGC since then.

## Supervision

Pursuant to Article 16.4 of the Company's Articles of Association, Non-Executive Directors must supervise the performance of duties by the Executive Directors and the management of the Company's business and related affairs, as well as discharging such other duties as may be assigned to them by the Articles of Association or the Board of Directors.

The Non-Executive Directors, in their role as members of the Board of Directors, take part in the resolutions of the Board designed to establish the Company's strategy. They also oversee the definition and implementation of the Company's long-term value creation strategy and its associated risks, as well as the Company's policies and their implementation. With respect to the latter, they have focused on the effectiveness of the risk management and internal control system and the integrity and quality of financial information, while also ensuring that they constantly receive a complete and adequate flow of information from the Executive Directors, the Audit Committee and the Company's management in order to be able to perform their supervisory role.

The matters to be resolved by the Board of Directors are first examined in detail by the Non-Executive Directors at specific meetings attended by the management of the Company concerned and, where necessary, by external consultants.

The oversight activities of the Non-Executive Directors during the above-mentioned meetings, meetings of the Board of Directors and during the meetings of their Committees, was conducted, *inter alia*, on:

- the periodic monitoring of strategic risks in accordance with the *Enterprise Risk Management* methodology;
- the assessment of the materiality matrix for the Sustainability Report at 31 December 2022;
- the preparatory activities underlying the Board's evaluations and decisions relating to, among other things, the approval of the Annual Report and the preparation of the Sustainability Report at 31 December 2022;
- the review of the Audit plan, the activities of the Internal Auditing function – including in terms of validating that the Company's Internal Control and Risk Management System is functioning and adequate, pursuant also to the provisions of the Code;
- the detailed monitoring of cyber security risks and updating the mandate of the Internal Auditing Department;
- the periodic review of the Related Party Transactions entered into by the Company;
- the review of extraordinary transactions and proposals to amend the Articles of Association;

- the review of the General Compensation Policy and the Compensation Report, which is then proposed to the Board to be submitted to the Shareholders' Meeting;
- Environmental, Social and Governance issues and their integration within the corporate strategy, as well as analysis of the positioning of sustainability within the group and the project to identify a possible sustainability path – the latter also relates to market trends and international best practices, with the definition of the guidelines and macro-objectives to be followed;
- the existence – never detected during the reference period – of any conflicts of interest or potential conflicts of interest that may exist with regard to a transaction that is of material importance for the Company and/or for the Director concerned;
- the independence of Non-Executive Directors and the number of offices they hold.

The Non-Executive Directors have constantly monitored the implementation and correct application of the Company's policies, in line with the Code best practices applicable.<sup>47</sup>

Specifically, the Board of Directors updated the Internal Dealing Policy on 1 March 2022 and approved the Dividend Policy on 17 May 2022 by written resolution.

### **Independence of Non-Executive Directors**

A majority of Non-Executive Directors must meet the independence requirements set forth in the Code.

At the meeting held on 28 March 2023, the Non-Executive Directors deemed seven of the Non-Executive Directors to qualify as independent. The Non-Executive Directors also note that there are two Non-Executive Directors affiliated with a shareholder that holds 10% or more of the Company's shares, rather than only one as provided for by the Code.

Therefore, the Company departed from the provisions of paragraphs 2.1.7 of the Code in the case of those Non-Executive Directors. Therefore, in accordance with the "comply or explain" principle established by the Code, the reasons for these choices have been explained in the section of the Corporate Governance Report entitled "Compliance with the Dutch Corporate Governance Code".

That said, the majority of Non-Executive Directors are Independent Directors, as prescribed by paragraphs 2.1.7 and 2.1.8 of the Code, the provisions of which – it bears noting – only became applicable to the Company and computable as of 18 September 2021.

### **Evaluation by Non-Executive Directors**

Each of the Non-Executive Directors attend the meetings of the Committees of which they are members, as established by the Board pursuant to the Articles of Association and in compliance with the applicable provisions of the Code. These Committees, which carry out oversight and support tasks as well as forward proposals to the Non-Executive Directors and the Board of Directors, are as follows: the Audit Committee; Nomination and Remuneration Committee; Environmental, Social and Governance Committee; and Related Parties Transactions Committee.

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<sup>47</sup> Company policies such as the Diversity Policy, Engagement Policy, Management and disclosure of Inside Information Procedure, Internal Dealing Policy and Related Parties Transactions Policy are available on the Company's website.

Additional information on the membership, duties, meetings, attendance and activities of the Board of Directors and of Committees can be found in the Corporate Governance Report in the sections entitled "Role of the Board of Directors" and "Board Committees".

The Non-Executive Directors received a report from each of the Committees on their activities carried out ahead of the meeting of 28 March 2023.

The Non-Executive Directors met, in the absence of the Executive Directors, on 21 November 2022, to review a report provided by the Advisor, containing the compiled data and results of the evaluation and self-assessment questionnaires filled as part of the Board Evaluation for the previous financial year 2021, and to initiate the Board Evaluation activities for the financial year 2022. On 28 March 2023, the Non-Executive Directors met, in the absence of the Executive Directors, to assess, among other things, the functioning and composition of the Committees and the Board of Directors, the independence and performance of the Non-Executive Directors as well as to share the findings and summary of this in this report, as provided for by the Code, as applicable to the Company.

The Non-Executive Directors conducted an evaluation of the functioning, membership and size of the Board of Directors and Committees, as well as of the Chairman of the Board of Directors and the individual Executive and Non-Executive Directors to determine, among other things, whether there is a good balance and mix of industry knowledge, education and training, financial expertise, work experience, management skills and diversity.

The Nomination and Remuneration Committee established the procedures for carrying out the aforementioned evaluation in compliance with the provisions of the Code, availing for this purpose of an external advisor (Spencer Stuart, the "Advisor"), who structured the process as follows:

- individual completion of questionnaires, drawn up with the support of the Corporate Affairs Department;
- meetings with the Advisor on a one-to-one basis (via videoconference) following completion of the survey, enabling broader discussion on the proposed topics and gathering comments and suggestions from individual directors. All analyses and comments were processed in an absolutely anonymous and confidential manner, so that the person who made them cannot be identified;
- there was a focus on identifying and implementing any improvement actions that emerged during the evaluation and self-assessment.

The findings of the evaluation process were shared, with the Advisor present, at the meeting of the Non-Executive Directors held on 28 March 2023. The main outcomes are as follows.

The Non-Executive Directors have positively assessed both the composition and the functioning of the Board, in particular, in relation to the composition, the mix of skills is ensured by the presence of different professionals, useful for in-depth analysis of the different issues that the Board is called upon to carry out.

It was pointed out that the continuity in the composition of the Board has made it possible to continue and not to disperse the wealth of knowledge acquired by many compared to MFE and the reference market. The diverse composition of the Board guarantees a balanced decision-making process, also achieved through the proper functioning of the respective committees.

In indicating among the potentially useful skills to be included or strengthened in the composition, due to the international development strategy and the context in which MFE operates, the following areas have been indicated: (i) international experience and (ii) IT and digital.

The percentage of one third for each gender established by Dutch law with reference to Non-Executive Directors is present with five directors of the least represented gender (female) out of 10 Non-Executive Directors.



The composition of the Board complies with the criteria indicated in the Board's policy, which is expected to be implemented during the 2023 financial year, also with a view to its renewal.

There is general consensus on the dimension with a view to ensuring the right balance between Executives, Non-Executives and Independents.

There was general satisfaction with the number and frequency of Board meetings and the effectiveness of the Board's work. Overall, satisfaction was expressed with the clear illustration of the items on the agenda, the documentary support generally made available in advance of meetings and the opportunities for further study, in particular in anticipation of Board meetings, for the benefit of Non-Executive Directors.

Particularly appreciated is the interaction between Executives and Non-Executives in relation to the adoption of board resolutions. With regard to the Executive Directors, the evaluation, carried out by the Non-Executive Directors, is unanimously positive, with appreciation for competence, availability for comparison and clear interventions. The Chief Executive Officer was particularly appreciated with reference to the Group's leadership, corporate vision and strategic direction.

Following the transfer of its registered office to Amsterdam, additional training activities were intensified for Non-Executive Directors, in particular those related to the Dutch Corporate Governance system. Everyone agrees that what is already in place in the field of induction and training is very useful and well organized. The opportunity was highlighted to increase the updating sessions on strategies (Strategy Day), deep-dives on the international competitive scenario, on market trends and on issues of technological evolution, continue on the evolution path on issues relevant to the ESG and acquire a proactive role in the definition and monitoring of initiatives and projects, in particular in the field of Diversity, Equity and Inclusion.

With reference to the Committees, the Non-Executive Directors appreciated the contribution provided by the same as well as the relative composition that was considered substantially adequate. The Committees have carried out the tasks entrusted to them effectively, reporting to the Council on the activities carried out in a timely manner. Each Committee, as a whole, has the technical expertise and experience necessary to carry out its functions. The Directors emphasize that the work of the Committees is good and forms the basis of the debate in the Board. In particular, the feedback on the role played by the Chairmen of the Committees is totally positive and they are recognized as an effective report – albeit brief – of the activities carried out in ways and times appreciated by the Directors.

The Directors are placed in a position to act informed in particular on the management and performance of the business also thanks to the fruitful exchange and direct interaction with management in the board meetings and especially in the Committees.

The unanimity of the Directors expresses a strong awareness of the role and responsibilities assigned to the Board itself, as well as the duties and fiduciary duties of the individual Directors.

All directors feel free to express their ideas freely, demonstrating a constructive spirit even where there are diverse approaches and opinions.

## Committee Reports

In compliance with paragraph 2.3.5 of the Code, each committee provided the Non-Executive Directors with a summary report on the activities carried out in 2022, in accordance with the powers assigned to them<sup>48</sup>.

On 18 September 2021, the Board of Directors established:

- an Executive Committee, formed by the following Executive Directors: Pier Silvio Berlusconi (Chairman), Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala.

The Committee has properly carried out its activities and passed a number of resolutions in writing, including to appoint Directors to the Boards of Directors of subsidiaries and to grant specific powers, as well as issuing signatory powers to subsidiaries. The Executive Committee also conducted an evaluation of its own functioning and of that of the Board of Directors and of individual Executive Directors.

On 28 September 2021, the Board of Directors set up four board committees: the Audit Committee, the Nomination and Remuneration Committee and, on a voluntary basis, the Environmental Social and Governance Committee and the Related Parties Transactions Committee.

## Audit Committee

The Audit committee comprises the Non-Executive, Independent Directors Alessandra Piccinino, who is Chair, Raffaele Cappiello and Carlo Secchi, and was established by the Board of Directors on 28 September 2021.

The Board of Directors also approved the regulations of the Committees that establish its operation and duties.

Pursuant to provision 1.5.1 of the DCGC, the Committee deals with preliminary works concerning the supervision of the integrity and quality of the Company's financial reporting, and the effectiveness of its internal risk management and control systems.

In particular, the Committee assists the Board of Directors, advising on the following matters:

- (a) the Company's compliance with applicable laws and regulations;
- (b) revision of the Company's internal risk management and control systems;
- (c) recommendations to appoint the independent auditors;
- (d) relations with internal and external auditors, as well as compliance with their recommendations and observations;
- (e) the Company's disclosure of financial and non-financial information;
- (f) Company financing;
- (g) the Company's use of ICT, including IT security risks;
- (h) the Company's tax policy; and
- (i) the monitoring and evaluation of reporting on the Company's ESG objectives and programmes.

The Committee shall report to the Board of Directors on its decisions and results. This report shall include at least the information indicated in provision 1.5.3 of the DCGC.

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<sup>48</sup> The responsibilities of the Committees are set forth in their Regulations, which were approved by the Board of Directors on 28 September 2021 and published on the Company's website.

The report includes information on how functions have been performed by the Audit Committee during the financial year, and also provides information about the composition of the Audit Committee, the number of Audit Committee meetings held and the main topics discussed.

The report also includes the following information:

- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems, as indicated in the best practice provisions 1.2.1 - 1.2.3 of the DCGC;
- (b) the methods used to assess the effectiveness of internal and external audit processes;
- (c) significant observations on financial reporting; and
- (d) the way in which material risks and uncertainties are discussed, according to the best practice provision 1.4.3 of the DCGC, together with a description of the most important results of the Audit Committee.

In the course of 2022, the Audit Committee met nine times and positively assessed the outcome of the preliminary investigation related to the assessments for the approval of the interim report as at 30 September 2022.

Among other activities, the Committee systematically provided assistance during the year, ensuring adequate preparation for the evaluations and decisions of the Board (and concerning the internal control and risk management system) regarding the approval of periodic financial reports, including the annual financial statements.

The Committee also carried out preparatory activities regarding the Non-Financial Statement, which was drawn up pursuant to Legislative Decree 254/2016, and notified the Board of its positive assessment of the analysis and contents of the document, as regards sustainability issues that are material for the Group, considering related activities and characteristics and, overall, the data and information gathering process. It also reviewed the update made by the Risk Officer to the assessment and procedures for managing main company, strategic and process risks, of the Group, which are based on "Enterprise Risk Management", and reviewed the annual audit plan of the Independent Auditors, giving a favourable opinion of the annual audit plan, and acknowledged the summary reports issued by the Internal Auditing Department.

Audit activities were periodically reviewed with the head of Internal Audit, who attended in all meetings, during which the main results and corrective actions were discussed with the Committee.

The Committee specifically reported to the Board of Directors on activities carried out.

## **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises the Non-Executive Independent Directors Stefania Bariatti, who is Chair, Marina Brogi and Carlo Secchi, and was established by the Board of Directors on 28 September 2021, combining the duties of the selection and appointment committee and those of the remuneration committee.

The Board of Directors also approved the regulations of the Committees, that establish its operation and duties.

As regards appointments, the Committee carries out preliminary activities to support the decisions of the Board, reporting on the findings of analyses and on preparatory activities pursuant to provisions of Article 2.2.5. of the DCGC, including activities concerning the diversity policy and maximum number of positions held by directors. The Committee also assists the Board of Directors in its evaluation activities and its committees.

The Committee has the following functions regarding remuneration:

- pursuant to Article 3.1.1 of the DCGC, it submits a clear, transparent proposal to the Board of Directors on the policy for the remuneration of Board Directors. The Board of Directors presents the policy (which shall include the matters indicated in section 2:135a of the Dutch Civil Code) to the Shareholders' Meeting, for adoption;
- prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- it gives a prior, non-binding opinion on proposals made concerning the remuneration and performance target setting related to the variable component of the CEO's remuneration package;
- it makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

The Committee met six times during 2022 and, on the subject of remuneration, in particular, formulated a proposal to revise the remuneration of the Chief Executive Officer, revised the regulation of the Medium-Long Term Incentive and Loyalty Plan for the financial years 2021/2023 and the criteria for the allocation of shares against the rights assigned to the beneficiaries in 2019 (Medium-Long Term Incentive and Loyalty Plan for the financial years 2018/2020), following the introduction of the dual-class share structure, approved by the Extraordinary Shareholders' Meeting of 25 November 2021, resolved on the Medium-Long-Term Incentive and Loyalty Plan for the years 2021-2023, the General Remuneration Policy 2022, the preliminary assessment of the achievement of the economic objectives of the LTI Plan 2019/2021 for the financial year 2020 and the verification of the continued employment of the beneficiaries of the Plan at the end of the vesting period, the remuneration and performance objectives (SIA) for 2022 of the variable component of the Chief Executive Officer, as well as prepared the Remuneration Report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the Code.

During 2022, in the area of appointments, the Committee supported the Board of Directors in the activities and methods of the annual evaluation of the Board itself, its Committees and individual Directors and monitored the results of the implementation of the Diversity Policy. The Committee specifically reported to the Board of Directors on activities carried out.

### **Environmental Social and Governance Committee**

The Environmental Social and Governance Committee comprises the Non-Executive, Independent Directors Marina Brogi, Chair, Stefania Bariatti and Giulio Gallazzi, and was established on a voluntary basis by the Board of Directors on 28 September 2021.

On the same date, the Board of Directors approved the regulations of the Committee that establish its operation and duties. The Environmental Social and Governance Committee gives the Board of Directors initial advice, to support it in drawing up the Company's environmental, social and governance policies, in compliance with its strategy. For this purpose, the Environmental Social and Governance Committee may bring specific environmental, social and governance objectives to the attention of the Board of Directors. The decision to pursue or otherwise these objectives and the related implementing programmes are brought to the attention of the Board of Directors and management of the Company. The monitoring and evaluation of the achievement of the Company's environmental, social and governance objectives and the implementation of related programmes are assessed periodically by the Audit Committee and the results are included in its report to the Board of Directors.

## Related Parties Transactions Committee

The Related Parties Transactions Committee, set up, on a voluntary basis as it is not required by the laws and regulations in force in the Netherlands, by the Board of Directors on 28 September 2021 is composed of the Non-Executive and Independent Directors Costanza Esclapon de Villeneuve, Chairman, Marina Brogi and Alessandra Piccinino.

On the same date, the Board of Directors approved the Policy on related-party transactions (later amended on 21 December 2021), and the regulation of the Committee (later amended on 21 December 2021) establishing its operation and duties:

1. The Committee shall periodically evaluate the Company's Policy on Related Party Transactions and submit any proposals to amend it, to the Board of Directors;
2. if a transaction qualifies as a Material Related Party Transaction, the Committee shall give the Board of Directors a non-binding opinion, before the transaction is carried out;
3. the Committee shall review the Transactions with Related Party carried out by the Company that do not qualify as Material Related Party Transactions based on quarterly reports made available by the Committee.

Where:

"Material Related Party Transaction" means a Transaction with a Related Party if (i) the information on the Transaction is inside information as defined in Article 7(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and (ii) the Transaction has not been carried out as part of the normal activities of the Company or has not been carried out under normal market conditions; and

"Excluded transactions" mean:

- (a) Transactions between the Company and Subsidiaries;
- (b) Transactions which, considered separately but carried out, over a period of twelve months, with the same Related Party and which are uniform, have a cumulative value of no more than (i) Euro 300,000.00 (three hundred thousand) if the counterparty is one natural person and (ii) Euro 500,000.00 (five hundred thousand) if the counterparty is a legal person;
- (c) Transactions concerning the remuneration of directors or some parts of their remuneration assigned or due pursuant to Article 135 of the DCC;
- (d) Transactions offered to all shareholders under the same conditions, guaranteeing an equal treatment for all shareholders and protecting the interests of the Company and its related activities.

With reference to the transactions indicated above (point b), the Board of Directors established that the Transactions conform to the usual activity of the Company and are carried out under normal market conditions, and are therefore excluded from the Policy on Related Party Transactions.

During 2022, the Committee met four times and periodically reviewed the Related Party Transactions concluded by the Company during the reporting period.

The Committee specifically reported to the Board of Directors on activities carried out.

# REMUNERATION POLICY

## Introduction

This remuneration policy approved by the Board of Directors on 18 April 2023, as drawn up by the Nomination and Remuneration Committee of the Board of Directors on 18 April 2023, sets out the principles and guidelines with respect to the remuneration of MFE-MEDIAFOREUROPE N.V. (hereafter MFE) for the year 2023.

The Remuneration Policy is based on the conviction that there is a close connection between the remuneration of the Chief Executive Officer, the Executive Directors, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a Remuneration Policy capable of directing business strategy and ensuring full consistency between overall "management" compensation and company performance is a key element for meeting investor expectations and strengthening the confidence of all stakeholders.

Following the Redomiciliation to the Netherlands, the MFE Remuneration Policy has been designed taking into account all applicable laws and regulations, such as Art. 2:135a of the Dutch Civil Code (DCC), the Dutch Corporate Governance Code (DCGC), and the Articles of Association of the Company.

## Executive Summary: Key elements of the Remuneration Policy for CEO, Executive Directors and non Executive Directors

Fixed Component	Purposes and Main Characteristics	<ul style="list-style-type: none"> <li>Compensates responsibilities assigned, experience and distinctive skills possessed.</li> <li>Is in line with the best market practices and such as to guarantee an adequate level of retention.</li> </ul>	
	Amount	CEO	1.408.000
		Executive Directors	Pay linked to the significance of the position.

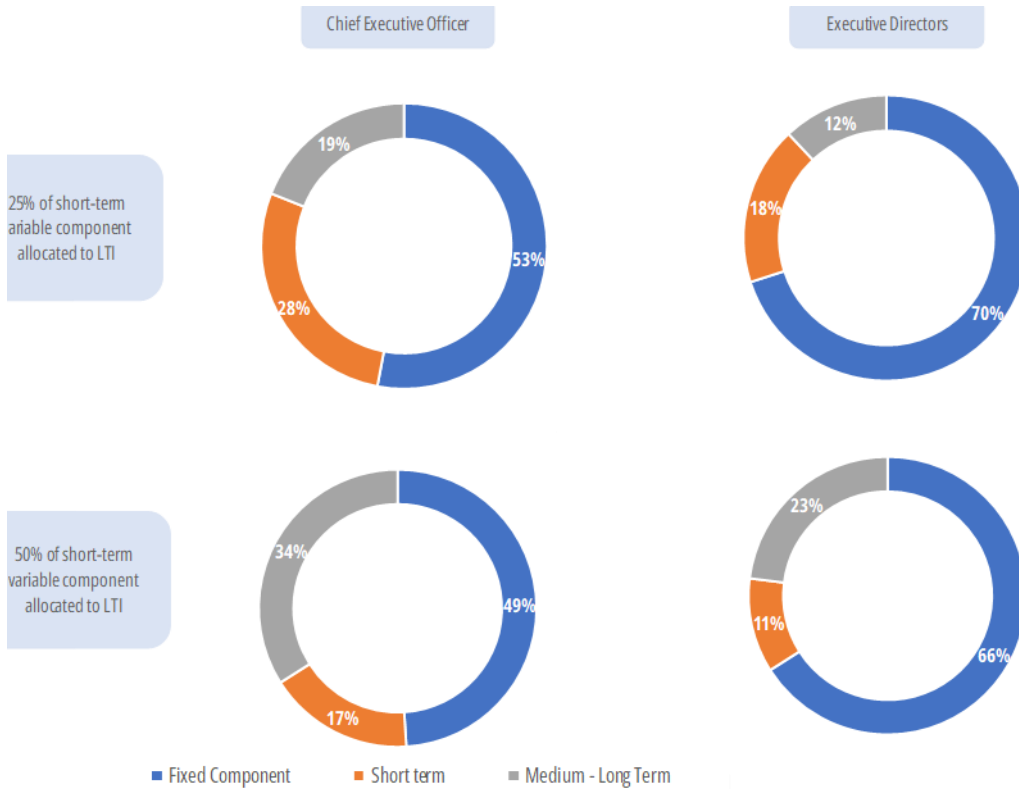
Variable short-term component	Purposes and Main Characteristics	<ul style="list-style-type: none"> <li>Ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.</li> <li>The system of correlation with the Company's results ensures financial balance and the incentive function of the plan.</li> <li>The upfront allocation of a portion of the medium-long term component aims to encourage sustainable performance over time.</li> </ul>	
	Mechanism of correlation with Group results	Group Net Profit and Italy EBIT	
	Amount	CEO	1.000.000 Maximum incidence of short term incentive on fixed remuneration: 67%

		Executive Directors	480.000 Maximum incidence of short term incentive on fixed remuneration: 32% (average)
	<b>Performance Objectives</b>	CEO	Net Financial Position (45%), Group EBIT (45%) and ESG Scorecard (10%)
		Executive Directors:	Defined according to the scope of assigned responsibility + ESG Scorecard
	<b>Reference</b>	Budget (which corresponds to a 100% payout).	
	<b>Payout scale</b>	Performance range: 91% - 105% Payout range: 10% – 125% (0 if performance <91%)	
	<b>Claw-back and Malus</b>	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.	

<b>Variable, medium/long-term component</b>	<b>Purposes and Main Characteristics</b>	<ul style="list-style-type: none"> <li>Ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Executive Directors and the alignment of the objectives of management with those of the shareholders.</li> <li>Under the plan, recipients may choose to convert 25% or 50% of their short term target bonus to the long term incentive plan into rights to receive shares of the Company; at the same time, the Company attributes a corresponding number of rights to the beneficiary (by means of a matching right).</li> </ul>	
	<b>Amount</b>	Depending on the short-term portion that the recipients choose to convert, which is doubled by means of the matching right. Maximum incidence of long-term incentive on fixed remuneration: AD 89%; AE 43% (average)	
	<b>Performance Objectives</b>	Free Cash Flow of the Group over the three-year period (45%), Net Profit of the Group over the three-year period (45%), relative Total Shareholders Return (10%).	
	<b>Reference</b>	Three-year forecast for economic and financial indicators (which corresponds to a 100% payout); Competitor panel for TSR.	
	<b>Payout scale</b>	Performance range: 75% - 125% Payout range: 50% – 125% (0 if performance <75%)	
	<b>Vesting</b>	The performance is assessed with a time horizon of three years for each assignment cycle.	

	<b>Lock-Up</b>	20% of the shares earned are subject to a lock-up period of two years.
	<b>Claw-back and Malus</b>	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.
<b>Non -Executive Directors</b>	<b>Amount</b>	40,000 (raised to 60,000 for the Chairman). Fee of 20,000 (raised to 30,000 for the Chairmen) is added for the members of each internal board committee

**Theoretical pay mix**





## Governance model

### Bodies and/or individuals involved

The MFE Remuneration Policy is defined clearly and transparently through a shared process involving the Board of Directors, the Nomination and Remuneration Committee, the Shareholders' Meeting and the relevant company department (Central Human Resources and Operations Department).

The Board of Directors, following proposals by the Nomination and Remuneration Committee, establishes the general compensation policy for the Chief Executive Officer and the other Executive Directors. The Executive Directors do not participate in the discussion and approval of the Remuneration Policy by the Board of Directors.

The Shareholders' Meeting approves the Remuneration Policy at least every four years and in case of any amendments. From 2020, the resolution of the Shareholders' Meeting on the Remuneration Policy is binding, while the Remuneration Report is subject to a non-binding advisory vote by the Shareholders' Meeting. The Board of Directors is directly responsible for the implementation of the remuneration policy of the Chief Executive Officer and the other Executive Directors for the position they hold in MFE. The authority to establish remuneration for Non-Executive Directors is vested in the Shareholders' Meeting.

As provided for by Art. 2:135a (4) and (5) DCC, any temporary derogations from remuneration policies can only apply in exceptional circumstances, such as where derogation from the Remuneration Policy is necessary to pursue long-term interests and overall sustainability or market longevity and must nevertheless be in line with the principles which guide the Company Remuneration Policy. In such case, the Board of Directors will pass a resolution for a temporary derogation in remuneration matters, as referred to in chapter 3 of this Remuneration Policy, after receiving the opinion of the Nomination and Remuneration Committee and consulting the Related Parties Transactions Committee. Also to this effect, the Board of Directors consults experts of professional renown and know-how, after having ascertained their independence and freedom from any conflicts of interests.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes three non-executive and independent directors (Stefania Bariatti – Chariman, Marina Brogi, Carlo Secchi) whose term in office lasts until the expiry of the mandate of the entire Board of Directors. Among them are experts in financial matters.

The Committee, concerning **remuneration**, fulfils the following tasks:

- in accordance with provision 3.1.1 of the Dutch Corporate Governance Code (“Code”), submits a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued with regard to the Directors. The Board of Directors should present the policy (it should include the matters referred to Section 2:135a of the Dutch Civil Code – DCC) to the Shareholders' Meeting for adoption;
- prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- gives a prior non-binding opinion on proposals relative to the compensation and on establishing performance goals related to the variable part of the compensation package of the Chief Executive Officer;
- makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

## Intervention by Independent Experts

On a regular basis, both the relevant company department (Central Human Resources and Operations) and the Nomination and Remuneration Committee analyse the fairness and competitiveness of the remuneration packages of the Chairman, the Chief Executive Officer, in overall terms and for each component. They also consult independent outside advisors free from conflicts of interest and/or companies specialised in executive remuneration that are recognised for their reliability and for the comprehensive nature of their databases used for national and international comparisons and their use of standard methodologies to assess the complexity of assigned roles and powers.

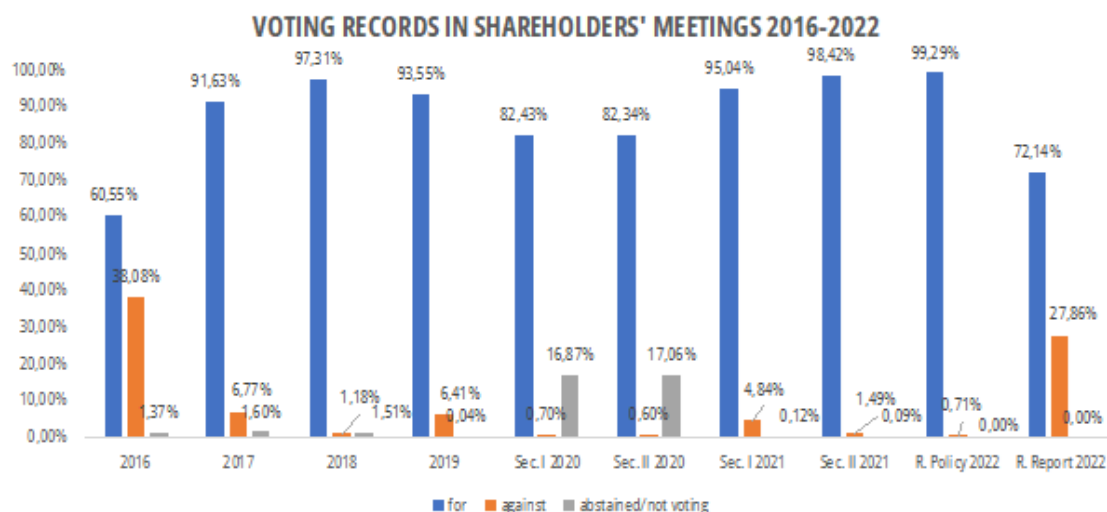
## Voting record on the Remuneration Policy

In recent years, the Nomination and Remuneration Committee has paid increasing attention to the voting record of the Shareholders' Meeting on the Remuneration Policy and has given increasing importance to the recommendations on remuneration expressed by proxy advisors. In doing so, it has developed engagement activities and gradually introduced improvements in its policies so as to guarantee maximum alignment with international best practices.

In 2020, the Shareholders' Meeting was for the first time convened to pass a consultative vote on the second section of the Report on Remuneration, relating to the compensation paid in 2019.

Despite there being essentially zero votes against, conversations with the Proxy Advisors and consideration of their recommendations led the Group to increase the level of disclosure within this Report, with particular reference to the targets of the incentive systems, a feature that also distinguishes this year's Report.

This improvement trajectory has led to a gradual increase in shareholder consent, as shown in the following graph related to Remuneration Policy.



\* The votes of the years 2016-2019 refer to the Remuneration Report in its entirety, starting from 2020, separate voting has been introduced for the two sections

## Main changes in the Remuneration Policy

This Remuneration Policy has been drafted in line with the previous Policy approved by the Shareholders' Meeting on 29 June 2022, which was characterized in particular by some changes made to implement applicable legislation following the redomiciliation to the Netherlands and aimed at making further improvements with respect to international best practices and the Company's strategy. Since no elements occurred during the year such as to require interventions on the Group's remuneration policies and also considering the good approval of the shareholders' meeting obtained by the Remuneration Policy in 2022, there are no particular changes in this policy, which is mainly characterized by an update of the information and adjustment of the ESG targets and objectives. These indicators were confirmed as part of the short-term incentive system, in order to continue to implement the the Group's sustainability strategy within the remuneration systems, oriented to protect the environment and maintain the levels of excellence achieved in the field of the enhancement of human capital and diversity to which MFE attaches particular importance.

## Scope and Principles of the Remuneration Policy

The Remuneration Policy is inspired by the following objectives and guiding principles:

- Alignment with the business strategy
- Attraction and retention of valuable staff
- Link with performance and value creation
- Consistency and fairness

<b>Alignment with the business strategy</b>	Values, skills and conduct aligned with the business strategy are reinforced by having an overall compensation structure that includes a balanced package of fixed and variable, material and non-material components. This allows for an appraisal of the responsibilities and criticalities of the position held, the quality of the professional contribution and the results achieved in the short and medium/long term.
<b>Attraction and retention of valuable staff</b>	MFE believes the Remuneration Policy is a key vehicle for attracting, retaining and motivating key staff and for contributing to the creation of sustainable value over the medium and long term for all stakeholders. To this end, the Remuneration Policy is structured taking into account scenario analysis and to guarantee competitiveness with the outside market and to ensure internal equity, also consistently with the defined performance.
<b>Link with performance and value creation</b>	The use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares.
<b>Consistency and fairness</b>	Compensation tools are coherently structured to ensure fairness in terms of the level of responsibility assigned and contribution to the Group's performance, and are monitored taking into account pay ratios within the Company.

The Remuneration Policy is defined consistently and in order to support the achievement of the Company's main strategic objectives:

- consolidating leadership in the nationwide core business by providing a distinctive broadcasting service model, maximising commercial value, streamlining production processes and overseeing regulatory and infrastructural development;
- evaluating development opportunities for supranational media activities (mainly in OTT, AD Tech and Content).
- the pursuit of sustainability-oriented growth, focusing on protecting the planet, valuing people through the recognition of diversity and the protection of their well-being, and on the dissemination of an ESG-oriented culture and values through its communication channels.

In order to do this, the Policy provides a steady balance between short and long-term, fixed and variable components, and benefits.

In a market as mature as free-to-air television, variable components aim to reward high profitability – which is essential for creating value for shareholders – and cash generation, and ultimately to support the company's growth strategy. Alongside these indicators, the specific performance objectives assigned to Key Management Personnel under the short-term incentive system based on each of their organisational responsibilities enable the Group to perform its key objectives, with particular reference to leadership in the advertising market and cost reduction. Starting from this year, in addition to the traditional financial indicators, non-financial indicators have been added, aimed at guiding and supporting the Group's sustainability strategy.

Using exclusively share-based medium/long-term incentive instruments helps to direct performance towards creating sustainable value over time. This aim is further supported by extending the vesting and lockup period to a total of 5 years, beginning 2021.

### **Consistency between Remuneration Policy and People Strategy**

The Group's Remuneration Policy has been drawn up to be consistent with human resource management and enhancement policies, which recognise the essential role played by the professional contribution of the Group's people in ensuring business success and development. The Group therefore manages its human resources by respecting the personality and professionalism of each employee, enhancing and developing their professional skills and abilities, and protecting their mental and physical well-being (also in terms of occupational health and safety), all the while promoting loyalty, trust and rejecting all forms of discrimination and exploitation.

Each employee's pay is determined by an assessment carried out by the Human Resources Department and by the Business Managers which, to ensure that internal pay is competitive with the market benchmarks, considers the area of responsibility, the task performed and principles of fairness within the Group, as well as targeting the attraction and retention of key staff.

In assessing the fairness and competitiveness of remuneration packages, the Group uses the research tools and pay benchmarks provided by leading consultancy firms.

For variable components in particular, the Policy sets profitability targets to serve as a homogenous, coherent and consistent criterion for all compensation instruments used. For instance, this determines the entry point and/or penalty in each of the top manager and executive incentive systems, and is the parameter used as the basis for calculating the company bonus paid to the rest of the workforce.

In particular, from a Pay for Performance perspective, the penalties for only partially achieving the target productivity are proportional according to each employee's level of responsibility and thus the differing impacts

they can have on the Group's profits (CEO 100%, Executive Directors and first and second-grade Executives 50%, Other Directors 25%, Middle Manager and Work Officer 0%).

In a total reward perspective all employees, regardless of their category, also benefit from numerous welfare and wellbeing services, including health care and supplementary pension plans.

#### Social Acceptance

The perspective and input of internal and external stakeholders have been taken into account in defining and implementing the Remuneration Policy. In the last years the Group has given increasing importance to the recommendations on remuneration expressed by proxy advisors and investors, pursuing a path of continuous improvement, which led to obtaining an excellent level of AGM's approval on the 2022 Remuneration Policy, with 99.29% of favorable vote.

## Composition of the Remuneration of the Chief Executive Officer and the other Executive Directors

### Reference Peer Group

As part of the periodic assessment of the competitiveness of the CEO's remuneration, in 2021 a reference Peer Group has been defined consisting of 11 European companies belonging to the Media & Entertainment sector listed on regulated markets for which a benchmark was commissioned, which is confirmed as the reference panel for MFE's salary analysis.

The companies were identified on the basis of dimensional criteria (capitalization, turnover, number of employees). Among them there are four companies used in the sample defined for MFE's performance related to the TSR objective as part of the medium / long-term incentive system.

#### Peer Group

Atres Media, Tf1, Métropole Télévision, Nordic Entertainment Group AB, ProSiebenSat1 Media, Ströer SE & CO KGAA, itv PLC, RTL Group, Informa PLC, Publicis Group, Telecom Italia

## Structure of Remuneration

The structure of the remuneration of the Chief Executive Officer and the other Executive Directors comprises the following components:

<b>Fixed component</b>	<ul style="list-style-type: none"><li>○ it is defined with reference to the responsibilities assigned and distinctive competencies possessed</li><li>○ it is monitored periodically against market benchmarks to guarantee an adequate level of retention</li></ul>
<b>Variable short-term component</b>	<ul style="list-style-type: none"><li>○ ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.</li></ul>
<b>Variable medium/long-term component</b>	<ul style="list-style-type: none"><li>○ it ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Board of Directors and the alignment of the objectives of management with those of the shareholders.</li></ul>
<b>Benefits</b>	<ul style="list-style-type: none"><li>○ include non-monetary forms of remuneration, complementing the other remuneration elements; they provide for competitive advantage and address the various needs of the executive (welfare and improved quality of life).</li></ul>

### Fixed component

The fixed remuneration of the Chief Executive Officer and the other Executive Directors is defined in relation to the responsibilities assigned, the complexity of the position, the experience and distinctive competence of each person. It is periodically monitored against market benchmarks, in particular through the use of remuneration databases prepared by a leading consulting firm specialising in remuneration, in order to ensure adequate retention. The weight of the fixed component, a distinctive characteristic of the Company, is instrumental in preventing actions based on short-term opportunities.

The fixed component is subdivided into:

- Gross annual compensation (GAC), related to the significance of the position, which the Chief Executive Directors and the other Executive Directors receive if they are employees of the company.
- Compensation the delegated bodies receive for the position of directors charged with specific tasks and the other Executive Directors as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

### Variable short-term component

The Annual Incentive System adopted by MFE, called SIA, is applicable to the Chief Executive Officer, the other Executive Directors and all Group Executives. This system has the main objective of strengthening and guaranteeing the alignment between how individuals act and short-term company objectives.

The SIA plan is governed by a specific regulation, distributed to each participant, which sets out all the detailed principles of the underlying the system, including the accessory clauses provided by the best practices on incentive matters.

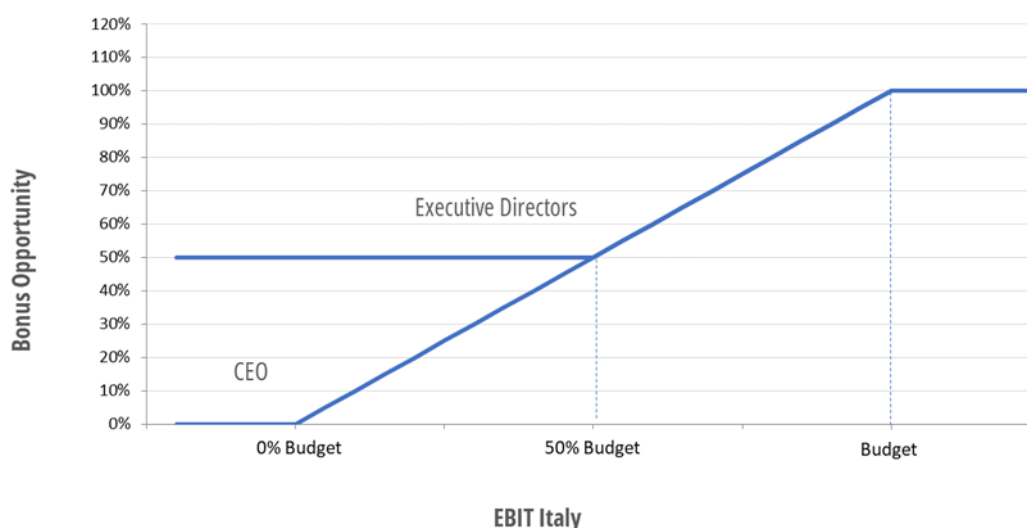
In particular, the plan provides that for each recipient, objectives will be set that relate to their own area of responsibility. The extent to which these individual objectives are achieved will determine the actual bonus paid out, taking into account the target value set for each manager. Deductions may be made to this target value if certain productivity thresholds are not met, as illustrated below.

### Mechanism of correlation

Starting from 2019, a single correlation mechanism will apply to both the Chief Executive Officer and the other Executive Directors, between the Group's economic results and the amount of incentives payable; this can determine any reduction in their target value, based on the performance of two parameters of the financial statements: Group Net Profit and EBIT Italy.<sup>49</sup> In addition to being consistent with the principle of internal equity, this single mechanism makes it possible to align the managerial actions towards achieving challenging and shared performance targets among all system recipients.

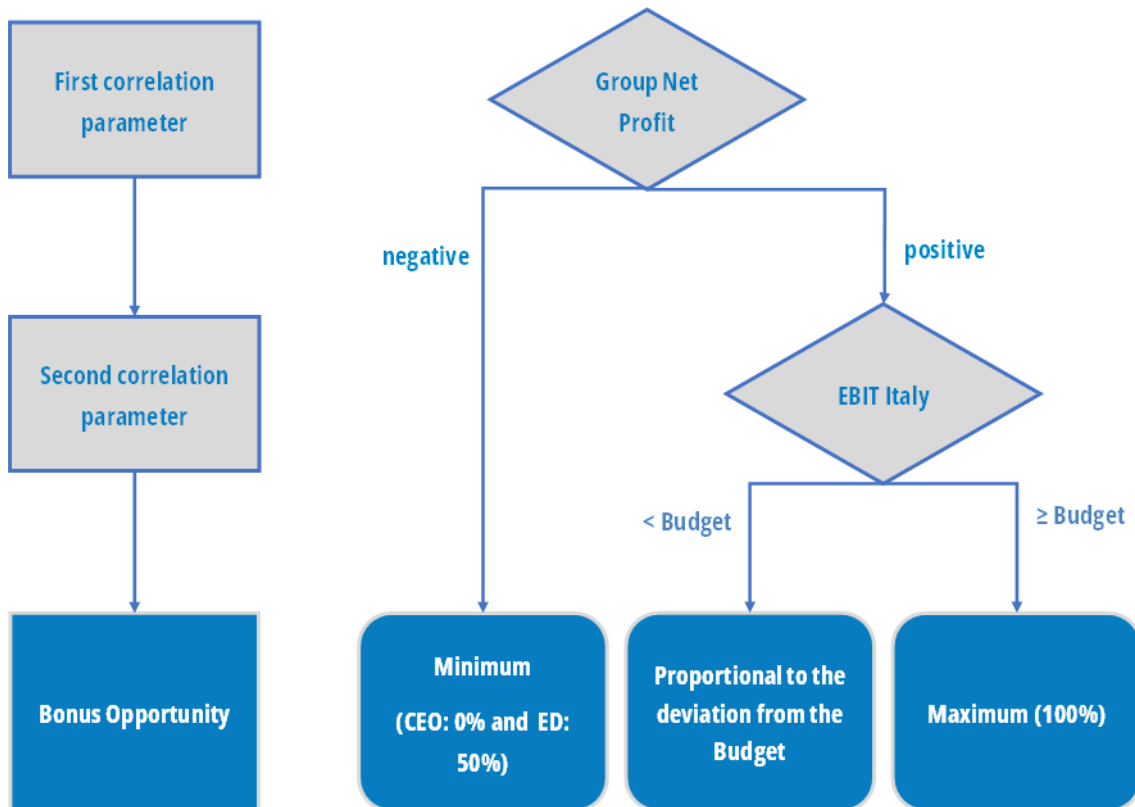
In particular:

- If Group Net Profit is negative, the short-term variable component will be reduced to zero for the Chief Executive Officer and will be reduced by 50% for other Executive Directors.
- If Group Net Profit is positive, the target value may be reduced based on the extent to which EBIT Italy deviates from the corporate budget value, subject to the following scale:



This correlation mechanism with the Company's financial results, as described above and illustrated in the following diagram, therefore allows the actual bonus opportunity to be reduced if the Company's financial results are unsatisfactory; this can be reduced to zero for the Chief Executive Officer and by 50% for the other Executive Directors.

<sup>49</sup> For this calculation, pro-forma EBIT was used net of the components of the variable incentive systems based on the profitability parameter



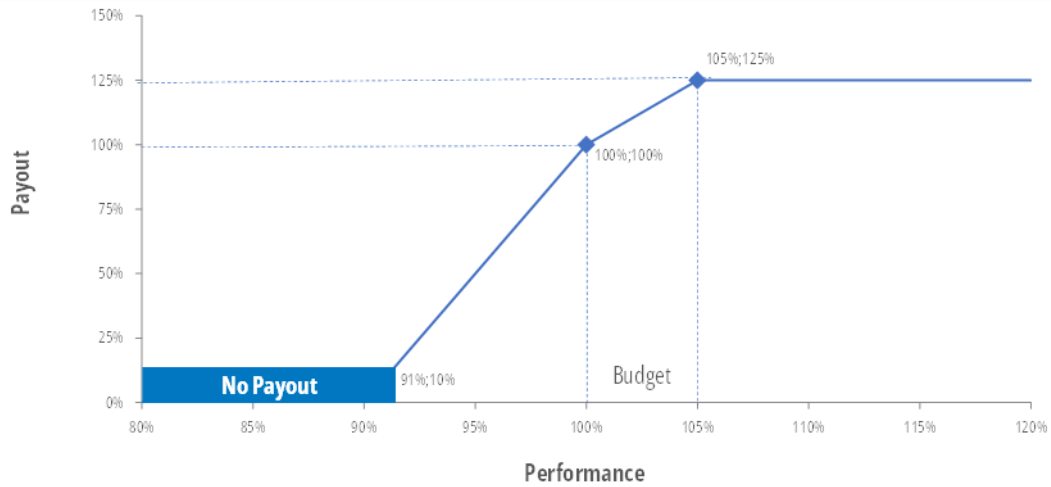
### Set objectives

Depending on the responsibilities associated with the role, quantitative objectives of a mainly financial nature, set out in a specific sheet and each with a defined relative weight, are assigned to each recipient of the system, as explained in the following paragraphs.

For the purpose of paying the incentive, once any penalty has been applied through the target correlation mechanism to the Company's results, the relative performance in percentage terms is measured independently for each objective. A correlation scale is applied to it, which determines the relative payout level. This scale rewards performance at least equal to 91%, which corresponds to the payment of 10% of the value of the bonus associated with each objective. On the other hand, the maximum payment is earned when a performance of more than or equal to 105% is achieved; this level corresponds to the payment of 125% of the bonus value associated with each objective.



The following graph illustrates the correlation between performance and payout: this scale applies to all objectives set for incentive system recipients:



The quantitative objectives are set for the Chief Executive Officer and for the other Executive Directors depending on the responsibilities related to the role.

Starting from 2022, alongside the traditional indicators of an economic / financial nature, non-financial indicators have been added, linked to the sustainability strategy pursued by the Company and related to the Environmental Social and Governance areas. These indicators make up the "ESG" objective which has a total weight of 10% on the objective sheet and is composed of the following scorecard:

Area	Weight	Objective	Target	Performance Payout Scale
Environment	2.5%	CO2 Emission	- 82 TC02	Standard – see the graph above
Social	2.5%	Number of female Managers / number of total Managers	29%	≥ 34% → 125% 33% → 120% 32% → 115% 31% → 110% 30% → 105% 29% → 100% 28% → 90% 27% → 80% 26% → 70% 25% → 60% 24% → 50% < 23% → 0%
Social	2.5%	Hours of training on ESG issues	3.300 h	Standard – see the graph above

Governance	2.5%	Number of Managers with SIA ESG KPIs	35	$\geq 45 \rightarrow 125\%$ $\geq 43 \rightarrow 120\%$ $\geq 41 \rightarrow 115\%$ $\geq 39 \rightarrow 110\%$ $\geq 37 \rightarrow 105\%$ $\geq 35 \rightarrow 100\%$ $\geq 28 \rightarrow 80\%$ $\geq 23 \rightarrow 50\%$ $\leq 20 \rightarrow 0\%$
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The objectives proposed for the Chief Executive Officer and the other Executive Directors who are a beneficiary of the SIA plan are outlined below:

Correlation parameters on the Company's performance for re-determining targets if necessary		
	GROUP NET PROFIT	
	EBIT ITALY	
Position	Target	Weight
CEO	Group EBIT	45%
	Group Net Financial Position	45%
	Objective ESG	10%
Key Management Personnel		
Position	Target	Weight
Chief Financial Officer and CEO of RTI	Group Net Financial Position	30%
	EBIT of Radio Business Unit	30%
	EBIT of Digital Business Unit	30%
	Objective ESG	10%
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%
	Objective ESG	10%
Director of Human Resources and Operations	Operating costs of the Operations Area	25%
	Cost of Labour Italy	25%
	Costs & investments of the Technology Dept.	20%
	Procurement savings	20%
	Objective ESG	10%
CEO of Publitalia'80 and Chairman of Digitalia'08	Consolidated advertising revenues indexed to market	75%
	Concessionaire costs	15%
	Objective ESG	10%

To each indicator, the performance-payout correlation scale is applied, which may cancel, reduce or increase by up to 125% the payout associated with the achievement of each objective.

The target performance objective of each indicator is represented by the annual budget value approved by the Board of Directors, which is associated with a 100% payout. These values are not explained as they are price-sensitive information.

## Plan clauses

The Plan regulation provides for a **malus** clause that gives the Company the right not to award the bonus, in whole or in part, in the event of deterioration of the Group's financial position and/or if the performance objectives were determined based on data that have subsequently proved to be manifestly incorrect. In the latter case, a **claw-back** clause is also provided, which also applies if it is found that performance targets have been achieved on the basis of fraudulently falsified data.

Furthermore, if extraordinary circumstances occur that have a material impact on the importance and cohesion of the performance objectives, the Company's Board of Directors will be able to evaluate whether to make relevant adjustments to the final assessment of the correlation parameters and/or the performance objectives set, with the aim of keeping the substantive and economic content of the Plan unchanged.

## Variable, long-term component

On 23 June 2021, the Shareholders' Meeting approved a medium-long-term incentive plan with similar characteristics and aims to the previous plan approved in 2018; the main objectives are as follows:

- to ensure the growth of the value of the Company by aligning the interest of management with those of the shareholders;
- to motivate management to achieve results that can be sustained over time;
- to ensure the loyalty of key personnel in order that they remain within the Group;
- to ensure an adequate level of competitiveness of the compensation in the employment market.

With a view to continuing the process of improving the remuneration policies and systems undertaken in recent years, the plan that will be submitted to the Shareholders' Meeting for approval will contain innovative elements, including performance targets and a lock-up mechanism, which will make it possible to ensure greater alignment with international best practices and the recommendations introduced by the Corporate Governance Code. In March 2022, the Board of Directors approved the amendments to the Regulation of the Medium-Long-term Incentive Plan, aimed at making the plan consistent with the new share structure adopted by MFE in December 2021, which provides for a double category of shares (MFE A and MFE B).

The Plan is intended for the Chief Executive Officer and other Executive Directors, with a major impact on value creation for the Group and shareholders. Recipients, of which there have been 29 on average in recent years, are selected by the Board of Directors on the proposal of the Nomination and Remuneration Committee.

The plan consists in granting rights to receive free common A and B shares of MFE (so-called performance shares) at the end of a three-year vesting period, on condition of achieving pre-determined performance levels. More specifically, the plan provides for the attribution of base rights and of matching rights.

Base rights are determined depending on the choice of each recipient to assign one quarter or one half of the target bonus of his/her short-term incentive plan to the medium-long-term incentive system. In particular, in the face of the double share structure of MFE, half of the deferred SIA target bonus determines the allocation of base rights to receive type A MFE shares, while the other half determines the allocation of base rights to receive type B MFE shares.

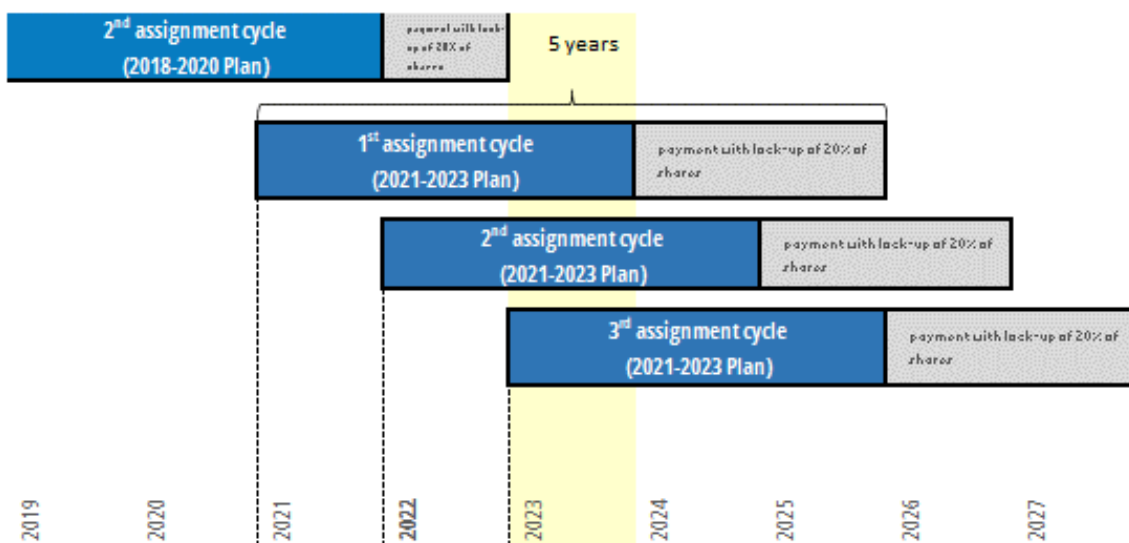
The beneficiary receives one additional matching right for each base.

The actual vesting of performance shares and shares granted as a matching right is subject to:

- continuity of the employment relationship during the three-year vesting period
- degree of achievement of the performance objectives of the plan.

The plan operates over three three-year granting cycles with assignment of the rights in the years 2021, 2022, and 2023 and provides, at the end of the 36-month vesting period, for a 24-month lock-up period for 20% of shares. This ensures that the interests of management are better aligned with the long-term interests of shareholders, as the total period for the vesting and holding of shares is five years.

The graph below shows the operating mechanism of the Plan. It should be noted that the Group did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency. Upon the proposal of the Nomination and Remuneration Committee and in consideration of the negative impact of these events of the Group's economic and financial results, the Board of Directors of Mediaset S.p.A. approved the suspension of the third cycle.



In 2022, the rights relating to the second three-year cycle of the LTI will be allocated.

### Objectives set for the Chief Executive Officer and for the other Executive Directors

For all recipients, the plan sets out the following performance objectives:

	Indicator	Weight
Performance objectives	Three-year Group net profit	45%
	Three-year Group Free Cash Flow	45%
	Relative TSR as compared to a reference panel of 4 other media companies	10%

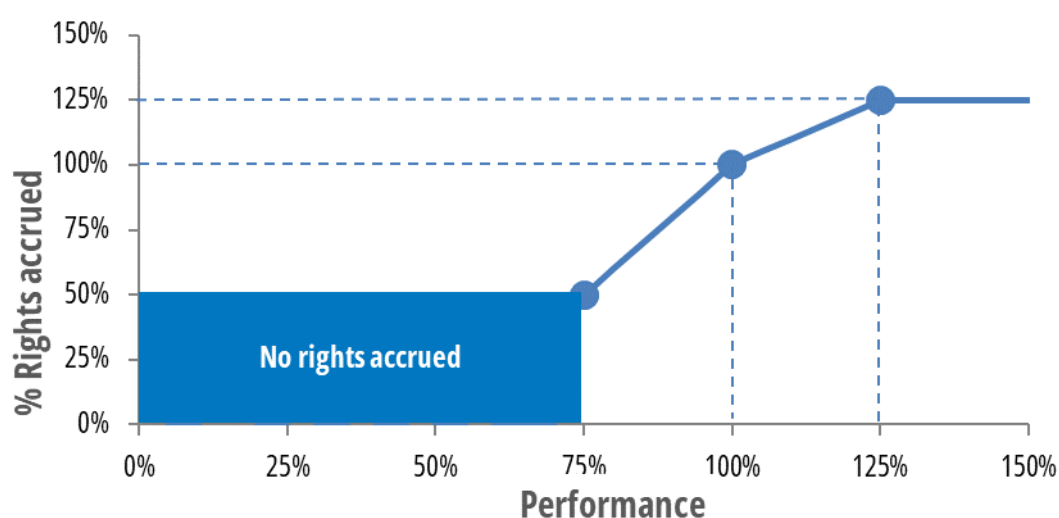
For economic and financial indicators, the performance achieved will be determined according to the three-year target defined by the multi-year plans approved by the Board of Directors.

As for the market-based indicator, the performance achieved will relate to the positioning of the Company's TSR compared to that of companies included in the sample of 4 other European media competitors, consisting of AtresMedia, TF1, Prosieben and iTV. In particular, performance under this indicator will be calculated based on the positioning of MFE's TSR, as reported in the following table:

MFE's Positioning	Performance
Best TSR	125%
2 <sup>nd</sup> TSR	115%
3 <sup>rd</sup> TSR	100%
4 <sup>th</sup> TSR	75%
Worst TSR	0%

The TSR has been calculated with the weighted averages of the TSR of MFE A and MFE B shares, according to their weight on the composition of the share capital.

The medium/long-term incentive system rewards a performance range (calculated as the weighted performance average of the three objectives) between 75% and 125%, corresponding respectively to the vesting of 50% and 125% of the assigned rights. In the event of intermediate results, a share of the rights will vest.



### Plan clauses

The LTI regulation includes a **malus** clause that allows the Company not to award or pay out, in whole or in part, any shares that have not vested, if the financial or balance sheet situation of the Group deteriorates significantly. In addition, there are **claw-back** clauses in the event that rights mature on the basis of data that turn out to be incorrect or forged.

## Benefits

To complement the compensation package, MFE offers **non-monetary benefits** mostly in the area of social security and assistance and to supplement the provisions of national employment agreements: supplementary health care plan, insurance for accidents, life and permanent disability caused by illness, company vehicle. In keeping with best practices, a third-party civil liability insurance policy (D&O) is also offered to Executive Directors covering their duties in their capacity both as managers and directors.

## Pension Schemes

The Executive Directors receive the pension contribution in accordance with the provisions of the legislation in force in Italy, in proportion to their annual remuneration. Contributions are paid to the National Institute of Social Security (INPS), that will pay a pension when the pension requirements are met. The Company integrates the legal treatment through the payment of € 7,200 per year to a private supplementary pension fund.

## Other payments

The Executive Directors, with the exception of the Chief Executive Officer, are the beneficiaries of a non-compete agreement which provides for a consideration paid annually and based on the duration and scope of the obligation derived from the agreement. By this agreement, beneficiaries undertake not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Group, in Italy and in foreign countries where the Group has operations, under penalty of returning all the shares received under the non-compete agreement.

These agreements, that are entered into during the working relationship, have been in force for several years. The Company has established that starting from 2017 any new non-compete agreements signed will provide for the payment to be made at the end of the employment relationship, at which time the non-competition constraint will become effective.

No payment is envisaged of discretionary bonuses rewarding performance that refer to previously planned objectives, which will be managed through short and long-term incentive plans.

In the event an Executive Director has to be rewarded for the exceptional results obtained as part of extraordinary transactions (concerning for example revision of the Group's scope), such decision will be the subject of specific resolution by the Board of Directors, after having received the opinion of the Nomination and Remuneration Committee. However, payments cannot exceed the annual target value under the short-term incentive system.

## Pay mix

The following graphs illustrate the overall pay mix, target and maximum, of the Chief Executive Officer and of the other Executive Directors, determined by the remuneration components described in the previous paragraphs.

The pay mix composition is shown in the different scenarios that may occur:

- based on the individual choice of the short-term incentive share (SIA) to be allocated to the medium/long-term incentive system (LTI);
- based on the values that the short and medium-long-term incentive can take, based on the performance obtained.

For the purposes of the representation, full satisfaction of the conditions for access to the incentive system are assumed, excluding therefore any ex-ante penalties on the target.

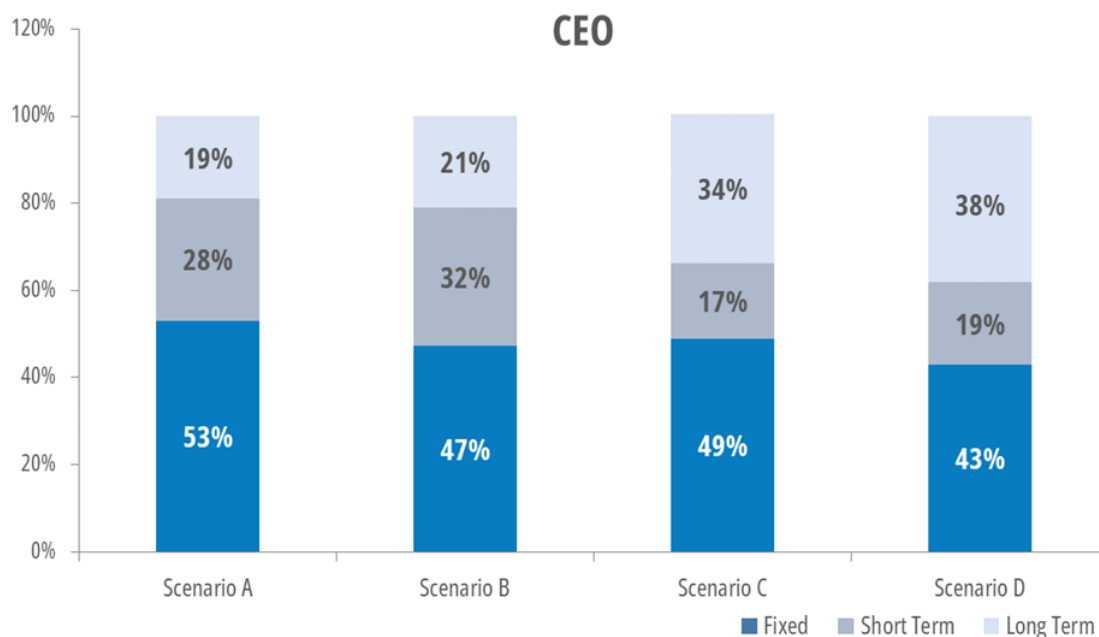
More specifically, the pay mix results of the following four cases are presented:

		Performance of Variable Incentive Systems	
		Target	Maximum
Share of SIA allocated to LTI	25%	Scenario A	Scenario B
	50%	Scenario C	Scenario D

If the company-wide or individual objectives are not met or are insufficiently met, both the short- and medium/long-term variable components can be completely cancelled, which means that remuneration will comprise the fixed components only.

### Pay-mix of the Chief Executive Officer

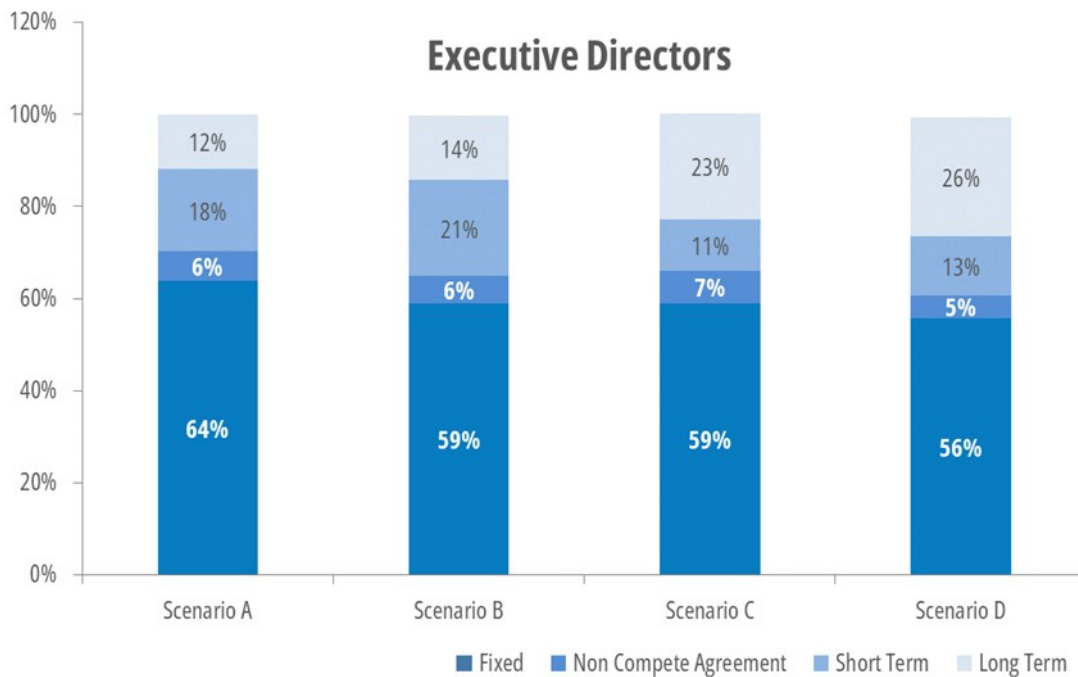
The following graphs show the overall pay-mix of the Chief Executive Officer in the four scenarios examined.



### Pay-mix of other Executive Directors

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of the Executive Directors in the four scenarios examined.





### Pay in the event of the termination of a position or work relationship

As managers of the Company, the Executive Directors have a permanent contract related to their employment relationship in MFE's subsidiaries. The Company policy is to not set in advance the financial aspects of any early termination of the work relationship or mandate. However, consistently with market practice, it is provided that the compensation paid in case of termination/resolution of the work relationship does not exceed 12 months of overall compensation, in addition to the amounts provided for by the applicable legislation on termination of employment in case the respective member is an employee of the Company<sup>50</sup>. In this respect, the methods for determining the amount to be disbursed under the Medium/Long-Term Incentive Plan are described in the Plan Regulations. The Regulations determine that a terminated employee can be classed as a bad leaver or a good leaver depending on the reason that their employment was terminated, which then affects their payout levels.

### Remuneration of Chairman and Non-Executive directors

Currently, Non-Executive Directors receive a fixed annual remuneration for the office of Non-Executive Directors and an additional remuneration for participation in internal board committees.

There is no variable compensation component.

The fixed annual remuneration set by the Shareholders' Meeting on 23 June 2021, is equal to 40,000 euros, (raised to 60,000 for the Chairman) to which a fee of 20,000 euros (raised to 30,000 for the Chairmen) is added for the members of each internal board committee. The members of the Board of Directors are entitled, pursuant to the Articles of Association, to the reimbursement of expenses made for office reasons. With reference to the Chairman,

<sup>50</sup> This amount includes the indemnity related to the notice period which is from 8 to 12 months on the basis of the years of seniority in the Company, in addition to a supplementary indemnity up to 24 months.

as part of the overall revision agreement of the form of the employment relationship reached in July 2018<sup>51</sup>, the current remuneration package was defined with the provision of an additional fixed component paid by Mediaset S.p.A. and benefits<sup>52</sup>.

Pension contributions are recognized to Non-Executive Directors in accordance with the legislation in force in Italy. In the event of early termination of the mandate, no severance treatment is provided. A third-party civil liability insurance policy (D&O) is also offered to Non-Executive Directors covering their duties.

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<sup>51</sup> As announced to the market on 27 July 2018, as part of the agreement to terminate the executive employment contract of Fedele Confalonieri, an "end-of-office severance package" was agreed in advance and by exception, payable when the Chairman should cease to hold or not be renewed in his current position. This amount, equal to € 8.5 million gross, was also set in recognition of the extraordinary contribution that the Chairman has made to the Group since its foundation.

<sup>52</sup> The amount relating to this additional component is equal to € 1.8 million. Further information is available in the press release dated 27 July 2018, available on the MFE Corporate website.

# REMUNERATION REPORT

## Report on the Remuneration paid

The Remuneration Report Provides a description of the implementation of the policy for 2022 for the Chairman, the Chief Executive Officer, the other Executive and Non-Executive Directors, considering transparency and compliance with the laws and regulations currently in force.

No deviations or derogation from the decision-making process for the implementation of the Remuneration Policy approved by the Shareholders' Meeting on 29 June 2022 has took place in 2022. Therefore, the remuneration paid has been consistent with the approved Remuneration Policy, which has contributed to the long-term performance of the Company. In particular, the use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares. The following paragraphs shows the performance levels achieved with respect to the individual objectives of the short and medium-long-term variable components, identified in coherence with the group's strategy.

First and Last Name	Office	Fixed Compensation		Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (Bonus)		Pension****	Non-monetary benefits	Total	Fair Value of equity compensation
		in MFE	participation in Committees in MFE									
Fedele Confalonieri	CHAIRMAN	6,000		1,875,000	80,000			16,802	15,389	2,047,191		
Pier Silvio Berlusconi	CEO	1,040,000		370,763 *		408,125		107,660	19,453	1,945,402	306,136	
Stefania Barlatti	DIRECTOR	40,000	50,000					2,700		92,700		
Marina Berlusconi	DIRECTOR	40,000						6,400		46,400		
Marina Brogi	DIRECTOR	40,000	70,000					2,213		112,213		
Raffaella Cappiello	DIRECTOR	40,000	20,000					1,200		61,200		
Costanza L'Esapom De Villeneuve	DIRECTOR	40,000	30,000							70,000		
Gioffrè Gallazzi	DIRECTOR	40,000	20,000					13,070		73,070		
Mario Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,126,650 *	80,000	242,750		455,985	10,510	1,953,894	122,695	
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,073,851 *	52,000	186,564		475,402	9,029	1,776,846	92,021	
Daniilo Pellegriano**	DIRECTOR	40,000								40,000		
Alessandra Piccirilli	DIRECTOR	40,000	50,000					7,200		97,200		
Niccolò Querci	EXECUTIVE DIRECTOR	40,000		1,764,020 *	68,000	291,591		475,558	13,789	2,052,368	49,845	
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,827,857 *		465,189		698,657	19,965	3,051,668	276,063	
Carlo Secchi	DIRECTOR	40,000	40,000					16,802		96,802		

\*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* Payment order in favor of Fininvest Spa

\*\*\* For employment relationships it includes the portion relating to "TFR", equal to 6.90% of the overall remuneration, provided for by Italian law

### Fixed component

In the financial year 2022, a fixed remuneration consistent with the approved Remuneration Policy was paid to the Chairman, the Executive Directors and the Non-Executive Directors.

### Short-term variable component

The 2022 financial year was characterized by the achievement of positive results for the Group, which contained the contraction in advertising investments that characterized the market, the negative effects of inflation and the energy crisis, thanks to the maintenance of the leadership in audience, the considerable market share, as well as constant attention to costs.

The ESG objectives introduced in 2022 in the management incentive system have been fully achieved, testifying to the growing attention and sensitivity that the Group attributes to these issues.

The application of the short-term incentive system for the Chief Executive Officer and for the Executive Directors fully reflects the good performances achieved: as part of the annual incentive system, both parameters relating to the Group's results were exceeded, resulting in the application of full targets.

The following table summarises the performance and payout achieved during the year for each individual target assigned to the CEO and to each Executive Director;

Position	Target	Weight	Performance	Payout	
CEO	Group EBIT	45%	94%	40%	
	Group Net Financial Position	45%	103%	115%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%
CEO of RTI and Chief Financial Officer	Group Net Financial Position	30%	103%	115%	
	EBIT of Radio Business Unit	30%	124%	125%	
	EBIT of Digital Business Unit	30%	149%	125%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
Number of Managers with SIA ESG KPIs		2.5%	105%	125%	
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%	106%	125%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%
	Director of Human Resources and Operations	Operating costs of the Operations Area	25%	107%	125%
Cost of labour Italy		25%	102%	110%	
Costs & investments of the Technology Dept.		20%	104%	120%	
Procurement savings		20%	109%	125%	
ESG Scorecard		CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
	Hours of training on ESG issues	2.5%	136%	125%	
	Number of Managers with SIA ESG KPIs	2.5%	105%	125%	
CEO of Publitalia'80 and Chairman of Digitalia'08	Consolidated advertising revenues indexed to market	75%	100%	100%	
	Concessionaire costs	15%	102%	110%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%

## Medium long-term variable component

During 2022, on 14 July, in implementation of the second cycle of the 2021-2023 Medium / Long Term Plan, the Company's Board of Directors assigned 3.086.592 A rights and 2.074.264 B rights to the Chief Executive Officer and the Executive Directors, in addition to 855.226 rights assigned to them in 2021. In addition, on the same date, in implementation of the second cycle of the 2018-2020 plan, following the assessment of the achievement of the three-year performance by the Board of Directors, they were assigned 876.314 MFE A shares and 876.314 MFE B shares.

In particular, the performance of the three-year period 2019-2021 was equal to:

- Cumulative Group Net Result for the three-year period 2019-2021 performance 126%
- Cumulative Group Free Cash Flow for the three-year period 2019-2021: performance 148%
- Average Performance: 137%, which determined the vesting of 100% of the rights assigned

The following table shows the details of the rights and financial instruments assigned under the medium-long term incentive system:

First and Last Name	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the year				Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year	
		Number and type**	Vesting Period	Number and type**	Fair value at the allotment date	Vesting Period	Allotment date	Market Price at the allotment date	Number and type	Value at maturity date	Fair Value
Pier Silvio Berlusconi	21-23*2 ciclo			1,112,318	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		154,711
	21-23*2 ciclo			750,864	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		152,025
	21-23*1 ciclo	189,000	14/09/2021 - 30/09/2024								199,579
Marco Giordani	18-20*2 ciclo								180684 MFEA - 180684 MFE B	196,964	
	21-23*2 ciclo			446,938	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		61,885
	21-23*2 ciclo			300,346	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		60,810
Gina Neri	21-23*1 ciclo	151,200	14/09/2021 - 30/09/2024								127,663
	18-20*2 ciclo								144546 MFEA - 144546 MFE B	157,570	
	21-23*2 ciclo			335,196	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		46,413
Niccolò Duenci	21-23*1 ciclo	113,400	14/09/2021 - 30/09/2024								45,608
	18-20*1 ciclo								108410 MFEA - 108410 MFE B	118,178	
	21-23*2 ciclo			181,564	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		25,141
Stefano Sala	21-23*2 ciclo			122,016	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		24,704
	21-23*1 ciclo	61,426	14/09/2021 - 30/09/2024								51,864
	18-20*2 ciclo								117444 MFE A - 117444 MFE B	128,026	
Stefano Sala	21-23*2 ciclo			1,005,586	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		139,240
	21-23*2 ciclo			675,778	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		136,823
	21-23*1 ciclo	340,200	14/09/2021 - 30/09/2024								287,242
18-20*2 ciclo								325230 MFE A - 325230 MFE B	354,533		

\* As for the rights already assigned under existing stock option/grant plans (2019 and 2021 Incentive Plan), each right assigned is considered a category B right and a category A right is attributed for each of them.

\*\* The Company, as deliberated by the Board of Directors on 8th September 2020, did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency.

The Board of Directors resolved to issue no. 1,771,602 new MFE A shares to be assigned to the recipients of the plan. On the other hand, no MFE B shares were issued or purchased to be used for the plan because shares were already in the Company's possession.

## Other payments

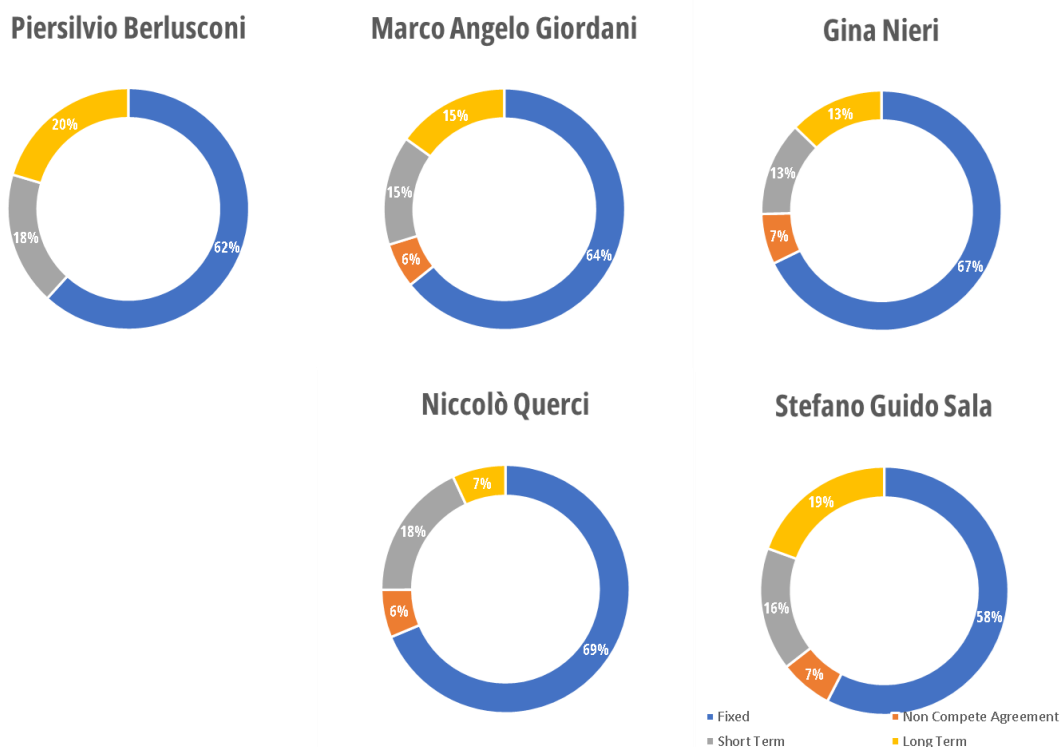
In the 2022 financial year, the amounts under the Non-Competition agreement were paid to the Executive Directors in accordance with the Remuneration Policy approved by the Shareholder's Meeting on 29 June 2022.

No one-off bonuses were paid during the year.

The company and the subsidiaries have not granted any loans, advances or guarantees to any board member of MFE. In addition to this, no claims for the repayment, wholly or in part, of a bonus have taken place.

## Pay mix

The final paymix levels are as follow:



## Comparison between the compensation of Directors, the results of the Group and the average compensation of employees

This paragraph draws a comparison between the compensation of the Directors of the Company, the economic and financial performance of the Group, the average compensation of the Group's employees and the pay ratio over the past 5 years.<sup>53</sup>

In line with the decline in company performance compared to the extraordinary results achieved in 2021, the remuneration of Executive Directors decreased compared to the previous year. The overall remuneration of the CEO, on the other hand, is higher than that of the previous year due to the increase in the amount of the target variable remuneration (set by the 2022 Remuneration Policy), which determines also the pay ratio increase.

In the difficult economic context of 2022 influenced by the Ukrainian conflict and the consequent inflationary effects, the positive economic and financial performances by the Group are reflected in the achievement of good

<sup>53</sup> The remuneration of Directors does not include fees for participation in the Committees. The value of the LTI is calculated by evaluating the rights assigned during the year at the fair value on the grant date. The average remuneration of employees (RGA) was calculated by adding the Gross Annual Remuneration (RAL) and the short-term variable component (SIA).

performances by the Executive Directors within the short-term incentive system, which constitutes the main direct link between remuneration and performance.

	% change	2022	2021	2020	2019	2018
<b>MFE Performance</b>						
Net Consolidated Revenues	-4%	2801,20	2914,30	2636,80	2925,70	3401,50
EBIT - Italy	-54%	88,50	192,10	38,50	91,30	-182,90
Net Profit	-42%	216,90	374,10	139,30	190,30	471,30
Group Free Cash Flow	-28%	366,20	507,00	311,80	265,90	211,70
<b>Directors Remuneration</b>						
Piersilvio Berlusconi	24%	2.738.497	2.202.411	1.668.777	2.207.214	2.196.260
Marco Angelo Giordani	-11%	1.775.484	2.005.892	1.401.269	1.816.316	1.805.778
Gina Neri	-12%	1.576.478	1.785.527	1.364.455	1.613.449	1.346.667
Niccolo' Querci	-10%	1.645.145	1.836.832	1.478.053	1.727.100	1.411.462
Stefano Guido Sala	-8%	3.161.234	3.433.222	2.506.447	3.262.961	2.925.664
Marina Berlusconi	0%	40.000	40.000	40.000	40.000	28.000
Marina Brogi	0%	40.000	40.000	40.000	40.000	20.000
Stefania Bariatti	0%	40.000	40.000			
Raffaele Cappiello	0%	40.000	40.000	40.000	40.000	20.000
Costanza Esdaplou DeVilleneuve	0%	40.000	40.000	40.000	40.000	20.000
Giulio Gallazzi	0%	40.000	40.000	40.000	40.000	20.000
Alessandra Piccinino	100%	40.000	20.000			8.000
Danilo Pellegrino	0%	40.000	40.000	40.000	40.000	20.000
Carlo Secchi	0%	40.000	40.000	40.000	40.000	28.000
<b>Average Employee Compensation</b>						
	0,71%	64.271	63.815	62.321	62.924	63.629
<b>Pay Ratio</b>						
		43	35	27	35	35







**IMFE**  
MEDIATOREUROPE  
**ANNUAL REPORT 2022**

*Consolidated  
Financial Statements and  
Explanatory Notes*

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF INCOME

<b>INCOME STATEMENT</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Revenues from sales of goods and services	6.1	<b>2,770.4</b>	<b>2,861.3</b>
Other income	6.2	<b>30.8</b>	<b>53.0</b>
Personnel expenses	6.3	(478.7)	(522.3)
Purchases, services, other costs	6.4	(1,518.9)	(1,492.7)
Amortisation, depreciation and impairments	6.5	(523.5)	(481.2)
<b>Total costs</b>		<b>(2,521.1)</b>	<b>(2,496.2)</b>
<b>OPERATING RESULT</b>		<b>280.1</b>	<b>418.0</b>
Financial expenses	6.6	(53.6)	(49.0)
Financial income	6.7	85.2	71.6
Result from investments accounted for using the equity method	6.8	25.5	114.7
<b>PROFIT BEFORE TAX</b>		<b>337.2</b>	<b>555.4</b>
Income taxes	6.9	(62.2)	(100.6)
<b>NET PROFIT FOR THE YEAR</b>	6.10	<b>275.0</b>	<b>454.8</b>
Attributable to:			
- Equity shareholders of the parent company		216.9	374.1
- Non-controlling interests		58.1	80.7
Earnings per share	6.11		
- Basic		0.10	0.16
- Diluted		0.10	0.16

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022	2021
<b>NET PROFIT FOR THE YEAR (A):</b>	6.10	<b>275.0</b>	<b>454.8</b>
<b>Other Comprehensive income/(loss) that may be subsequently reclassified to profit and loss</b>		<b>29.3</b>	<b>16.9</b>
Effective portion of gains and losses on hedging instruments (cash flow hedge)	9.5	37.6	20.9
Share of other comprehensive income of associates and joint ventures	9.5	0.7	1.0
Tax effect	9.4	(9.0)	(5.0)
<b>Other Comprehensive income/(loss) that will not be reclassified to profit and loss</b>		<b>(286.1)</b>	<b>(65.8)</b>
Actuarial gains/(losses) from defined benefit	9.5	4.1	0.7
Gains and losses on options valuation	9.4	33.6	(83.9)
Other gains and losses on investments at FVOCI	9.4	(324.7)	34.6
Tax effect	9.4	0.9	(17.2)
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)</b>		<b>(256.8)</b>	<b>(48.9)</b>
<b>TOTAL COMPREHENSIVE INCOME (A + B)</b>		<b>18.2</b>	<b>405.9</b>
attributable to:			
- owners of parent company		22.9	333.0
- non controlling interests		(4.6)	72.9

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>Notes</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7.1	285.7	324.2
TV and movie rights	7.2	775.3	844.9
Goodwill	7.3	804.2	803.2
Other intangible assets	7.5	499.3	555.2
Investments in associates and joint venture	7.6	425.7	436.3
Other financial assets	7.7	576.0	832.1
Deferred tax assets	7.8	357.6	407.1
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,723.9</b>	<b>4,203.0</b>
<b>Current assets</b>			
Inventories	8.1	46.7	42.5
Trade receivables	8.2	748.8	795.6
Tax receivables	8.3.1	40.9	43.5
Other receivables and current assets	8.3.2	243.9	229.2
Current financial assets	8.4	34.1	18.4
Cash and cash equivalents	8.5	522.5	315.6
<b>TOTAL CURRENT ASSETS</b>		<b>1,636.8</b>	<b>1,444.9</b>
<b>TOTAL</b>		<b>5,360.7</b>	<b>5,647.9</b>

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>SHAREHOLDERS' LIABILITIES</b>	<b>EQUITY</b>	<b>AND</b>	<b>Notes</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital			9.1	800.3	777.2
Share premium reserve			9.2	424.0	275.2
Treasury shares			9.3	(390.7)	(374.5)
Revaluation reserves			9.4	(248.4)	(33.7)
Retained earnings and other reserves			9.5	1,865.7	1,643.5
Net profit for the year				216.9	374.1
<b>Group Shareholders' Equity</b>				<b>2,667.9</b>	<b>2,661.8</b>
Non-controlling interest in net profit for the year				58.1	80.7
Non-controlling interest in share capital, reserves and retained earnings				167.6	487.8
<b>Non- controlling interest</b>				<b>225.7</b>	<b>568.5</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>				<b>2,893.6</b>	<b>3,230.3</b>
<b>NON-CURRENT LIABILITIES</b>					
Post-employment benefit plans			10.1	50.5	59.2
Deferred tax liabilities			7.8	91.3	105.7
Financial liabilities and payables			10.2	1,095.6	831.7
Provisions (non current portion)			10.3	39.4	46.7
<b>TOTAL NON CURRENT LIABILITIES</b>				<b>1,276.9</b>	<b>1,043.3</b>
<b>CURRENT LIABILITIES</b>					
Due to banks			11.1	265.2	363.1
Trade and other payables			11.2	591.1	597.0
Provisions (current portion)			10.3	69.1	72.3
Current tax liabilities			11.3	11.6	17.4
Other financial liabilities			11.4	78.6	83.4
Other current liabilities			11.5	174.8	241.2
<b>TOTAL CURRENT LIABILITIES</b>				<b>1,190.3</b>	<b>1,374.3</b>
<b>TOTAL LIABILITIES</b>				<b>2,467.1</b>	<b>2,417.6</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>				<b>5,360.7</b>	<b>5,647.9</b>

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	notes	2022	2021
Operating Result		280.1	418.0
+ Amortisation, depreciation and impairments		523.5	481.2
+ Other provisions and non-cash movements	12.1	(0.4)	20.9
+ Change in trade receivables		46.9	30.8
+ Change in trade payables		14.2	31.6
+ Change in other assets and liabilities	12.2	(33.4)	59.0
- Income tax paid		(55.9)	(50.0)
<b>Net cash flow from/used in operating activities [A]</b>		<b>775.0</b>	<b>991.5</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Proceeds from the sale of property, plant and equipment and intangible assets		5.8	2.9
Payments for investments in TV and movie broadcasting rights		(361.1)	(437.6)
Payments in investments in property, plant and equipment and intangible assets		(52.5)	(58.9)
Proceeds from government grants	12.3	21.8	-
Payments for equity investments in associates and joint ventures		(0.5)	(4.0)
Proceeds/(Payments) for hedging derivatives on financial assets	12.4	(43.2)	(22.4)
Proceeds/(Payments) for other financial assets	12.5	(36.2)	(80.2)
Dividends received	12.6	78.1	184.7
Business combinations net of cash and cash equivalents acquired	12.7	(0.1)	-
<b>Net cash flow from/used in investing activities [B]</b>		<b>(387.9)</b>	<b>(415.4)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Payment for treasury shares of the parent company and subsidiaries		(32.6)	-
Proceeds from financing	12.10	596.3	416.0
Financing repayments	12.10	(381.0)	(749.9)
Dividends paid	12.8	(133.9)	(342.1)
Changes in other financial liabilities	12.10	(23.3)	(16.9)
Interest paid		(12.1)	(9.6)
Changes in controlling interest	12.9	(193.6)	(5.9)
<b>Net cash from/used in financing activities [C]</b>		<b>(180.2)</b>	<b>(708.4)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		<b>206.9</b>	<b>(132.3)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]</b>		<b>315.6</b>	<b>447.9</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (F=D+E)</b>		<b>522.5</b>	<b>315.6</b>

# MFE-MEDIAFOREUROPE GROUP

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve (under Italian law) and other reserves	Treasury shares	Revaluation reserve	Retained earnings and other reserves	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
<b>Balance at 31/12/2020</b>	<b>614.2</b>	<b>275.2</b>	<b>545.7</b>	<b>(389.7)</b>	<b>(35.2)</b>	<b>1,518.7</b>	<b>139.3</b>	<b>2,668.2</b>	<b>497.3</b>	<b>3,165.6</b>
Reclassification due to relocation	-	-	(545.7)	-	25.1	520.6	-	-	-	-
<b>Pro forma opening balance at 01/01/2021</b>	<b>614.2</b>	<b>275.2</b>	<b>-</b>	<b>(389.7)</b>	<b>(10.1)</b>	<b>2,039.3</b>	<b>139.3</b>	<b>2,668.2</b>	<b>497.3</b>	<b>3,165.6</b>
Allocation of the parent company's 2020 net profit	-	-	-	-	-	139.3	(139.3)	-	-	-
Dividends paid	-	-	-	-	-	(341.8)	-	(341.8)	-	(341.8)
Increase in share capital (Resolution of 25/11/2021)	162.9	-	-	-	-	(162.9)	-	-	-	-
Share based payment reserve evaluation	-	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
(Purchase)/sale of treasury shares	-	-	-	15.2	-	-	-	15.2	-	15.2
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(11.1)	-	(11.1)	-	(11.1)
Changes in controlling stake on subsidiaries	-	-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Other changes	-	-	-	-	23.5	(23.4)	-	0.1	(1.7)	(1.6)
Comprehensive income/(loss)	-	-	-	-	(47.1)	6.0	374.1	333.0	72.9	405.9
<b>Closing balance at 31/12/2021</b>	<b>777.2</b>	<b>275.2</b>	<b>-</b>	<b>(374.5)</b>	<b>(33.7)</b>	<b>1,643.5</b>	<b>374.1</b>	<b>2,661.8</b>	<b>568.5</b>	<b>3,230.3</b>
<b>Closing balance at 31/12/2021</b>	<b>777.2</b>	<b>275.2</b>	<b>-</b>	<b>(374.5)</b>	<b>(33.7)</b>	<b>1,643.5</b>	<b>374.1</b>	<b>2,661.8</b>	<b>568.5</b>	<b>3,230.3</b>
Allocation of the parent company's 2021 net profit	-	-	-	-	-	374.1	(374.1)	-	-	-
Dividends paid	-	-	-	-	-	(131.9)	-	(131.9)	(0.9)	(132.8)
Increase in share capital under Purchase and Exchange Offer	23.1	148.8	-	-	-	-	-	171.9	-	171.9
Share based payment reserve evaluation	-	-	-	-	-	(1.9)	-	(1.9)	-	(1.9)
(Purchase)/sale of treasury shares	-	-	-	(16.2)	-	-	-	(16.2)	-	(16.2)
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(11.4)	-	(11.4)	-	(11.4)
Changes in controlling stake on subsidiaries	-	-	-	-	-	(21.5)	-	(21.5)	(337.2)	(358.6)
Other changes	-	-	-	-	(16.8)	11.0	-	(5.8)	(0.1)	(5.9)
Comprehensive income/(loss)	-	-	-	-	(197.9)	3.8	216.9	22.9	(4.6)	18.2
<b>Balance at 31/12/2022</b>	<b>800.3</b>	<b>424.0</b>	<b>-</b>	<b>(390.7)</b>	<b>(248.4)</b>	<b>1,865.7</b>	<b>216.9</b>	<b>2,667.9</b>	<b>225.7</b>	<b>2,893.6</b>

For information on reclassifications due to relocation during the previous year, refer to note 9 Share capital and reserves

# EXPLANATORY NOTES

## 1. GENERAL INFORMATION

MFE-MEDIAFOREUROPE N.V. (“MFE” or the “Company”) is a listed joint-stock company (naamloze vennootschap) subject to Dutch legislation and registered in the Dutch Commercial Register (No. 83956859). It was incorporated on 26 November 1987. Its registered office (statutaire zetel) is at Prinsengracht 462 in Amsterdam (the Netherlands) and its headquarters and tax residence are at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Its ultimate controlling party is Fininvest SpA. The MFE ordinary shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana SpA, with tickers symbol MFEA and MFEB.

MFE is a multinational media group, mainly operating in the television industry in Italy and Spain.

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

In **Spain**, **MFE is the main shareholder of Mediaset España**, with an interest of 82.92% at 31 December 2022. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of up to 29.9% of voting rights in **ProSiebenSat.1 Media SE**, one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

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

These consolidated financial statements are:

- prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union (EU) and satisfy the financial reporting obligations contained in Part 9 of Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC) effective year-end 2022 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB;



- prepared by the Company's Board of Directors and authorised for publication on 18 April 2023 and will be put to the Annual General Meeting of Shareholders for resolution on 7 June 2023;
- prepared on the historical costs basis unless certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13;
- presented on a going-concern basis, having the Directors verified that there are no financial, operational or other indications pointing to any critical issues that could affect the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties regarding the business are described in the Directors' Report on Operations. The way in which the Group manages its financial risks, including liquidity and capital risk, is described in the section entitled "Disclosure on financial instruments and risk management policies" in these Explanatory Notes.
- presented in Euro, which is the functional currency used for the majority of the Group's operations.

The amounts shown in this note are expressed in millions of euro.

## 2.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements and the Explanatory notes to the consolidated financial statements, management is required to make estimates and judgements mainly necessary to measure certain assets and liabilities and evaluate contingent assets and liabilities. The application of accounting policies requires Judgments that impact the amount recognised. Additionally, amounts recognised are based on factors that are by default associates with uncertainty. Where applicable, the estimates and judgments are described per note within the consolidated financial statements.

In particular, preparing these Consolidated Financial Statements has required material judgment to be made to assess, based on the facts and circumstances arising during the year, whether the Group exercises significant influence from its aggregate investment in ProsiebenSat1 Media SE. In this respect, IAS 28 (*Investments in Associates and Joint Ventures*) provides that holding 20% or more of the voting rights of an investee is to be presumed an indicator of significant influence over the investee. These assessments are reported in the Note 4 **Key Information relating to the Scope of Consolidation**, which describes the most significant corporate transactions and changes in the scope of consolidation during the year.

On the other hand, the most significant areas of the financial statements that required use of estimates were as follows:

- assumptions used in impairment testing (note 7.4 Assessment of recoverability of goodwill and other non-current assets)
- estimating the useful life of tangible and intangible assets (note 7.1 Property, plant and equipment; 7.2 Television and Movie Rights; 7.5 Other intangibles assets)
- assessment of the recoverability period of carried forward tax losses (note 7.8 Deferred tax assets and liabilities)
- assessment of credit risk for trade and financial receivables (note 8.2 Trade receivables)
- assumptions for discount rates, future salary increase and life expectancy to calculate the employees defined benefit plan (note 10.1 Post Employment Benefits Plans)
- assessment of the likelihood and estimating timing and potential cash flow relating to claims and litigations (note 10.3 Provisions and contingent liabilities)

The estimates used in preparing this consolidated financial statements have mainly been used to determine 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 (2023-2027) drawn up on the basis of the guidelines approved by the Board of Directors on 7 March 2023, and, second, determining an appropriate discount rate.

The main uncertainties that could influence this estimate relate to determining the Weighted Average Cost of Capital (WACC) and the long-term growth rate (g-rate) of the cash flows beyond the explicit forecast period, the development of the industry markets and, therefore, the assumptions made in estimating 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 maximize the observable inputs - the price that would be received, as at the measurement date, from the sale of an asset or a group of assets in an orderly transaction between market participants on the main market for those assets.

As regards the main financial assets tested under IFRS 9, the general creditworthiness of the counterparties was not seen to have deteriorated significantly enough as to significantly impact the Expected Credit Losses, which have also been updated based on the market parameters observable at the date of this consolidated financial statements. Therefore, there were no significant impacts in terms of apply write-downs of recognised assets.

The impairment and recoverability assessment of the deferred tax assets recognized in the financial statements as at 31 December 2022, with particular reference to the carried forward tax losses generated in the Italian consolidated tax perimeter, took into consideration the taxable income on the basis of the five-year plans (2023-2027) used for impairment testing for the explicit forecast period and, through extrapolation from the latter of the expected taxable income for the subsequent periods. The recoverability assessment also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded. In light of the tests conducted on this basis, the recovery period has been set at least ten years.

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

### 3. SUMMARY OF ACCOUNTING STANDARDS AND MEASUREMENT BASIS

#### ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS FROM 1 JANUARY 2022

Since 1 January 2022, the following new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

On 14 March 2020, the IASB published the following amendments:

- **Amendments to IFRS 3 Business Combinations:** these amendments aim to update the outdated reference in IFRS 3 to the revised version of the Conceptual Framework, without significantly changing the requirements of IFRS 3.
- **Amendments to IAS 16 Property, Plant and Equipment:** These amendments aim to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** These amendments clarify that estimations of the possible cost of a contract must take into account all costs directly attributable to the contract. Consequently, evaluating the possible cost of a contract includes not only incremental costs (e.g. the cost of direct material used in processing), but also all costs that the Company cannot avoid due to having signed the contract (e.g. 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.

The adoption of these amendments has had no impact on the Group's consolidated financial statements.

#### Financial statements

The **Consolidated Statement of Financial Position** has been prepared according to the requirements of presenting current and non-current assets and liabilities separately. An asset is defined as current when it satisfies any of the following criteria:

- it is expected to be realised, or intended to be sold or consumed, in its normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be realised within twelve months after the end of the reporting period; or
- it is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All assets other than those meeting one of the criteria set out above are classed as non-current.

A liability is defined as current when it satisfies any of the following criteria:

- it is expected to be settled in its normal operating cycle;

- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets (liabilities) are classified as non-current assets (liabilities).

The **Statement of Income** has been prepared by allocating costs based on their nature, using the same methodology as the Group's internal reporting and in line with the prevailing international practices in the industry. Income is presented as Operating Result and Profit Before Tax. *Operating Result* is the difference between Revenues from sales of goods and services, Other income and operating costs (the latter of which include non-monetary costs relating to amortisation, depreciation and impairments of current and non-current assets, net of any reversal).

The **Statement of Comprehensive Income** shows the gain and losses, after tax, which are recognized directly to shareholders' equity reserves as required or permitted by the various International Accounting Standards. These items are further divided into those that may be reclassified to the income statement in the future and those that cannot be reclassified. Each type of significant shareholders' equity reserve shown in the statement is accompanied by a reference to the explanatory notes below, which contain related information and breakdowns, and changes on the previous fiscal year.

The **Statement of Cash Flow** has been prepared using the indirect method, whereby Operating Result is adjusted to take into account non-cash revenue, deferrals or accruals of past or future operating cash receipts or payments, and income or expense items associated with investing or financing cash flows. Investments in television broadcasting rights are included within investment activities. Similarly, receipts and payments from the hedging of cash flows for foreign currency payments of television broadcasting rights are given the same classification as the hedged item, falling under cash flow from investments activities. Income and expenses relating to medium/long-term financing transactions and related hedging derivatives, as well as dividends paid, are included within financial activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- allocation of the profit of the Group Parent and subsidiaries for the period to shareholders;
- breakdown of comprehensive income/loss;
- amounts relating to transactions with shareholders;
- purchases and sales of treasury shares;
- impact from any changes to accounting standards.

## PRINCIPLES AND SCOPE OF CONSOLIDATION

The Consolidated Financial Statements includes the financial information of MFE-MEDIAFOREUROPE N.V. and of the Italian and foreign companies over which MFE is entitled to exercise direct or indirect control, meaning that the investor is able to influence its returns (exposure or rights to variable returns) by exercising power, meaning

that it is able to direct the relevant activities of the controlled entity - i.e. the activities that significantly affect the investee's returns.

Generally, the majority of the voting rights entails control. In support of this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers other relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights held by the Group.

The assets and liabilities, and the expenses and income of the **subsidiaries**, are **consolidated line-by-line**, meaning that they are included in their entirety in the consolidated financial statements. The carrying amount of these investments is offset against the corresponding portion of equity of the investee companies, giving each individual asset and liability item its current value at the date of acquisition of control (Purchase Method), or when the Full Goodwill Method is applied (an option that can be exercised separately for each individual business combination) by also recognising the amount of goodwill not belonging to the Group with an offsetting entry of the non-controlling interest in equity. The Group has not yet taken up this option. Any remaining difference, if positive, is recorded under the non-current asset item "Goodwill" and, if negative, is recognised as income in profit and loss.

In the case of acquisitions of controlling investments with the same ultimate parent company (business combination under common control), which are excluded from the scope of obligatory application of IFRS 3, and in the absence of specific IAS/IFRS standards or interpretations for these types of operations, the principle of carry-over method is generally considered to apply, taking into account the provisions of IAS 8. According to that principle, the assets and liabilities must be transferred to the acquirer's financial statements for the amounts recorded in the consolidated financial statements as at the date of the transfer of the ultimate parent company of the parties that carry out the business combination, with any difference between the consideration paid for the investment and the carrying amount of the assets recognised in the relevant Group shareholders' equity reserve.

In preparing the consolidated financial statements, all receivables, payables, costs and revenues between consolidated companies, as well as unrealised profits on intercompany operations, have been eliminated.

The amounts of shareholders' equity and income for the period of the consolidated companies belonging to non-controlling shareholders are identified and shown separately in the *Consolidated Statement of Financial Position* and the *Consolidated Statement of Income*.

In the event of a loss of control, the difference between the fair value of consideration received and the carrying amount of consolidated net assets is recognised in profit and loss. If the set of activities discontinued constitutes a material business (a business sector or a business unit), this difference is posted to Net profit/(loss) from discontinued operations., together with the profit or loss generated by the discontinued activities up until the date of deconsolidation. Changes resulting from purchases or sales of non-controlling interests held in subsidiary companies are treated as transactions with shareholders, as long as they do not result in a loss of control. Consequently, the difference between the fair value of the consideration paid or received for these transactions and the adjustment made to minority interests is recognised under *Reserve for transactions with non-controlling interest* (including under "Other Reserves") of the shareholders' equity of the holding company. Likewise, in accordance with IAS 32, transaction costs must also be recognised in shareholders' equity.

The assets and liabilities of *foreign companies* that fall within the scope of consolidation and that originate in currencies other than the Euro, including goodwill and fair value adjustments of the assets and liabilities identified at the time of allocation of the price paid in a business combination, are translated using the spot exchange rates

at the financial statement reporting date; income and costs, on the other hand, are translated at the average exchange rate for the year. Any translation differences that arise from applying these methods are recognised under a special shareholders' equity reserve until the investment is sold.

The **associates** and **joint ventures** are recognised in the consolidated financial statements using the **equity method**, as described in the *Equity investments* item below.

Pursuant to IAS 28, an *associate* is a company in which the Group is able to exercise significant influence, but not control or joint control, by participating in decisions regarding the financial and operational policies of the investee.

On the other hand, with reference to IFRS 11, a *joint venture* is an arrangement whereby the parties that have joint control have rights to the net assets of the arrangement (shareholders' equity).

Joint control is defined as the *contractually agreed* sharing of control of an arrangement, which exists only when the significant decisions relating to the activity require the *unanimous consensus* of all parties sharing control.

## Goodwill

The **goodwill** resulting from the acquisition of control of an investment or of a business unit is the excess of the acquisition cost, understood as being the consideration transferred in the business combination, plus the fair value of any investment that was previously owned in the acquired business, over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the date of acquisition.

For the purposes of calculating goodwill, the consideration transferred in the business combination is calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the date of acquisition and of the capital instruments issued in exchange for the control of the acquired entity, also including the fair value of any contingent considerations subject to conditions established in the acquisition agreement.

Any goodwill adjustments may be recognised in the *measurement period* (which cannot be more than one year from the date of acquisition) that are due to either subsequent changes in the fair value of the contingent considerations or to the calculation of the fair value of the assets and liabilities acquired, if recognised only provisionally at the date of acquisition and when these changes are calculated as adjustments based on additional information regarding facts and circumstances existing at the date of the business combination.

Any subsequent differences compared to the initial estimate of the fair value of liabilities for **contingent considerations** are recognised in the income statement, unless they derive from additional information existing at the acquisition date (in which case they can be adjusted within 12 months from the acquisition date). Likewise, any rights to receive back some parts of the consideration paid if certain conditions arise must be classified as assets by the acquirer.

The **transaction costs** for business combinations are recognised in the accounting period when they are incurred, with the exception of those incurred for issuances of debt securities or shares that must be recognised in accordance with IAS 32 and IFRS 9.

In the case of **acquisition of controlling interests of less than 100%**, the goodwill and the corresponding non controlling interest in the goodwill can be calculated at the acquisition date either with respect to the percentage control acquired (partial goodwill) or by measuring the fair value of the non controlling shareholdings (full goodwill method).

The measurement method can be chosen from time to time for each transaction.

For **step acquisitions of controlling interests** the acquirer must recalculate the fair value of the previously held interest, up till that time, recognised, depending on the case, in accordance with IFRS 9 – *Financial Instruments*,

in accordance with IAS 28 – *Investments in Associates and Joint Ventures* or in accordance with IFRS 11 – *Joint arrangements*, as if it had been sold and reacquired at the date when control was acquired, recognising any gains or losses resulting from that measurement in the income statement. In addition, in these circumstances any amount previously recognised in shareholders' equity as *Other comprehensive income and losses* must be reclassified to the income statement, except where the investment is designated as a financial asset measured at FVOCI without recycling to profit and loss.

In the case of disposal of controlling interests, the remaining amount of goodwill attributable to the interests is included in the calculation of the gain or loss from disposal.

The goodwill recognised as a result of **business combinations taking place before 1 January 2010** has been treated in accordance with the criteria laid down in the previous version of IFRS 3, which required:

- for *acquisition of controlling interests of less than 100%*, calculation of goodwill based on the proportional amount of the fair value of the identifiable net assets acquired;
- for *step acquisitions of controlling interests*, the calculation of goodwill as the sum of the fair values generated separately with each transaction;
- the inclusion of transaction costs in the amount of the acquisition cost;
- the recognition of contingent considerations at the acquisition date only if their payment was considered probable and their amount could be reliably determined; if detected later, these were recognised as an increase in goodwill.

## CHANGES IN ACCOUNTING ESTIMATES

In accordance with IAS 8, these items are recognised in the income statement on a prospective basis starting from the accounting period in which they are adopted.

## NEW EU-ENDORSED IFRS ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP

The endorsed standards issued but not yet effective at the date of preparation of the Group's financial statements are listed below. The Group does not intend to adopt these principles in advance. The directors do not expect the adoption of these amendments to have any significant effect on the Group's consolidated financial statements.

On **18 May 2017**, the IASB published its standard **IFRS 17 Insurance Contracts**, which will replace IFRS 4 Insurance Contracts.

This new principle aims to ensure that entities provide relevant information that faithfully represents the rights and obligations under the insurance contracts entered into. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts held by an insurer.

The new standard also includes presentation and disclosure requirements to improve comparability among entities in this sector.

The new standard measures insurance contracts under the general model or using a simplified version of it known as the Premium Allocation Approach ("PAA").

The PAA allows entities to measure the liability for remaining coverage of a group of insurance contracts on the condition that, at the time initially recognised, the entity expects that this liability will be a reasonable approximation of the general model. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from the PAA do not apply to the measurement of liability for incurred claims, which are measured under the general model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

An entity must apply the new standard to: insurance contracts, including reinsurance contracts, it issues; reinsurance contracts it holds; and investment contracts with discretionary participation features (DPFs) it issues.

The standard will apply from 1 January 2023, but earlier application is permitted if the entity applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts. The directors do not expect the adoption of this standard to have any significant effect on the Group's consolidated financial statements.

On **9 December 2021**, the IASB published an amendment entitled "**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information**". The amendment introduces an alternative transition approach for comparative information about financial assets presented at the IFRS 17 initial application date. The amendment aims to avoid temporary accounting mismatches between financial assets and insurance contract liabilities so as to make the comparative information more useful to readers of the financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect the adoption of this amendment to have any significant effect on the Group's consolidated financial statements.

On **12 February 2021**, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". The amendments are intended to enhance the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, but early adoption is permitted. The directors do not expect the adoption of these amendments to have any significant effect on the Group's consolidated financial statements.

On **7 May 2021**, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The amendment clarifies how deferred taxes should be recognised for particular transactions for which an entity recognises both an asset and a liability of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early adoption is permitted. The directors do not expect the adoption of these amendments to have any significant effect on the Group's consolidated financial statements.

## **New IFRS accounting standards, interpretations and amendments not yet endorsed by the European Union**

The standards issued but not yet endorsed at the date of preparation of the Group's financial statements are listed below. The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

On **23 January 2020**, the IASB issued an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**". The amendment aims to clarify how current and non-current payables and other liabilities are classified. The amendments will enter force on 1 January 2023; however, companies may choose to adopt them early.



On **22 September 2022**, the IASB issued an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**". The amendments require a seller-lessee to measure the lease liability arising from a sale and leaseback transaction in a way that does not result in recognition of any gain or loss that relates to the right of use it retains. The amendments will apply from 1 January 2024, but early adoption is permitted. The directors are currently evaluating the possible effects of the introducing this amendment for the Group's consolidated financial statements.

## 4. KEY INFORMATION RELATING TO THE SCOPE OF CONSOLIDATION

IFRS 10 requires an investor, when assessing whether it controls an investee, to focus on the activities that significantly affect the investee's returns and to take into account substantial rights only; i.e. rights that confer current ability to direct relevant activities of the subsidiary

As required by IFRS 10, paragraph B80 et seq., the control requirement was reassessed this year to verify the conditions that had led to classification of subsidiaries, associates and joint ventures. No events or circumstances arose in 2022 to alter the conclusions reached in previous financial years as regards the following companies:

- The companies Boing SpA (51% shareholding), Mediamond SpA (50% shareholding), Fascino S.r.l. (50% shareholding), Tivù S.r.l. (48.16% shareholding) and European Broadcaster Exchange Ltd (EBX) (25% shareholding) are joint ventures of the Group, as arrangements whereby the parties that have joint control of the arrangement have rights over the net assets of the arrangement, which are therefore accounted for by using the equity method.

The most significant transactions regarding the scope of consolidation occurred during the year are listed below.

### **Incorporation, acquisition of new companies, capital increases and sale of subsidiaries or interests in subsidiaries**

Public purchase and exchange offer for all shares in the subsidiary Mediaset España Comunicación SA

On **14 March 2022**, the Board of Directors of MFE-MEDIAFOREUROPE N.V. ("MF") approved the launch of a Voluntary Public Purchase and Exchange Offer (the "Offer") for the entirety of non-controlling shares in the subsidiary Mediaset España Comunicación SA ("MES"). The Offer was for a total of 138,763,426 ordinary shares, corresponding to 44.31% of the company's share capital. The anticipated price was EUR 5.613 per share, split into a cash component of EUR 1.860 per Mediaset España Comunicación SA share, covered by a guarantee issued by five Italian and Spanish banks, as well as an equity component (4.5 MFE-MEDIAFOREUROPE N.V. ordinary A-class shares, corresponding to EUR 3.753, for every Mediaset España Comunicación SA share; and, therefore, 9 MFEMEDIAFOREUROPE N.V. ordinary A-class shares for every 2 Mediaset España Comunicación SA shares). Regarding this latter component, on 27 April 2022 MFE's Shareholders' Meeting, which approved the Offer, resolved to issue up to 624,435,408 ordinary A-class shares each with a par value of EUR 0.06 (including any consideration due in connection with any squeeze-out procedures following the settlement of the share part of the Offer) and to limit or exclude any option rights in connection with those shares.

On **26 May 2022**, the Spanish Financial Markets Authority (Comisión Nacional del Mercado de Valores or "CNMV") authorised the Offer.

On **6 June 2022**, MFE signed a cooperation agreement with MES regarding the Voluntary Public Purchase and Exchange Offer for all MES shares not subject to lock-up. This agreement increased the cash component of the

Offer by more than 16%, from EUR 3.72 to EUR 4.32 for every two Mediaset España shares (equal to EUR 2.16 per one share) Consequently, the bank guarantees already provided were increased to EUR 299.9 million. In turn, the board of directors of Mediaset España committed to issuing a report favourable to the Offer. The CNMV approved the supplement to the offer document on 9 June 2022, setting the expiry date of the Offer endorsement period at 1 July 2022.

On **7 July 2022**, the CNMV announced the results of the Voluntary Public Purchase and Exchange Offer for shares in the subsidiary Mediaset España Comunicación SA (the "Offer"), which had been endorsed by 61.45% of the target shares. Following this outcome, MFE announced that it would waive the condition whereby the Offer would only go through subject to achieving the minimum endorsement threshold set at the Offer's launch (meaning that MFE's stake in MES would increase from 55.69% to 85%). Therefore, the Board of Directors of MFE resolved to issue 383,678,784 new MFE A-Class Shares, which would be allotted to the MES shareholders who endorsed the Offer.

As a result of this transaction, MFE's controlling interest in MES changed from 55.69% to 82.92%. The transaction was recognised in MFE's consolidated financial statements as an equity transaction. Therefore, the EUR 20.8 million positive difference between the total consideration recognised for the transaction on the one hand (which includes the EUR 184.2 million cash component and the EUR 171.9 million fair value of the newly issued MFE A-Class Shares as at the effective transaction date) and the net book value of the non-controlling interest in MES at 30 June 2022 on the other (27.23%), was recognised as a reduction of Other Reserves in Group shareholders' equity.

On **15 December 2021**, taking effect on 1 January 2022, RTI S.p.A, which already held an 80% stake in **Monradio S.r.l.** (parent company of radio station R101), acquired the remaining 20% of the company from Arnaldo Mondadori SpA

On **1 January 2022**, Mediaset Italia SpA changed its name to Mediaset SpA

Since **1 January 2022**, Digitalia'08 directly manages the radio advertising sales of the Group's broadcasters and of some third-party broadcasters following its acquisition, on the same date, of the relevant business unit from Mediamond. For accounting purposes, this transaction is classified as a business combination under common control. As a consequence, the EUR 1.0 million in positive difference between the consideration paid and the fair value of net asset acquired is recognised through a reduction in shareholders' equity.

On **24 January 2022**, Mediaset España established the company **Engage2021 S.L.U.** and **Social Halo 2021 S.L.U.** through its subsidiary Aninpro Creative, S.L Both were consolidated on a line-by-line basis.

On **26 January 2022**, Mediaset España established the company **Social 15D 2021 S.L.U.** through its subsidiary Aninpro Creative, S.L. This company is consolidated on a line-by-line basis.

On **2 December 2022**, **Mediaset Investment N.V.** was placed in liquidation.

On **6 December 2022**, **R2 S.r.l.** was merged into RTI SpA The legal effects of the merger apply from 13 December 2022, while the accounting and tax effects of the merger apply from 1 January 2022.

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

On **10 February 2022**, associate company Alea Media S.A. established the company **Alea Silencio S.L.U.** This company has been consolidated using the equity method.

On **1 March 2022**, the subsidiary Publieurope LTD purchased a 30% stake in Action Media Limited, which subsequently changed its name to **Dr Podcast Audio Factory Limited** on 8 March 2022.

On **21 June 2022**, **Pagoeta S.L.U** – held through associate company Alea Media S.A. – was liquidated.

In **December 2022**, associate company Alea Media S.A. established the company **Alea Yo Adicto S.L.U**. This company has been consolidated using the equity method.

## **Incorporation, acquisition of new companies, capital increases, sale of and changes in non-controlling interests**

### **Equity investment in ProSiebenSat1 Media SE**

In the first half of the year, MFE-MEDIAFOREUROPE N.V. ("MFE") increased its stake in **ProSiebenSat1 Media SE** ("PS71"), acquiring 1.11% of share capital. As a consequence, the Group's aggregated shareholding increased to 25.01% of share capital (25.74% of voting rights excluding treasury shares), of which 24.26% by direct investment and 0.74% through financial instruments.

On **1 November 2022**, MFE entered into a financial instrument (reverse collar – cash and physical settled option) with a primary financial counterpart to hedge a future PS71 share acquisition which would have given the Group up to 29.0% of share capital (29.9% of voting rights excluding treasury shares), of which 22.72% by direct investment and 6.29% through financial instruments. This share acquisition would have been subject to the sole condition of obtaining the authorisation of the European and Austrian antitrust authorities as the total shareholding (both direct and indirect through the subsidiary Mediaset España) could have meant "de facto control" by MFE, based on the average historical shares held at the general meetings of PS71 in the last three years. As of 31 December 2022, the conditions precedent for executing the purchase options under the reverse collars had not yet been met.

On **17 February 2023**, this structure was changed to a binding purchase agreement to acquire 3.86% of the share capital of PS71 (approximately 4.0% of voting rights excluding treasury shares). The original financial instrument hedging the purchase price was maintained, although limited to the cash settlement option. This acquisition is also subject to authorisation by the European and Austrian antitrust authorities. On 3 March 2023, the Directorate-General for Competition of European Commission as a consequence of the entry into the shareholding structure of PS71 of an investor who had acquired a stake of approximately 10% of the company's share capital (and voting rights) just a few weeks previously, declared to MFE that the above mentioned shares purchase agreement does not lead to the acquisition of de facto sole control of PS71 and that there is, therefore, no obligation to notify the transaction under EU merger control rules. Subsequently, also the Austrian Federal Competition Authority, duly informed about the content of the above EU Commission statement, with letter dated March 17 2023, declared to take note of the content of the EC communication.

IAS 28 (*Investments in Associates and Joint Ventures*) provides that where an entity directly or indirectly holds and can exercise 20% or more of the voting power of the investee at a general meeting, the reporting entity will be presumed to have significant influence over that investee. At the reporting date of these Consolidated Financial Statements, the directors of MFE, in line with the assessments previously carried out up to 31 December 2021 and taking into account the facts and circumstances that have subsequently occurred, verified that MFE does not and cannot exercise significant influence of any kind (actual or potential) over the investee. IAS 28 also provides that, irrespective of the shareholding held, significant influence exists where any of the following circumstances are met:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in the policy-making process, including participation in decisions about dividends or other distributions;
- (c) material transactions between the entity and the investee;
- (d) interchange of managerial personnel;
- (e) provision of essential technical information.

Specifically with regard to indicators (a) and (b) above, after considering all constituent part of the governance model and the policy-making process and system of PS71, it was concluded that, as at the reporting date of the 2022 Consolidated Financial Statements, MFE had not appointed or nominated any independent members to the relevant governing bodies of ProSiebenSat.1 Media SE, nor was it eligible to do so unilaterally (taking into account the sum of the voting power of MFE and MES and the percentage shareholding held by shareholders at general meetings in recent years. Therefore, based on their exercisable voting rights, MFE and MES were not and are not currently in a position to participate in and/or contribute to PS71's key financial and operational decisions in any way.

As regards indicator (c) "material transactions between the entity and the investee", there were no significant transactions between MFE/MES and PS71 either before or after exceeding the 20% threshold.

As regards indicator (d) "interchange of managerial personnel", there was no interchange (before or after exceeding the 20% threshold) of directors or managerial personnel between MFE/MES and PS71, and there is currently no interchange (at the approval date of this consolidated financial statements) of directors or managerial personnel.

As regards indicator (e) "provision of essential technical information", no essential technical information of PS71 was (before or after exceeding the 20% threshold) or is (at the approval date of this consolidated financial statements) available to MFE or MES, nor is MFE or MES entitled to obtain such information as a result of their investment in PS71.

In carrying out this assessment as required by IAS 28, the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, were considered. For significant influence to exist, potential voting rights must be currently exercisable or convertible. They cannot be considered if they can only exercised or converted after a future date or future event.

Based on these assessments it was determined that as at 31 December 2022 elements that would indicate the exercise of significant influence did not exist.

Therefore, in preparing these 2022 financial statements, the accounting treatment already adopted in the past year under IFRS 9 was maintained whereby the carrying value of investments and related hedging derivatives are recognised at fair value through *Other Comprehensive Income, with no recycling* to profit and loss, with only the dividends recognised in profit and loss.

MFE's directors will continue to make such assessments on an ongoing basis to ascertain the most appropriate accounting policies to apply from time to time, also considering any possible new events that may change MFE's ability to participate in the investee's financial and operational decisions.

## Other equity investments

On **7 June 2022**, the subsidiary RadioMediaset SpA purchased a 5% stake in the company **Radio Digitale S.r.l.**

On **26 July 2022**, the subsidiary RadioMediaset SpA purchased 15% of the share capital of **Genetiko Communication SpA**

Notable transactions by **AD4Venture** included the following:

During the **first quarter**, the subsidiary RTI SpA transferred its investment in Styleremains GMBH to **Rebelle AG**. Following this transaction, RTI now holds a 5.21% stake in Rebelle AG. During the **third quarter**, RTI SpA sold its investment in **Rebelle AB** to third parties.

During the **second quarter**, the stake held by RTI SpA in **ITravel Group S.A.** decreased from 2.59% to 2.0%.

During the **second quarter**, RTI SpA sold its 3.62% stake in **Check Bonus S.r.l.**

In the **second quarter of 2022**, subsidiaries RTI SpA and Advertisement 4 Adventures SLU signed off the acquisition of a 0.36% stake in **Zandivio Ltd** (Smile2Impress), Europe's leading next-generation digital orthodontics company specialising in invisible aligners to improve and perfect smiles. In the fourth quarter, the investment held by RTI SpA decreased from 0.36% to 0.33%, while that held by Advertisement 4 Adventures SLU increased to 0.63%.

On **10 October 2022**, RTI SpA and Advertisement 4 Adventures SLU subscribed to 3.44% and 6.88%, respectively, of the share capital of **Altania del Mar SL**, a platform of online psychologists.

In the **fourth quarter of 2022**, the subsidiary Advertisement 4 Adventures SLU acquired 0.32% of the share capital of the **Grover Group GMBH**. This investee operates in the consumer technology sector through subscriptions to technological devices and gadgets.

In the **fourth quarter of 2022**, the investment of RTI SpA in **Satipay S.p.A.** decreased from 0.80% to 0.31% of share capital following transfer of some shares to third parties and dilution due to the entry of new shareholders.

## Financial information of subsidiaries with material non-controlling interest

The table below shows the main statement of income, statement of financial position figures for the subsidiaries that have material non-controlling interests, as required by IFRS 12, paragraph 12, and paragraph B10 of the Operating Guide.

	<b>Mediaset España Group</b>
Minorities stake	17,08%
Non-controlling interests in net profit for the year	56.3
Non-controlling interests in share capital, reserves and retained earnings	166.0
Current assets	749.9
Non-current assets	913.9
Current liabilities	264.0
Non-current liabilities	95.3
Revenues	865.3
Net Profit for the year	180.0
Other Comprehensive Income/(loss)	(149.2)
Total Comprehensive Income	30.8
Cash flow from operating activities	333.7
Cash flow from investing activities	(121.9)
Cash flow from financing activities	(0.6)
Dividends paid	-

## Financial information of material associates and joint ventures

The table below shows the main figures from the statement of income, statement of financial position for the main associates and joint ventures, based on the carrying amount of the investments held in those companies and to their contribution to the Group's profits, as required by IFRS 12, paragraph 20 and paragraphs B12 and B13 of the Operating Guide.

	<b>EI Towers Group</b>	<b>Boing SpA</b>	<b>Mediamond SpA</b>
Current assets	71.5	15.9	72.1
Cash and cash equivalents	15.9	-	-
Non-current assets	1,895.7	7.5	7.2
Current liabilities	77.8	10.8	70.1
Current financial liabilities:	9.1	1.8	0.1
Non-current liabilities	948.8	0.3	4.4
Non-current financial liabilities	722.9	-	-
Revenues	298.0	27.6	119.0
Profit or (loss) for the year	35.3	(0.4)	1.0
Other Comprehensive Income Statement items	1.0	0.1	0.5
Comprehensive Statement of Income	36.3	(0.3)	1.4
Amortisation and depreciation	95.0	2.6	(0.1)
Income taxes	12.4	(0.1)	(0.2)
Dividends paid	60.0	-	-

**EITowers** is a subsidiary, based in Lissone (province of Monza-Brianza) of the F2iSGR private equity fund, which is 40%-owned by MFE-MEDIAFOREUROPE N.V. The EI Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, EI Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, a MFE Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters.

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

**Boing SpA** is a joint venture between RTI SpA (51%) and Turner Broadcasting System Europe (49%), producing and managing two free-to-air children's channels, Boing and Cartoonito, which have been broadcast on the digital terrestrial platform since 2004 and 2011, respective

## 5. SEGMENT REPORTING

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

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

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

### Geographical sectors

The following tables report key financial information for the two geographical operational areas of Italy and Spain, as at 31 December 2022 and 2021 respectively.

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

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

The net consolidated revenues of both sectors are given without any specific breakdown of their nature since this information, already reported at Group level (see note 6.1 and 6.2), is not considered to be relevant given the location of the group's activities in the same macro-economic area (South Europe). The breakdown between advertising revenues and other revenues streams, more useful for understanding the business trend in the two business areas, is however already reported in the Directors' Report on Operations.

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



<b>2022</b>	<b>ITALY</b>	<b>SPAIN</b>	<b>Eliminations/ Adjustments</b>	<b>MFE GROUP</b>
<b>MAIN INCOME STATEMENT FIGURES</b>				
Revenues from external customers	1,935.3	865.9	-	<b>2,801.2</b>
Inter-segment revenues	2.4	(0.6)	(1.8)	-
<b>Consolidated net revenues</b>	<b>1,937.7</b>	<b>865.3</b>	<b>(1.8)</b>	<b>2,801.2</b>
%	<b>69%</b>	<b>31%</b>		<b>100%</b>
<b>OPERATING RESULT</b>	<b>88.5</b>	<b>192.4</b>	<b>(0.7)</b>	<b>280.1</b>
Financial income/(losses)	7.2	24.5	-	<b>31.6</b>
Result from investments accounted for using the equity method	22.1	3.3	(0.0)	<b>25.4</b>
Income/(expenses) from other equity investments	-	0.0	-	<b>0.0</b>
<b>PROFIT BEFORE TAX</b>	<b>117.8</b>	<b>220.2</b>	<b>(0.8)</b>	<b>337.2</b>
Income taxes	(21.8)	(40.2)	(0.2)	<b>(62.2)</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>95.9</b>	<b>180.0</b>	<b>(0.9)</b>	<b>275.0</b>
Attributable to:				
- Equity shareholders of the parent company	95.9	178.3	(57.2)	216.9
- Non-controlling Interests	0.1	1.7	56.3	58.1
<b>OTHER INFORMATION</b>				
Property, plant and equipment	246.7	39.0	-	285.7
TV and movie rights	669.2	107.0	(0.9)	775.3
Goodwill	146.6	294.5	363.2	804.2
Other intangible assets	331.5	167.9	-	499.3
Investments in associates and joint venture	415.8	10.0	(0.1)	425.7
<b>Non-Current Assets (*)</b>	<b>1,809.8</b>	<b>618.4</b>	<b>362.1</b>	<b>2,790.3</b>
Assets	4,570.6	1,663.8	(873.7)	5,360.7
Liabilities	2,111.0	359.3	(3.1)	2,467.1
Investments in tangible and intangible non current assets (**)	276.6	119.4	-	396.0
Amortisation and depreciation	373.8	150.3	(0.6)	523.5
Other non monetary expenses	(7.2)	1.5	-	(5.6)

(\*) other than Other financial assets and Deferred tax assets

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

2021	ITALY	SPAIN	Eliminations/ Adjustments	MFE GROUP
<b>MAIN INCOME STATEMENT FIGURES</b>				
Revenues from external customers	2,036.4	877.8	-	2,914.3
Inter-segment revenues	1.9	(1.5)	(0.4)	-
<b>Consolidated net revenues</b>	<b>2,038.4</b>	<b>876.3</b>	<b>(0.4)</b>	<b>2,914.3</b>
	%	70%	30%	100%
<b>OPERATING RESULT</b>	<b>192.1</b>	<b>225.3</b>	<b>0.6</b>	<b>418.0</b>
Financial income/(losses)	19.7	2.9	0.0	22.6
Result from investments accounted for using the equity method	111.6	3.0	0.0	114.7
Income/(expenses) from other equity investments	-	0.0	-	0.0
<b>PROFIT BEFORE TAX</b>	<b>323.5</b>	<b>231.3</b>	<b>0.6</b>	<b>555.4</b>
Income taxes	(52.0)	(48.4)	(0.2)	(100.6)
<b>NET PROFIT FOR THE YEAR</b>	<b>271.5</b>	<b>182.8</b>	<b>0.5</b>	<b>454.8</b>
Attributable to:				
- Equity shareholders of the parent company	272.8	181.0	(79.8)	374.1
- Non-controlling Interests	(1.3)	1.8	80.2	80.7
<b>OTHER INFORMATION</b>				
Property, plant and equipment	280.1	44.1	-	324.2
TV and movie rights	719.2	127.1	(1.5)	844.9
Goodwill	145.6	294.5	363.2	803.2
Other intangible assets	373.4	181.8	-	555.2
Investments in associates and joint venture	427.2	9.2	(0.1)	436.3
<b>Non-Current Assets (*)</b>	<b>1,945.5</b>	<b>656.7</b>	<b>361.6</b>	<b>2,963.8</b>
<b>Assets</b>	<b>4,457.6</b>	<b>1,708.2</b>	<b>(517.9)</b>	<b>5,647.9</b>
<b>Liabilities</b>	<b>1,987.8</b>	<b>432.8</b>	<b>(2.9)</b>	<b>2,417.7</b>
Investments in tangible and intangible non current assets (**)	276.6	119.4	-	396.0
Amortisation and depreciation	366.9	114.9	(0.6)	481.2
Other non monetary expenses	25.8	3.4	-	29.3

(\*) other than Other financial assets and Deferred tax assets

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

The following table shows the cash flow statement for each geographical area.

<b>Cash Flow Statement (geographical breakdown)</b>	<b>ITALY</b>		<b>SPAIN</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Operating Result</b>	<b>88.5</b>	<b>192.1</b>	<b>192.4</b>	<b>225.3</b>
+ Depreciation, amortisation and impairments	373.8	366.9	150.3	114.9
+ Other provisions and non-cash movements	1.1	26.4	(1.5)	(5.5)
+ Change in working capital	(4.6)	41.9	30.9	79.4
- Income tax paid	(17.5)	(6.0)	(38.4)	(44.0)
<b>Net cash flow from/(used) operating activities [A]</b>	<b>441.3</b>	<b>621.3</b>	<b>333.7</b>	<b>370.2</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Proceeds from the sale of fixed assets	3.4	0.7	2.4	2.3
Payments for investments in television rights	(257.0)	(328.4)	(104.1)	(109.4)
Payments for investments in other fixed assets	(47.1)	(51.2)	(5.4)	(7.6)
Proceeds from government grants	21.8			
Proceeds/(Payments) for hedging derivatives	(6.1)	6.6	(37.1)	(29.0)
Payments for equity investments in associates and joint venture	(0.5)	(4.0)	-	-
Proceeds/(payments) in other financial assets	(31.4)	10.2	(4.9)	(90.3)
Dividends received	51.0	167.2	27.1	17.5
Business combinations net of cash and cash equivalents acquired	(0.1)	-	-	-
<b>Net cash flow from/(used) in investing activities [B]</b>	<b>(266.0)</b>	<b>(198.9)</b>	<b>(121.9)</b>	<b>(216.5)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Change in treasury shares of the parent company and subsidiaries	(32.6)			
Proceeds from financing	596.0	416.0	0.3	
Reimbursement of payments	(381.0)	(572.0)		(177.9)
Dividends paid	(133.0)	(340.6)	(0.9)	(1.5)
Changes in other financial liabilities	(23.2)	(16.8)		-
Interest paid	(12.1)	(7.9)	-	(1.7)
Change in controlling interest/consolidation area	(193.6)	(1.2)		(4.7)
<b>Net cash flow from/(used) in financing activities [C]</b>	<b>(179.6)</b>	<b>(522.5)</b>	<b>(0.6)</b>	<b>(185.8)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>	<b>(4.3)</b>	<b>(100.1)</b>	<b>211.2</b>	<b>(32.1)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]</b>	<b>26.6</b>	<b>126.7</b>	<b>289.0</b>	<b>321.2</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [F=D+E]</b>	<b>22.3</b>	<b>26.6</b>	<b>500.2</b>	<b>289.0</b>

# NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

## 6. INCOME STATEMENT

### 6.1 REVENUES FROM SALES OF GOODS AND SERVICES

The revenues from sales and services are recognised, respectively, when control is actually transferred as a result of the transfer of ownership or provision of the service.

In particular, the main streams of revenue generated by the Group's activities are recognised and reported according to the following criteria:

**Advertising revenues** (TV and other advertising revenues) are recognised at the moment the advertisement or commercial spot appears; Revenues from the sale of advertising under barter operations and, correspondingly, the costs of the merchandise, are recognised at fair value to take into account the estimated realisable value of the merchandise.

The **sale of goods** are recognised at the moment they are shipped or delivered (depending on how the actual transfer of control is governed by specific contractual provisions and terms of trade);

**Sale of television broadcasting rights and productions**, even for limited use periods, which result in the transfer of control of the asset to the sub-licensee, are fully recognised from the start of the period of the transferred use (or when the sub-licensee can start benefitting from the right to use them);

**Pay streaming service**: income from pay TV subscriptions is recognised as accrued on a time basis from the contract start date.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

The main types of activities that fall within each major revenue stream are given below.

Revenues from the sale of **television advertising** include the revenues, net of agency commissions, from the sale of advertising space on free-to-air networks by Publitalia '80 S.p.A.; revenues from the sale of advertising space on pay-TV channels broadcast via digital terrestrial technology by Digitalia '08 S.r.l.; and revenues from the sale of advertising space on Spanish broadcasters of the Mediaset España Group by Publiespaña S.A. and Publimedia S.A.

**Other advertising revenues** relate to amounts due to the Group as revenues from radio advertising space on proprietary websites granted exclusively to the joint venture Mediamond, as well as revenues for teletext commercial services and advertising revenues from non-TV media, earned by Publieurope Ltd. and Publimedia S.A. and revenues collected for third parties.

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

Revenues from the Group's **Pay streaming service** mainly refer to the non-linear content and services on Infinity streaming platforms in Italy and on Mitele PLUS in Spain.

Revenues from **construction and maintenance of television equipment** mainly relate to the income for the use of transmission capacity on digital terrestrial television networks. This item also includes revenues from the sale of equipment by Elettronica Industriale S.p.A. to external customers.

**Movie distribution** revenues refer to the rental of movies to cinema operators throughout Italy by Medusa Film and Spain by Telecinco Cinema.

**Other revenues** mainly includes royalties relating to merchandising, income from telephone traffic originating from the interaction with various TV productions on the Mediaset and Mediaset España networks, and the sale of multimedia content and services to telephone service providers.

The breakdown of these revenues is provided below, highlighting the main types at a consolidated level; Providing a breakdown of their nature is not considered to be relevant for the two operating segments given the location of the group's activities in the same macro-economic area (South Europe). The breakdown between advertising revenues and other revenues, which is more useful for understanding the business trend in the two areas of Italy and Spain, is however reported in the Directors' Report on Operations.

	<b>2022</b>	<b>2021</b>
TV advertising revenues	2,284.9	2,376.7
Other advertising revenues	238.8	184.8
Sale of TV rights and productions	107.7	141.8
Pay streaming service	36.5	30.1
Construction, rental and maintenance of TV equipment	42.1	75.7
Movie distribution revenues	17.1	8.7
Other revenues	43.3	43.4
<b>Total</b>	<b>2,770.4</b>	<b>2,861.3</b>

The decrease in the **TV advertising revenues** is substantially due to the trend in the advertising market as a whole, but is offset by the activities managed by concessionaire Digitalia '08 in relation to the advertising sales of Dazn channels under agreement signed for Serie A three seasons commencing 2021-2022.

The increase in **Other advertising revenues** refers to sales relating to the Group's websites and web properties (managed under a sub-concession in Italy by the joint venture Mediamond and in Spain) and sales relating to the Group's radio stations. This latter activity has been managed directly by the Group's concessionaire Digitalia '08 since 2022.

The decrease in **Sale of rights and television productions** revenues for the year can mainly be attributed to the lower proceeds, the absence of revenues under exclusive agreements to sublicense to Sky the Cinema and TV Series Premium channels ending at the beginning of 2022.

The year-on-year decrease **Construction, rental and maintenance of television equipment** revenues can mainly be attributed to the discontinuations of transmission capacity rent agreements with third party operators that reached their end date during the course of the year.

The increase in **Movie distribution** revenues is due to the post-pandemic resumption of movie industry activities and the gradual return to normality during 2022.

## Revenue breakdown by geographical area

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

	<b>2022</b>	<b>2021</b>
Italy	1,850.5	1,925.8
Spain	783.8	834.6
EU countries	44.7	42.9
North America	28.7	9.0
Other countries	62.8	49.0
<b>Total</b>	<b>2,770.4</b>	<b>2,861.3</b>

## Concentration of revenues

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

## 6.2 OTHER INCOME

**Other income** is recognised when control is actually transferred as a result of the transfer of ownership or provision of the service. This item mainly includes non-core revenues and income, revenues from leases, property rentals and prior years' income.

Government grants (grants related to income) obtained for investments in cinema installations and productions are recognised in the financial statements when there is reasonable certainty that the company will satisfy all the conditions required to obtain them and that they will actually be received. The grants are recognised in the income statement over the same period in which the related costs are recognised.

	<b>2022</b>	<b>2021</b>
Gain from disposal of fixed asset	1.7	0.3
Income from rentals and leases	3.0	2.8
Government grants	0.6	4.0
Other income	25.5	45.9
<b>Total</b>	<b>30.8</b>	<b>53.0</b>

The change in **Other income** mainly relates to the recognition in the previous year's financial statements of the receipt of EUR 26.8 million in damages from Dailymotion under the settlement agreement signed on 3 May 2021 which put an end to the dispute between the MFE Group and the Vivendi Group.

## 6.3 PERSONNEL EXPENSES

Personnel expenses consist of the remuneration in cash or in kind paid to employees for the services provided (other than retirement or post employment benefits). In particular, this item comprises: Wages, salaries and productivity bonuses accrued during the year, holidays accrued and not taken by employees, one-off bonuses, social security and welfare contributions. Personnel expenses are defined by employment contracts. No actuarial assumptions are required to determine their amount. As "short-term" labour costs, these must be entirely recognised for the year to which they refer.

Medium/long-term incentive plans include share-based payments recognised pursuant to IFRS 2, as indicated in Note 14 Share-based payments.

	<b>2022</b>	<b>2021</b>
Ordinary remuneration	257.1	264.6
Overtime	12.6	13.2
Special benefits	34.6	28.0
Additional salary period (13th and 14th salary period)	36.1	36.2
Accrued and unused holiday	0.7	1.2
<b>Total wages and salary</b>	<b>341.2</b>	<b>343.2</b>
Social security contributions	95.4	98.9
Post-employment benefit plans	0.3	0.4
MLT incentive plans	3.2	3.4
Other personnel expenses	38.6	76.4
<b>Total personnel expenses</b>	<b>478.7</b>	<b>522.3</b>

**MLT incentive plans** includes expenses accruing to the year 2022 for medium/long-term incentive plans awarded by the parent company in 2021 and 2022.

**Other personnel expenses** include leaving incentives and short-term benefits for employees (other than wages, salaries, contributions and paid leave), such as medical assistance, company cars, meal services and other free or subsidised goods and services. The item also includes compensation paid to salaried directors of Group companies, totalling EUR 4.9 million (EUR 4.5 million at 31 December 2021), of which EUR 4.4 million relating to the Mediaset España Group (EUR 3.7 million at 31 December 2021). It bears noting that, in 2021, EUR 23.3 million in provisions for staff in relation to business restructuring plans and renewal of the national television contract, last year recognised under Accruals/(Utilisations) of provisions, were reclassified.

The following table shows the details of the **group's average workforce**, determined on a full time equivalent (FTA) basis based on the business sector to which they belong attributable to the two main geographical areas, Italy and Spain in which the Group's activities are carried out. No employees work at companies with registered offices in the Netherlands, as the Group's actual and operating headquarters continue to be located in Italy and Spain.

<b>AVERAGE WORKFORCE</b>	<b>2022</b>	<b>2021</b>
Italy	3,260	3,280
Spain	1,577	1,585
<b>Total</b>	<b>4,837</b>	<b>4,865</b>

## 6.4 PURCHASES, SERVICES AND OTHER COSTS

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

	<b>2022</b>	<b>2021</b>
<b>Purchases</b>	<b>90.8</b>	<b>81.5</b>
<b>Change in inventories of raw materials, semi-finished and finished products and increase in work in progress</b>	<b>(0.9)</b>	<b>2.2</b>
Consultants, contractors and services	211.1	220.4
Making and purchases of productions	472.0	477.0
Broadcaster fees and guaranteed minimums	91.6	62.9
Advertising space and external relations	20.6	18.5
Electronic Data Processing Services	15.5	18.6
Research, training and travel expenses	9.4	6.6
Other services	393.0	380.9
<b>Services</b>	<b>1,213.4</b>	<b>1,184.9</b>
<b>Rentals</b>	<b>167.1</b>	<b>164.4</b>
<b>Accruals/(Utilizations) of provisions</b>	<b>(8.8)</b>	<b>25.8</b>
<b>Other operating expenses</b>	<b>57.4</b>	<b>57.2</b>
<b>Total purchases, services, other costs</b>	<b>1,518.9</b>	<b>1,516.0</b>

**Purchases** includes expenditures for the purchase of the raw materials and consumables used in staff and production activities (such as sets, costumes, awards) as well as those relating to the acquisition of TV rights licences with a duration of less than one year (such as rights to news and events) in the amount of EUR 44.5 million (EUR 47.6 million at 31 December 2021)

With reference to **Cost for services**:



- **Consultants, contractors and services** refers to professional service and advisor, corporate bodies fees, collaborators and temporary work expenses, artistic and journalistic collaborations.
- **Making and purchases of productions** refers to direct costs related to the creation of in-house productions and for purchase of productions from third parties;
- **Other services** mainly refers to EUR 95.0 million in trade association costs for the use of intellectual property rights (EUR 104.6 million in 2021), EUR 80.5 million in costs of maintaining networks, broadcasting equipment, property and IT systems (EUR 76.2 million in 2021) EUR 47.1 million in utilities (EUR 36.7 million in 2021), EUR 66.6 million in marketing service fees and costs (EUR 50.9 million in 2021), and EUR 98.0 million in other technical service, security and transportation fees (EUR 98.0 million in 2021).

**Rentals** includes EUR 116.9 million in costs relating to television signal transmission and the rental of tower for the two geographical areas of business (EUR 115.4 million at 31 December 2021), EUR 12.6 million in royalties (EUR 12.3 million in 2021) and EUR 21.2 million relating to rents mainly for television studios and equipment and office space (EUR 22.1 million in 2021).

**Accruals/(Utilizations) of provisions** includes provision (net of the reversal of the excess funds accrued in previous years) for onerous contracts in relation to some television productions or to reflect future expenses. It bears noting that, in 2021, EUR 23.3 million in provisions for staff in relation to business restructuring plans and renewal of the national television contract, last year recognised in this item, were reclassified under personnel expenses.

**Other operating costs** include indirect tax charges, donations and associative contributions and concession fees of which the main part relating to the contribution of 3% of the gross advertising sales of the Mediaset España Group in accordance with the industry sector law on funding public television.

## 6.5 AMORTISATION, DEPRECIATION AND IMPAIRMENTS

	<b>2022</b>	<b>2021</b>
Amortisation of TV and movie rights	411.5	386.1
Amortisation of other intangible assets	40.8	40.3
Amortisation of property, plant and equipment	45.0	54.8
Impairments /(Reversal) of TV and movies rights	0.6	0.5
Impairments /(Reversal) of other intangible assets	22.3	0.0
Impairments/(Reversal) of receivables	3.2	(0.5)
<b>Total amortisation, depreciation and impairments</b>	<b>523.5</b>	<b>481.2</b>

For commentary on changes in amortisation, depreciation and impairments, see the explanatory notes related to Property, plant and equipment and Intangible fixed assets below.

## 6.6 FINANCIAL EXPENSES

Financial expenses are recognised on an accrual basis in the income statement during the year in which they occur, by accruing interests, discounts and other financial expenses even if not paid at the reporting date, and deferring those already paid in the period but pertaining to future years.

Financial expenses include:

- interest expense on financial liabilities, measured at amortised cost;
- financial expenses for leases recognised under IFRS 16 'Leases';
- exchange differences arising from hedging of assets and liabilities denominated in foreign currencies;

	2022	2021
Interests on financial liabilities	(18.0)	(8.4)
From derivative instruments	-	(0.0)
Other financial expenses	(9.2)	(22.5)
Foreign exchange losses	(26.4)	(18.0)
<b>Total</b>	<b>(53.6)</b>	<b>(49.0)</b>

**Interests on financial liabilities** includes interests relating to financial liabilities accounted under IFRS 16 (Lease) for an amount of EUR 1.3 million (EUR 1.5 million in 2021)

**Other financial expenses** include in 2021 the financial expenses associated with the collar contract entered into to hedge the fair value of the equity investment in ProSiebenSat.1 Media SE.

## 6.7 FINANCIAL INCOME

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

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

	2022	2021
Interests on financial assets	0.6	0.3
Income from derivative instruments	0.8	20.7
Other financial income	7.7	4.1
Dividends from FVTOCI investments	46.4	27.6
Foreign exchange gains	29.7	18.8
<b>Total</b>	<b>85.2</b>	<b>71.6</b>

**Income from derivative instruments** included in 2021 income of EUR 20.4 million for the early termination of the reverse collar contract entered into in April 2020 by the parent company to hedge a further share purchase in ProSiebenSat1 Media SE.

**Dividends from FVTOCI (Fair Value Through Other Comprehensive Income) investments** refer to the dividends due to MFE by the investee ProSiebenSat1 Media SA.

**Foreign exchange gains and losses** include the effects of derivatives relating to the hedging of foreign currency exposure connected to commitments for the future acquisition of rights (for the component not included in the hedging relationship), and the effect of derivatives used to hedge against fluctuations in the exchange rates on financial statement items (receivables and payables denominated in foreign currencies).

## 6.7.1 Financial Income/Expenses recognised according to IFRS 9

The table below summarises the financial income and expenses recognised in the income statement, classified by IFRS 9 category

<b>IFRS 9 CATEGORIES AT 31 DECEMBER 2022</b>	<b>From interest</b>	<b>From changes in fair value</b>	<b>From equity reserve</b>	<b>Foreign exchange gains/losses</b>	<b>Net income/(costs)</b>
Financial derivatives	-	1.3	(0.5)	12.5	13.3
Financial liabilities at amortised cost	(18.5)	-	-	(9.2)	(27.6)
Financial activities at amortized cost	0.6	-	-	-	0.6
<b>Total IFRS 9 Category</b>	<b>(17.9)</b>	<b>1.3</b>	<b>(0.5)</b>	<b>3.3</b>	<b>(13.7)</b>
Other financial income/(expenses)					45.3
<b>Total financial income (expenses) net</b>					<b>31.6</b>

<b>IFRS 9 CATEGORIES AT 31 DECEMBER 2021</b>	<b>From interest</b>	<b>From changes in fair value</b>	<b>From equity reserve</b>	<b>Foreign exchange gains/losses</b>	<b>Net income/(costs)</b>
Financial derivatives	-	0.3	20.4	7.2	27.8
Financial liabilities at amortised cost	(9.2)	-	-	(6.3)	(15.6)
Financial activities at amortized cost	0.3	-	-	-	0.3
<b>Total IFRS 9 Category</b>	<b>(8.9)</b>	<b>0.3</b>	<b>20.4</b>	<b>0.8</b>	<b>12.6</b>
Other financial income/(expenses)					10.0
<b>Total financial income (expenses) net</b>					<b>22.6</b>

**Financial derivatives** includes net financial income and expenses relating to derivatives used to hedge against the risk of fluctuating interest rates for medium/long term financial liabilities and against fluctuating exchange rates, as well as equity hedges.

**Other financial income (expenses)** primarily includes the effects of to the time discounting of post-employment benefit plans, interest relating to the time discounting of provisions for risks expiring after 12 months, and financial expenses on leases accounted for under IFRS 16. In particular this line item included the dividend income attributable to the MFE Group from investee ProSiebenSat.1 Media SE.

## 6.8 RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item includes the portion of net result of companies accounted for by using the equity method, including any impairment or reversal, impairment of financial receivables for these investments recognised as other non-current financial assets, and gains/losses on equity investments not classified as FVTOCI instruments.

	2022	2021
Result of equity investments accounted for using the equity method	25.4	114.7
Gain/(loss) from sale of equity investments	0.0	-
<b>Total</b>	<b>25.5</b>	<b>114.7</b>

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

- income of EUR 14.0 million for the equity investment in **El Towers**. Last year, the result amounting to EUR 99.6 million included the pro-quota capital gain realised by the associate following its sale of subsidiary Towertel.
- income of EUR 1.3 million for the equity investment in **La Fábrica de la Tele**;
- income of EUR 5.9 million for the equity investment in **Fascino PGT S.r.l.**
- income of EUR 0.8 million for the equity investment in **Unicorn Content S.L.**

## 6.9 INCOME TAXES

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

	<b>2022</b>	<b>2021</b>
Irap tax	5.5	9.9
Ires tax	-	5.5
Prior year tax	(1.0)	(0.5)
Substitute tax		2.5
Tax expenses (foreign companies)	29.5	27.7
<b>Total current tax</b>	<b>34.0</b>	<b>45.1</b>
Accruals of deferred tax assets	(15.4)	(17.2)
Reversal from deferred tax asset	65.8	65.2
<b>Total deferred tax asset</b>	<b>50.4</b>	<b>48.0</b>
Deferred tax liabilities	11.8	9.8
Reversal from deferred tax liabilities	(34.0)	(2.3)
<b>Total deferred tax liabilities</b>	<b>(22.2)</b>	<b>7.5</b>
<b>Total</b>	<b>62.2</b>	<b>100.6</b>

**IRES and IRAP tax expenses** comprised the IRAP tax levied against Italian companies.

**Prior year tax** mainly includes expense generated as a result of the recalculation of taxes upon submission of the income tax return with respect to the amount recognised in the financial statements for previous years.

**Substitute tax** last year included the write-down in the credit for foreign tax payments recognised after the dividend was received by investee ProSiebenSat.1 Media SA.

**Deferred tax assets and liabilities** mainly show the movements for the year for the allocations and/or uses generated as a result of changes in the temporary differences between the taxable base and the carrying amount of assets and liabilities. Deferred tax assets included the EUR 0.8 million accruals following the negative taxable income generated during the years by companies scoped into the Italian tax consolidation arrangement.

The main changes refers to the reversal of deferred tax liabilities of the other intangible asset of Mediaset Espana

**Tax expenses (foreign companies)** mainly relate to the taxes for the year recorded by the companies belonging to the Mediaset España Group.

The table below shows a reconciliation between the standard tax rate in force in Italy on companies taxable income for the tax years 2022 and 2021, and the effective tax rate of the Group.

	<b>2022</b>	<b>2021</b>
<b>Current tax rate</b>	<b>27.90%</b>	<b>27.90%</b>
IRAP tax non deductible expenses	0.30%	0.45%
Effects of companies with different tax rate	-6.38%	-2.96%
Substitute tax	-	0.45
Non deductible expenses and consolidation adjustment with no tax effect	-3.42%	-6.85%
<b>Effective tax rate</b>	<b>18.39%</b>	<b>18.09%</b>

## 6.10 NET PROFIT/(LOSS) FOR THE YEAR

The consolidated net profit attributable to the parent company's shareholders at 31 December 2022 decrease to EUR 216.9 million, compared with a net profit of EUR 374.1 million for the previous year.

## 6.11 EARNINGS/(LOSS) PER SHARE

Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares.

The calculation of basic and diluted earnings per share is based on the following data:

	2022	2021
Net result for the year (millions of euro) attributable to equity shareholders of the parent company	216.9	374.1
Weighted average number of ordinary shares	2,194,721,207	2,281,657,298
<b>Basic EPS</b>	<b>0.10</b>	<b>0.16</b>
Weighted average number of ordinary shares for the diluted EPS computation	2,194,721,207	2,282,934,923
<b>Diluted EPS</b>	<b>0.10</b>	<b>0.16</b>

Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares. The figure for diluted earnings per share is calculated using the number of shares in circulation and the potential diluting effect from the allocation of treasury shares to the beneficiaries of vested incentive plans.



# NOTES ON MAIN ASSET ITEMS

## 7. NON-CURRENT ASSETS

The tables below show the changes over the last two years in the historical cost, accumulated amortisation and depreciation, impairments and the carrying amount of all main non-current assets.

### 7.1 PROPERTY, PLANT AND EQUIPMENT

Plant, machinery, equipment, buildings and land are recognised at purchase, production or transfer cost, including any transaction costs, any dismantling costs and direct costs necessary to make the asset available for use. These fixed assets, with the exception of land, which is not subject to depreciation, are depreciated on a straight-line basis in each financial year using depreciation rates set according to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets, net of any residual values (where significant), according to their estimated useful lives, with the following rates applied:

Type of property plan and equipment	Financial statement category	Amortisation rate
Buildings	Land and building	2% -3%
Plant and equipment	Plant and equipment	10% - 20%
Constructions and equipment	Technical and commercial equipment	5% - 16%
Office furniture and machines	Other tangible assets	8% - 20%
Motor vehicles and other means of transport	Other tangible assets	10% - 25%

The recoverable value of the above is measured based on the criteria laid down in IAS 36, described in the note below "Assessment of recoverability of goodwill and other non-current assets (Impairment test)"

Ordinary maintenance costs are recognised in full in profit and loss. Incremental maintenance costs are allocated to each asset and depreciated over its remaining useful life.

Leasehold improvements are allocated to each class of assets and depreciated at the residual life of the lease contract or the residual useful life of the type of asset improved, whichever is lower.

Whenever individual components of a complex tangible fixed asset have different useful lives, they are recognised separately in order to be depreciated according to their individual useful lives (component approach).

In particular, according to this principle, the value of land and of the buildings on it are kept separate, and only the buildings are depreciated.

Gains and losses resulting from sales or disposals of assets are calculated as the difference between the sales price and the net book value of the asset, and are posted to the income statement under Other income and Other operating costs, respectively.

<b>ORIGINAL COST</b>	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	<b>Owned property, plant and equipment</b>	Property, plant and equipment - Right of use	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>230.2</b>	<b>731.6</b>	<b>78.7</b>	<b>120.7</b>	<b>33.9</b>	<b>1,195.0</b>	<b>138.0</b>	<b>1,333.0</b>
Additions	1.5	15.9	0.5	1.7	23.0	42.7	4.8	47.5
Other changes	3.2	(28.0)	0.3	0.3	(19.7)	(44.0)	(4.5)	(48.5)
Disposals	-	(4.0)	(0.1)	(1.5)	-	(5.5)	(0.6)	(6.1)
<b>Balance at 31/12/2021</b>	<b>235.0</b>	<b>715.5</b>	<b>79.5</b>	<b>121.2</b>	<b>37.1</b>	<b>1,188.2</b>	<b>137.7</b>	<b>1,325.9</b>
Additions	1.3	10.8	0.4	1.7	18.2	32.4	6.7	39.2
Other changes	1.7	(41.2)	(0.5)	0.2	(28.4)	(68.1)	(2.5)	(70.6)
Disposals	(1.6)	(2.0)	-	(3.0)	-	(6.7)	(0.7)	(7.4)
<b>Balance at 31/12/2022</b>	<b>236.4</b>	<b>683.1</b>	<b>79.4</b>	<b>120.1</b>	<b>26.9</b>	<b>1,145.8</b>	<b>141.3</b>	<b>1,287.1</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENTS</b>	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	<b>Owned property, plant and equipment</b>	Property, plant and equipment - Right of use	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>(145.6)</b>	<b>(644.1)</b>	<b>(69.3)</b>	<b>(107.7)</b>	<b>(0.1)</b>	<b>(966.8)</b>	<b>(31.0)</b>	<b>(997.8)</b>
Other changes		36.9	0.2	3.9	0.1	41.0	4.7	45.7
Disposals	-	3.7	0.1	1.5	-	5.2	0.1	5.4
Amortisation (Impairments)/Reversals	(5.6)	(24.9)	(2.3)	(3.9)	-	(36.8)	(18.0)	(54.8)
	-			-		-		-
<b>Balance at 31/12/2021</b>	<b>(151.2)</b>	<b>(628.4)</b>	<b>(71.4)</b>	<b>(106.4)</b>	<b>-</b>	<b>(957.4)</b>	<b>(44.2)</b>	<b>(1,001.6)</b>
Other changes	0.5	35.0	0.6	1.6		37.7	2.6	40.2
Disposals	0.3	2.0	-	3.0	-	5.3	0.4	5.7
Amortisation (Impairments)/Reversals	(5.6)	(16.5)	(1.8)	(4.3)	-	(28.2)	(16.8)	(45.0)
	-	(0.6)	-	-	-	(0.6)		(0.6)
<b>Balance at 31/12/2022</b>	<b>(156.1)</b>	<b>(608.5)</b>	<b>(72.6)</b>	<b>(106.1)</b>	<b>(0.0)</b>	<b>(943.2)</b>	<b>(58.0)</b>	<b>(1,001.3)</b>

<b>CARRYING AMOUNT</b>	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	<b>Owned property, plant and equipment</b>	Property, plant and equipment - Right of use	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>84.6</b>	<b>87.4</b>	<b>9.2</b>	<b>12.9</b>	<b>33.8</b>	<b>228.0</b>	<b>107.0</b>	<b>335.1</b>
Additions	1.5	15.9	0.5	1.7	23.0	<b>42.7</b>	4.8	47.5
Other changes	3.2	8.9	0.5	4.1	(19.6)	<b>(2.9)</b>	0.1	(2.8)
Disposals	-	(0.3)	-	-	-	<b>(0.3)</b>	(0.5)	(0.8)
Amortisation	(5.6)	(24.9)	(2.3)	(3.9)	-	<b>(36.8)</b>	(18.0)	(54.8)
(Impairments)/Reversals	-	-	-	-	-	-	-	-
<b>Balance at 31/12/2021</b>	<b>83.7</b>	<b>87.0</b>	<b>8.0</b>	<b>14.8</b>	<b>37.1</b>	<b>230.7</b>	<b>93.5</b>	<b>324.2</b>
Additions	1.3	10.8	0.4	1.7	18.2	<b>32.4</b>	6.7	39.2
Other changes	2.2	(6.2)	0.2	1.8	(28.4)	<b>(30.4)</b>	-	(30.4)
Disposals	(1.4)	-	-	-	-	<b>(1.4)</b>	(0.2)	(1.7)
Amortisation	(5.6)	(16.5)	(1.8)	(4.3)	-	<b>(28.2)</b>	(16.8)	(45.0)
(Impairments)/Reversals	-	(0.6)	-	-	-	<b>(0.6)</b>	-	(0.6)
<b>Balance at 31/12/2022</b>	<b>80.3</b>	<b>74.5</b>	<b>6.9</b>	<b>14.0</b>	<b>26.9</b>	<b>202.5</b>	<b>83.4</b>	<b>285.7</b>

**Additions** for the period to the classes of assets forming **own property, plant and equipment**, included EUR 32.4 million in purchases for the year and EUR 24.1 million for reclassifications of payments classified as assets in progress and advances at the end of the previous year.

The main categories of additions can be summarised as follows:

- EUR 3.6 million referred to **Land and building**, in particular for the building infrastructure of the new shared production units at the headquarters in Cologno Monzese;
- EUR 31.7 million referred to **Plant and equipment**, mainly relating to EUR 5.6 million for the purchase of television broadcasting and recording facilities and radio bridges relating to the new digital terrestrial DVB-T2 technology; EUR 8.3 million referred to the construction of the new Milan/Roma Video Centre; EUR 2.8 million referred to the construction of the electric car charging station at the headquarters in Cologno Monzese; EUR 2.6 million referred to technological upgrades due to studio obsolescence; EUR 2.4 million referred to the television studio digitalisation process; approximately EUR 1.0 million referred to the planning and creation of a new "Striscia la Notizia" production studio;
- EUR 1.0 million referred to **Technical and commercial equipment** and other assets, mainly relating to purchase and replacement of hardware;
- EUR 18.2 million referred to increases in **Tangible assets in progress and advances**, which mainly referred to various projects including the outfitting of work space as part of the "Smart Working" project at the headquarters in Cologno Monzese headquarters and the refurbishment of the single Full HD broadcast system.

The **decreases** for the year, mainly recognised in "Other changes", mainly referred – in addition to scrapping and disposals – to the EUR 24.1 million reduction of the net value of the assets purchased as part of the frequency refarming activities to prepare for the transition of facilities to the new DVB-T2 broadcasting standard. This specifically related to the interventions carried out from 1 December 2020 to 8 February 2022 with government grants paid to Elettronica Industriale by Ministerial Resolution 27 June 2022, which were equal to 80% of eligible total expenses (costs and investments) for those interventions. This item also included EUR 4.6 million in reversals of depreciation from previous years, again with reference to the government grant based on the inter-ministerial

decree on compensatory measures dated 17 November 2021 granted by the current Ministry of Enterprise and Made in Italy (MIMIT).

Disposals amounting to EUR 1.7 million were made during the period.

## 7.1.1 Right-of-use property, plant and equipment

Assets under the control of the Group through leasing contracts are classified as tangible assets in the caption *Right-of-use property, plant and equipment* at the value of the related financial liability, calculated based on the current value of future payments, discounted at the incremental borrowing rate for each contract. The payable is progressively reduced according to the repayment schedule for the amounts of principal included in the contractual instalments. The interest amount, on the other hand, is recognised in the income statement under financial expenses. The value of the asset recognised under tangible assets is depreciated on a straight-line basis according to the lease term, while also taking into account the likelihood of renewal of the agreement where an enforceable renewal option exists.

Fees for leasing contracts with a duration of 12 months or less and for contracts with a low-value underlying asset are accrued on a straight-line basis through profit or loss according to the duration of the contract.

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

The item "Right-of-use property, plant and equipment" is broken down below.

	Right-of-use property of buildings	Right-of-use of cars	TOTAL
<b>Carrying amount at 31/12/2020</b>	<b>98.0</b>	<b>9.0</b>	<b>107.0</b>
Additions	2.4	2.4	4.8
Disposals	(0.5)	-	(0.5)
Amortisation and depreciation	(14.1)	(3.9)	(18.0)
Other changes	-	0.1	0.1
<b>Carrying amount at 31/12/2021</b>	<b>85.9</b>	<b>7.6</b>	<b>93.5</b>
Additions	3.6	3.0	6.7
Disposals	(0.2)	-	(0.2)
Amortisation and depreciation	(13.0)	(3.8)	(16.8)
Other changes	0.2	(0.2)	-
<b>Balance at 31/12/2022</b>	<b>76.5</b>	<b>6.6</b>	<b>83.2</b>

## 7.2 TELEVISION AND MOVIE RIGHTS

Television broadcasting rights are amortised, starting from the time when the asset is available for use and throughout the period of its expected utilization. The recoverable amount of the above is calculated based on the criteria laid down in IAS 36, described in the paragraph below on asset impairment

For television broadcasting rights, the amortisation method provides a reasonable and reliable reflection of the relationship between the various broadcasting opportunities available, the number of screenings permitted by contract and their actual broadcast. Based on the respective business models, straight-line amortisation based on the contractually stipulated license period is generally applied for the Italian television library, whereas descending amortisation is used for the Spanish television library. This different accounting reflects the different contractual conditions and the consequent methods of exploitation of the two main countries in which the Group operates.

When, irrespective of the amortisation already recognized, all runs made available under the related television broadcasting rights contracts have been broadcasted, the carrying amount is impaired in full.

The rights for sporting events, news and entertainment programmes are amortised entirely (100%) when the event is broadcast.

TV drama series are 70% amortised during the first twelve months after their availability date, with the remaining 30% amortised during the following twelve months.

Rights available for multiple means of use, to be utilised in distribution activities, are amortised according to international accounting best practice based on the ratio between the actual revenues achieved and the estimated total overall revenues from use of the right. This estimate is periodically revised to determine the amortisation to be recognised during the year.

	ORIGINAL COST	ACCUMULATED DEPRECIATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT
<b>Opening balance at 1/1/2021</b>	<b>8,448.1</b>	<b>(7,304.1)</b>	<b>(211.2)</b>	<b>932.7</b>
Additions	297.9	-	-	297.9
Reclassification from intangible assets in progress	15.2	-	-	15.2
Other changes	(388.4)	341.0	35.2	(12.2)
Disposals	(93.2)	91.0	-	(2.3)
Amortisation	-	(386.1)	-	(386.1)
(Impairments)/Reversals	-	-	(0.3)	(0.3)
<b>Closing balance at 31/12/2021</b>	<b>8,279.5</b>	<b>(7,258.2)</b>	<b>(176.4)</b>	<b>844.9</b>
Additions	320.2	-	-	320.2
Reclassification from tangible assets in progress	25.0	-	-	25.0
Other changes	(455.1)	426.3	28.4	(0.4)
Disposals	(7.8)	5.5	-	(2.4)
Amortisation	-	(411.5)	-	(411.5)
(Impairments)/Reversals	-	-	(0.4)	(0.4)
<b>Balance at 31/12/2022</b>	<b>8,161.7</b>	<b>(7,238.0)</b>	<b>(148.5)</b>	<b>775.3</b>

**Additions** for 2022 totalled EUR 345.2 million (EUR 313.1 million in 2021) and consisted of EUR 320.2 million in purchases for the year (EUR 297.9 million at 31 December 2021) and EUR 25.0 million (EUR 15.2 million at 31 December 2021) in reclassification of capitalisations of advances paid to suppliers (recognised as assets in progress and advances at 31 December 2021). Italian sector investments during the year accounted for EUR 223.5 million of all purchases. The remaining EUR 96.7 million referred to purchases made by the Mediaset España Group.

**Other changes** included changes relating to the cancellation of contractually expired rights and residual payables and contract cancellations.

**Purchases** for the year include EUR 36.6 million for broadcasting rights that will be available for broadcasting by the Group after 31 December. At 31 December 2022, broadcasting rights that had yet to commence totalled approximately EUR 43.1 million (EUR 32.4 million at 31 December 2021) and mainly consisted of free-to-air and pay television rights to broadcast drama, cinema and entertainment productions.

## 7.3 GOODWILL

	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>803.2</b>
<b>Balance at 31/12/2021</b>	<b>803.2</b>
Additions from business combinations	1.0
<b>Balance at 31/12/2022</b>	<b>804.2</b>

In 2022, the **additions** of EUR 1.0 million referred to the amount already recognized as goodwill in Mediamond financial statements before the acquisition of the business unit pertaining to the radio advertising sales of the Group's broadcasters and some third-party broadcasters, carried out by Digitalia '08 from investee Mediamond on 1 January 2022. For accounting purposes, the transaction is classified as a business combination under common control and the difference between the payment price and the fair value of the assets and liabilities acquired generated by the transaction (EUR 0.7m) is recognised through a direct reduction in Group shareholders' equity.

At 31 December 2022, goodwill was subject to the impairment testing process, required at least annually pursuant to IAS 36, as commented below.

## 7.4 ASSESSMENT OF RECOVERABILITY OF GOODWILL AND OTHER NON-CURRENT ASSETS (IMPAIRMENT TEST)

The carrying amounts of tangible and intangible fixed assets are periodically reviewed in accordance with IAS 36, which requires the assessment of the existence of any impairment loss, where indicators suggest that impairment may exist. In the case of goodwill, intangible assets with indefinite useful lives and intangible assets not available for use, impairment testing is carried out at least yearly, normally at the time of the preparation of the annual financial statements, but also at any time when there is an indication of potential impairment.

The recoverability of the carrying amounts is assessed by comparing them to the higher of their value in use in their current condition or the fair value of the assets (the price that would be received from their sale) less costs of disposal.

Value in use is measured by discounting the future cash flows expected from the use of the individual asset or the cash generating unit to which the asset belongs and from its disposal at the end of its useful life, based on the most recently approved business plans.

Fair value (less costs to sell) is measured in accordance with IFRS 13 (Fair value measurement) by quantifying the price that would be received to sell the asset or group of assets in an orderly transaction between market participants at the measurement date, taking into account any restrictions on the sale or use of the asset that such market participants would take into consideration.

This testing is carried out on the cash-generating units (CGU) to which goodwill and the other assets are allocated. The cash generating units are identified, in line with the organisational and business structures of the Group, as homogeneous aggregations that generate autonomous cash inflows from the continuous use of the assets attributable to them.

In accordance with the Group's organisational business structure at 31 December 2022 and in continuity with 2021, the CGUs are aligned with the operating segments set forth in IFRS 8 (Mediaset España) or with business lines that can be identified within the Italian segment ("Free-to-air Television", "Pay/SVoD series and movie rights library", "Radio" and "Other advertising sales").

In the case of impairment, the loss is charged to the income statement, first by reducing goodwill and then recognising any excess amounts, using criteria generally proportional to the value of the other assets of the CGU concerned. With the exception of goodwill, impairment can be reversed for other assets when the conditions that resulted in the impairment loss have changed. In such case, the carrying amount of the asset can be increased within the limits of the new estimated recoverable amount, but no more than the value that would have been calculated if there had been no previous impairment losses.

The following table shows the amounts and the allocation of goodwill to each CGU. The variation in this item in the last two years is shown in Note 7.3.

Of the EUR 657.7 million in goodwill allocated to the Mediaset España CGU, EUR 363.2 million was generated following the takeover of the company by Mediaset in 2003 and EUR 294.5 million was generated from the business combinations later carried out by the Spanish company. The carrying amount of the Mediaset España CGU also includes assets with an indefinite useful life amounting to EUR 85.2 million, classified under "Other intangible assets" (pertaining to the value allocated to the "Cuatro" multiplex by the subsidiary Mediaset España in 2010 during the purchase price allocation process that followed the acquisition of the television operations of the Prisa Group).

<b>CGU</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Mediaset España	657.7	657.7
Free to air Television	145.6	145.6
Other advertising sales	1.0	
<b>Total Goodwill</b>	<b>804.2</b>	<b>803.2</b>

The recoverability of the goodwill and other assets of the Group in Italy relating to the Free-to-air Television CGU (mainly consisting of television and movie broadcasting rights, and right to use television frequencies) and the Radio CGU (mainly consisting of intangibles asset with a definite useful life pertaining to the radio frequencies

right of use and trade marks) have tested on the basis of the methodology, the process and the guidelines for the five-year business plan 2023-2027 (being the input for the impairment model and thus a five year forecast period is used in the impairment models) approved by the Board of Directors of MFE on 7 March 2023, which also examined the main indicators and the external (market cap, macroeconomic indicators, target market forecasts) and internal evidence related to these assessments as available at the reporting date of these consolidated financial statements.

The reasonableness and appropriateness of the methodological approach used in the context of these assessment, have also been confirmed by an independent expert through the issuance of a specific "fairness opinion".

Observation of impairment indicators particularly revealed that the market caps of MFE and Mediaset España were lower than their consolidated carrying amounts. At the same time, in a market broadly and adversely affected by the deteriorating macroeconomic climate in 2022 as a result of the conflict in Ukraine (high inflation, energy shortages and price hikes, restrictive monetary policies), the operational results of all tested CGUs nevertheless recorded only a moderate contraction in terms of their advertising sales as opposed to the budget estimates approved before the conflict began and generally upheld their margin in spite of the unanticipated rise in energy costs related to the war. It should be noted that none of the Group's business is located or directly exposed in the regions affected by the conflict. The way that the Group's advertising sales revenues are comprised and structured means that there is always a close correlation between their performance and that of the wider economy and of consumption trends. Therefore, they may be indirectly or partially affected by any onward impact that the conflict has on business models, on operations or, as a consequence, on some companies' appetite to invest in certain sectors or supply chains which, by their nature, are structurally more exposed to those impacts.

The recoverability of the goodwill and other assets pertaining to the **Free-to-air Television CGU** and the assets pertaining to the **Radio CGU**, was tested by determining the value in use based on the discounted cash flows inferable from the business plans.

The main key assumptions of both the above mentioned CGUs business plans mainly relates to the advertising revenues trend based on market expectation and assuming a substantial stability of the market shares, the evolution of the programming costs and (for the Free-to-air Television CGU) the Tv rights investments, in the hypothesis of continuity of the current offer and editorial market positioning, taking into account the purchase commitments of tv rights, sport events and entertainment content, personnel turnover and cost of labour, inflation and energy costs projections.

These assumptions were based on management's best estimate, taking into account information available from external sources and forecasts of developments in the Group's markets as prepared by specialist observers mainly in terms of the expected performance of advertising revenues and the most recent economic outlooks for the explicit period, which estimate that commencing from 2024 the international geopolitical climate and the restrictive monetary policy will progressively normalise once the goal of containing inflation is achieved. The nature of the Group's business means that in both the external forecast scenarios and the main assumptions made by management in preparing the plans to test the recoverable value of the CGUs, there are no material impacts directly relating to Climate Change risks.

The recoverability of the consolidated carrying amount of the **Mediaset España CGU** was confirmed by estimating the equity value of the Group's interest (82.92%), based on the value in use of those operating assets realisable based on the future cash flow of the CGU's operating activities and prepared for the purposes of testing the recoverability of goodwill and of assets with an indefinite useful life as carried out when preparing the consolidated financial statements of Mediaset España approved on 22 February 2023 and of the current value attributable to equity investments, financial assets and liabilities and net cash and cash equivalents. The key assumptions of the business plan mainly relates to the expected future trends in advertising revenues over the



projection period based on external information on macroeconomic trends and the advertising market, which assumes that market shares will largely remain stable.

In relation to the current widespread increase in interest rates, the post tax discount rate (WACC) used for calculating the value in use of the Free-to-air Television CGU e Radio CGU at 31 December 2022 was determined at 7.1% compared to 5.73% of the previous year. This discount rate was obtained by updating - at the reporting date - the financial and market parameters underlying the calculation of the weighted average cost of capital after tax (cost of debt, risk free rate and market risk premium) using (beta) indicators and a financial structure (debt ratio) inferable from a panel of comparables comprising Free to air broadcasters operating in the Euro zone. The long term growth rate (g-rate)) used to extrapolate the financial flows beyond the explicit periods was 1.3%, in line with the most recent Prometeia medium/long-term inflation forecast for Italy and with the average year-to-year growth forecasts for the advertising market based on the currently available evidence for projection. The same method was used to determine a post tax discount rate of 7.2% for testing the recoverable amount of goodwill and the other assets of Mediaset Espana CGU at the consolidated level and a g-rate of 1.4% to extrapolate the financial flows beyond the explicit periods, in line with the most recent Prometeia medium/long-term inflation forecast for Spain.

On this basis, the testing carried out at 31 December 2022 confirmed the recoverability of the carrying amounts (including goodwill) for the Mediaset España and the Italian Free-to-air Television CGUs, with significant headroom shown over the carrying amounts.

For **Other advertising sales CGU** and for the residual carrying amount of EUR 60 million for **pay/SVoD series and movie rights library CGU** no impairment indicators nor evidence of potential reversal were identified as at the reporting date of the consolidated financial statements.

On the other hand, the impairment testing carried out on the **Radio CGU** to estimate the recoverable amount led to a EUR 21.5 impairment loss. This impairment loss was allocated to the *other intangibles asset* with a definite useful life that relate to the right for the utilization of radio frequencies on the basis of an independent appraisal provided by an external expert which estimated the fair value of those assets in the current state of the market and technology, in which significant transactions involving those assets are becoming increasingly rare. This adjustment was applied to a set of higher carrying amounts that had been recognized on asset allocated to the CGU during the *purchase price allocation* processes that followed acquisitions of broadcasters in this business between 2016 and 2018 (before the pandemic, which contributed substantially to the slowdown in the growth rates expected for this business). The recoverable amount of the Radio CGU after the impairment test process is equal to EUR 161.5 million mainly referred as reported in the note 7.5 *Other Intangible assets* to intangible assets related to the rights for the utilization of radio broadcasting frequencies and trademark and to tangible assets.

Specific sensitivities analysis have been performed for the CGUs for which value in use confirmed the recoverability of assets. This was done by identifying all other key variables being equal (i) precise discount rates and (ii) year-on-year reductions in EBIT margin deriving from lower advertising revenues for each of the CGUs which – with all other cash flow items left unchanged (i.e. on the cautious assumption that costs and investments will remain unchanged) – eliminate the difference between the recoverable amount and the carrying value.

Based on these analyses, the following were determined:

- for the Free-to-air Television CGU, an equivalence between the recoverable value and the carrying amount, (i) as across all years of the plan, a lower EBIT margin deriving from advertising revenues around 4 percentage points less than those contained in the base management scenario (using a discount rate of 7.1%); and (ii) a WACC of 9,1%, based on a g-rate of 1.3% and cash flows equal to those considered in the base scenario.
- for the Mediaset España CGU, equality between the recoverable value and the carrying amount, (i) as across all years of the plan, a lower EBIT margin deriving from advertising revenues around 6.5 percentage points less than

those contained in the base management scenario (using a discount rate of 7.68%); and (ii) a WACC of 11,5%, based on a g-rate of 1,4% % and cash flows equal to those considered in the base scenario.

## 7.5 OTHER INTANGIBLE ASSETS

Intangible assets are assets without an identifiable physically form, which are controlled by the company and able to generate future economic benefits.

These assets are recorded at purchase or production cost, including transaction costs, according to the criteria described above for property, plant and equipment.

For purchased intangible assets whose availability for use and related payments are deferred beyond ordinary periods, the purchase value and the related payable are discounted by recognising the financial expenses implicit in the original price.

Internally generated intangible assets, where relating to research costs, are recognised in the income statement during the period in which they are incurred. Development costs, which mainly relate to software, are capitalised and amortised on a straight-line basis over their estimated useful lives (three years on average), provided they can be identified, that their cost can be reliably calculated, and that the asset is likely to generate future economic benefits.

Intangible assets with definite useful lives are amortised on a straight-line basis, starting from the time when the asset is available for utilization and throughout the period of its expected usefulness. The recoverable value of such assets is assessed according to the criteria established in IAS 36, as described in the Impairment of assets explanatory note above.

Costs relating to rights for the utilization of television frequencies, to be used for setting up digital terrestrial networks acquired from third parties in accordance with applicable legislation, are amortised on a straight-line basis according to the expected duration of their use, beginning at the time the service is activated and ending 30 June 2032, based on the validity period of the definitive assignment order of right of utilization in Italy dated 28 June 2012.

The television broadcasting license of the "Cuatro multiplex" was identified in the purchase price allocation process of the Prisa's Group television operations acquisition made by Mediaset Espana in 2010 as an intangible asset with an indefinite useful life in absence of objective elements relating to the legal duration of this license; accordingly, it is not systematically amortised, but is subject to impairment testing, at least every year.

As of 1 January 2016, rights for the utilization of radio frequencies are amortised on a straight-line basis over a period of 25 years. The useful life of these rights was estimated as part of the evaluation processes for business combinations concerning the Group's radio broadcasting operations.

A remaining useful life of up to June 2035 is envisaged for the authorisation to provide audiovisual services nationwide and for the consequent automatic numbering of generalist channels, with a view to the procedures and requirements for the authorisation's renewal.

<b>ORIGINAL COST</b>	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>300.2</b>	<b>336.5</b>	<b>710.2</b>	<b>59.2</b>	<b>86.9</b>	<b>1,492.8</b>
Additions	3.1	-	0.7	73.7	0.4	77.9
Other changes	3.6	-	0.7	(20.5)	-	(16.1)
Disposals	(0.3)	-	(1.3)	-	-	(1.6)
<b>Balance at 31/12/2021</b>	<b>306.7</b>	<b>336.5</b>	<b>710.3</b>	<b>112.4</b>	<b>87.3</b>	<b>1,553.0</b>
Additions	2.2	6.1	0.1	21.0	0.4	29.7
Other changes	3.4	-	35.3	(62.5)	0.0	(23.7)
Disposals	(2.1)	-	(0.1)	-	-	(2.2)
<b>Balance at 31/12/2022</b>	<b>310.2</b>	<b>342.6</b>	<b>745.7</b>	<b>70.9</b>	<b>87.7</b>	<b>1,556.9</b>

<b>ACCUMULATED AMORTISATION AND IMPAIRMENTS</b>	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>(288.4)</b>	<b>(211.0)</b>	<b>(335.9)</b>	<b>(36.6)</b>	<b>(86.2)</b>	<b>(958.1)</b>
Other changes	-	-	(0.8)	-	-	<b>(0.8)</b>
Disposals	0.3	-	1.1	-	-	<b>1.5</b>
Amortisation	(8.8)	(10.7)	(20.2)	-	(0.5)	<b>(40.2)</b>
(Impairments)/Reversals	-	-	-	(0.2)	-	<b>(0.2)</b>
<b>Balance at 31/12/2021</b>	<b>(296.9)</b>	<b>(221.7)</b>	<b>(355.7)</b>	<b>(36.7)</b>	<b>(86.7)</b>	<b>(998.0)</b>
Other changes	(0.0)	0.0	0.9	-	0.0	<b>0.9</b>
Disposals	2.1	-	-	-	-	<b>2.1</b>
Amortisation	(7.9)	(10.6)	(22.0)	-	(0.4)	<b>(40.8)</b>
(Impairments)/Reversals	-	-	(21.5)	(0.3)	-	<b>(21.8)</b>
<b>Balance at 31/12/2022</b>	<b>(302.7)</b>	<b>(232.3)</b>	<b>(398.3)</b>	<b>(37.0)</b>	<b>(87.1)</b>	<b>(1,057.8)</b>
<b>CARRYING AMOUNT</b>						
	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	<b>Total</b>
<b>Balance at 1/1/2021</b>	<b>11.8</b>	<b>125.4</b>	<b>374.2</b>	<b>22.5</b>	<b>0.6</b>	<b>534.9</b>
Additions	3.1	-	0.7	73.7	0.4	<b>77.9</b>
Other changes	3.6	-	(0.1)	(20.4)	-	<b>(16.9)</b>
Disposals	-	-	(0.2)	-	-	<b>(0.2)</b>
Amortisation	(8.8)	(10.7)	(20.2)	-	(0.5)	<b>(40.2)</b>
(Impairments)/Reversals	-	-	-	(0.2)	-	<b>(0.2)</b>
<b>Balance at 31/12/2021</b>	<b>9.7</b>	<b>114.7</b>	<b>354.5</b>	<b>75.7</b>	<b>0.5</b>	<b>555.2</b>
Additions	2.2	6.1	0.1	21.0	0.4	<b>29.7</b>
Other changes	3.4	0.0	36.2	(62.5)	0.0	<b>(22.8)</b>
Disposals	-	-	(0.1)	-	-	<b>(0.1)</b>
Amortisation	(7.9)	(10.6)	(22.0)	-	(0.4)	<b>(40.8)</b>
(Impairments)/Reversals	-	-	(21.5)	(0.3)	-	<b>(21.8)</b>
<b>Balance at 31/12/2022</b>	<b>7.4</b>	<b>110.2</b>	<b>347.4</b>	<b>33.9</b>	<b>0.4</b>	<b>499.3</b>

The amount of 22.8 million euros relating to the item **Other changes** refers to the reclassification in the item Television and movie rights of advances paid to suppliers recognised as assets in progress and advances at 31 December 2021.

**Additions** to the item **Patents and intellectual property rights** totalled EUR 5.6 million. The figure includes EUR 3.4 million relating mainly to the purchase and upgrade of existing software, which in the previous year was recognised under Intangible assets in progress and advances.

**Trademarks** included the **addition** for the acquisition of the Zelig brand trademark for which an amortisation period of 20 years has been determined

The end-of-year balance also included:

- The trademark of Spanish television broadcaster Cuatro for EUR 64.0 million. This asset was recognised following the allocation of the purchase price paid for the acquisition of the television business from Gruppo Prisa by Mediaset España Comunicación S.A. in 2011. The amortisation period has been determined in 20 years.
- The trademark of the radio broadcaster Radio 105, valued for EUR 33.6 million. This asset was recognised following the final purchase price allocation of the acquisition of the radio broadcasting assets of the Finelco Group in 2016. The amortisation period has been determined in 25 years.
- The trademark of the radio broadcaster Radio Subasio, for a residual value of EUR 3.9 million, which was recognised following the final allocation of the purchase price paid for the acquisition of the radio broadcasting assets of the companies Radio Subasio and Radio Aut in 2017. The amortisation period has been set at 25 years from the acquisition date.

**Rights/Licences of use and authorisations** includes EUR 119.2 million for the for right for the utilization of television frequencies held by the subsidiary Elettronica Industriale S.p.A., used in Italy for the operation of domestic channels using digital terrestrial technology, as well as the television broadcasting license of the Cuatro Multiplex, measured at EUR 85.0 million during the allocation of the purchase price paid by the subsidiary Mediaset España in 2010, in relation to the acquisition of Prisa Group's television operations. The recoverability of the carrying amount of the rights for the utilization of frequencies held by Elettronica Industriale S.p.A. was confirmed in the impairment testing on the Free TV Italy CGU, as reported in Note 8.4 above. The recoverability of the carrying amount of the television broadcasting licence for the Cuatro Spanish Multiplex was confirmed in the impairment testing on the Mediaset España CGU, as also reported in Note 8.4.

The item also includes EUR 101,6 million in rights for the utilization of radio broadcasting frequencies held by MFE Group radio broadcasters (Monradio S.r.l., Radio Studio 105, Virgin Radio, Radio Monte Carlo, Radio Subasio and Radio Aut). As at 31 December 2022, the residual carrying amount of these finite-life intangible assets was impaired by EUR 21.5 million, in accordance with IAS 36 as reported in Note 7.4. The recoverability of the carrying amount (after impairment loss recognition) has been confirmed by an appraisal carried out by an independent expert at year end.

**Intangible assets in progress and advances** refer mainly to advance payments made to suppliers for the acquisition of broadcasting rights, for dubbing services and for options on programme production and to the launch of production. **Additions** for the period included advances paid to broadcasting rights owners and advances paid in relation to the production of long-running TV drama series.

## 7.6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES ARE RECOGNISED USING EQUITY METHOD

Investments in associates and joint ventures are recognised using equity method in the consolidated financial statements. At the time of acquisition, the difference between the cost of the equity investment, including any transaction costs, and the acquirer's interest in the net fair value of the assets, liabilities and identifiable contingent liabilities of the investee is accounted for according to IAS 28, with the recognition of goodwill if it is positive (included in the carrying amount of the equity investment) or of income in the consolidated income statement if it is negative.

The carrying amounts of these equity investments are adjusted after initial recognition, based on the pro-rata changes in the equity of the investee based on the financial information of those companies.

When there are losses attributable to the Group that are higher than the carrying amount of the equity investment, the carrying amount is impaired and appropriate provisions or liabilities are recognised for the amount of any additional losses, but only if the investor is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses. If no further losses are identified and the investee subsequently realises gains, the investor will only recognise the amount of the gains attributable to it after these have offset the losses not recognised.

After measurement using the equity method, the carrying amount of these equity investments, also including any implicit goodwill, if the conditions established by IAS 36 apply, must be tested for impairment.

In the case of impairment losses, the related cost is charged to the income statement. The original value can be reinstated in the following fiscal years if the conditions for the impairment no longer apply.

The following is a breakdown of equity investments, showing the ownership interest held and the carrying amounts of the equity investments measured by using the equity method for the two years compared. No specific impairment indicators have been identified. Reference should be made to Note *6.8 Result from investments accounted for using equity method* for details on the economic effects for the period from investments accounted by using the equity method. The measurements have been made based on data from the financial statements and reporting packages available as at the approval date of these Consolidated Financial Statements.

	<b>31/12/22</b>		<b>31/12/21</b>	
	Share %	carrying amount	Share %	carrying amount
<b>Associates</b>				
El Towers S.p.A	40.0%	378.0	40.0%	387.7
Alea Media, S.A.	40.0%	0.6	40.0%	0.3
Alma Productora Audiovisual S.L.	30.0%	0.5	30.0%	0.5
Auditel S.p.A.	26.7%	1.1	26.7%	0.9
Dr Podcast Audio Factory Limited	30.0%	0.4		
Bulldog Tv Spain S.L.	30.0%	1.6	30.0%	1.4
La Fabrica De La Tele SL	30.0%	3.3	30.0%	3.0
Producciones Mandarina S.L.	30.0%	2.0	30.0%	1.9
Studio Woow S.r.l.	49.0%	0.1	49.0%	0.1
Superguida Tv S.r.l.	49.0%	1.0	49.0%	0.9
Titanus Elios S.p.A.	30.0%	2.6	30.0%	2.5
Unicorn Content S.L.	30.0%	1.9	30.0%	1.9
<b>Total</b>		<b>393.1</b>		<b>401.3</b>
<b>Joint ventures:</b>				
Boing SpA	51.0%	6.2	51.0%	6.4
European Broadcaster Exchange (EBX) Ltd. (**)	25.0%	0.8	25.0%	0.5
Fascino P.G.T. S.r.l.	50.0%	21.2	50.0%	18.3
Mediamond S.p.a.	50.0%	3.1	50.0%	2.2
Tivù S.r.l.	48.2%	1.3	48.2%	7.6
<b>Total</b>		<b>32.6</b>		<b>35.0</b>
<b>Final balance</b>		<b>425.7</b>		<b>436.3</b>

The carrying amounts of some equity investments (mainly Mediamond and Fascino) incorporated implicit goodwill totally equal to EUR 3.3. million.

The following table provides key figures from the income statement and balance sheet for associates and joint ventures, as taken from the financial statements and reporting packages available as at the approval date of these Consolidated Financial Statements.

<b>FY 2022</b>	<b>Assets</b>	<b>Shareholders' equity</b>	<b>Liabilities and minorities</b>	<b>Revenues</b>	<b>Net profit / (loss) for the year</b>
El Towers S.p.A. (*)	1,974.5	944.1	1,030.4	298.0	35.3
Alea Media S.A.	5.1	(0.2)	5.3	12.2	0.7
Alea Silencio S.L	1.4	-	1.4	7.5	
Alma Productora Audiovisual S.L.	2.4	1.7	0.7	5.6	0.7
Auditel S.r.l.(***)	12.2	4.1	8.1	32.9	32.8
Boing SpA	23.4	12.2	11.2	27.6	(0.4)
Bulldog Tv Spain S.L.	6.2	5.2	1.0	18.2	1.5
Campanilla Films SL	0.5	-	0.5	0.9	-
Dr Podcast Audio Factory Limited (**)	0.4	0.3	0.1	0.3	(0.1)
European Broadcaster Exchange (EBX) Ltd.(**)	4.4	2.8	1.6	6.5	1.1
Fascino P.G.T S.r.l.	55.4	40.0	15.4	75.3	11.8
Fénix Media Audiovisual,S.L.	0.7	(0.1)	0.8	2.3	0.2
LaFabrica De La Tele SL	16.9	10.9	6.0	34.0	4.4
Mediamond SpA	79.3	4.8	74.5	119.0	1.0
Titanus Elios S.p.A.	15.2	8.6	6.6	4.6	2.1
Tivù S.r.l.	7.6	2.7	4.9	11.0	1.2
Studio Woow S.r.l.	2.3	0.2	2.1	4.8	-
Superguida Tv S.r.l.	2.4	2.0	0.4	1.1	0.2
Producciones Mandarin S.L.	7.9	6.6	1.3	6.2	0.4
Unicorn Content S.L.	8.3	6.3	2.0	29.1	2.8

(\*) Consolidated figures

(\*\*) Values expressed in pounds sterling

(\*\*\*) Values as at 31/12/2021

<b>FY 2021</b>	<b>Assets</b>	<b>Shareholders' equity</b>	<b>Liabilities and minorities</b>	<b>Revenues</b>	<b>Net profit / (loss) for the year</b>
El Towers S.p.A. (*)	2,028.2	970.5	1,057.7	275.4	249.1
Alea Media S.A.	4.4	(0.9)	5.3	23.9	0.3
Alma Productora Audiovisual S.L.	2.5	1.6	0.9	5.2	0.7
Auditel S.r.l.(***)	9.8	3.4	6.4	32.9	0.6
Boing SpA	25.2	12.5	12.7	29.1	0.4
Bulldog Tv Spain S.L.	5.1	4.7	0.4	16.0	1.1
Campanilla Films SL	1.7	-	1.7	5.0	-
European Broadcaster Exchange (EBX) Ltd.(**)	4.6	1.7	2.9	5.9	1.0
Fascino P.G.T S.r.l. (***)	49.0	33.2	15.8	65.6	6.4
Fénix Media Audiovisual,S.L.	0.7	(0.3)	1.0	1.3	-
LaFabrica De La Tele SL	15.7	10.1	5.6	33.0	5.2
Mediamond SpA	128.1	3.4	124.7	207.6	1.8
Pagoeta Media SLU	0.6	-	0.6	-	(0.1)
Titanus Elios S.p.A.(***)	18.4	8.3	10.1	4.6	2.1
Tivù S.r.l.	26.0	15.8	10.2	34.2	14.3
Studio Woow S.r.l.	2.3	0.2	2.1	5.1	(0.3)
Superguida Tv S.r.l.	2.6	1.9	0.7	1.3	0.4
Producciones Mandarin S.L.	6.6	6.3	0.3	2.1	(0.3)
Unicorn Content S.L.	10.6	6.5	4.1	30.5	3.0

(\*) Consolidated figures

(\*\*) Values expressed in pounds sterling

(\*\*\*) Values as at 31/12/2020

The recoverability of the goodwill and of the other assets recognized in the consolidated statement of financial position of the El Towers Group at 31 December 2022 has been confirmed through the calculation of the relative value in use determined in line with IAS 36 and based on the cash flows for the period 2023-2029 reflected in the most recent multi-year business plan approved by the Board of Directors of the associate. The recoverable amount calculated on this basis shows a significant positive headroom with respect to the carrying amount of the goodwill and of the other assets tested.



## 7.7 OTHER FINANCIAL ASSETS

Equity investments other than investments in associates or joint ventures are posted to the "other financial assets" item in non-current assets, are measured pursuant to IFRS 9 and are designated to the category of financial assets measured at fair value with changes in fair value recognised through other comprehensive income without recycling to profit and loss

The risk resulting from any losses exceeding the shareholders' equity value is recognised in a specific provision to the extent that the investor is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses.

Dividends relating to equity investments are recognised in profit and loss.

This category also includes non-controlling interests acquired by the Group within "Ad4Ventures", a venture capital with the aim of making medium-term non-speculative investments in new Italian businesses with high growth potential, operating in the technology and digital field. The fair value of these investments can be determined based on special valuation models, by taking account of the prices of recent transactions on the capital of those companies or by referring to market valuation in the event of investments in listed companies.

Financial receivables included in this caption are recognised at their amortised cost, using the effective interest rate method..

	Carrying amount at 31/12/2021	Additions	Disposals	Fair Value Adjustments/ Impairment	Other changes	Carrying amount at 31/12/2022
Equity investments	800.9	47.4	(2.2)	(324.7)	(1.6)	519.8
Financial receivable (due over 12 months)	2.4	0.1	(0.6)	(0.3)	0.7	2.2
Other financial assets	8.6	-	-	-	-	8.6
Hedging derivatives	20.2	-	-	25.1	-	45.3
<b>TOTAL</b>	<b>832.1</b>	<b>47.5</b>	<b>(1.5)</b>	<b>(302.2)</b>	<b>-</b>	<b>576.0</b>

The **additions** in **Equity investments** for the year referred to the following: EUR 30.7 million for the acquisition of a 1.11% stake in Prosiebensat.1 Media SE by MFE-MEDIAFOREUROPE N.V.; EUR 12.0 million for the acquisition of shares falling within the AD4Venture asset; EUR 1.5 million for the acquisition of a 5% stake in Radio Digitale S.r.l.; and EUR 3.2 million for the acquisition of a 15% stake in Genetiko Communication S.p.A.

**Fair value adjustments/impairments** reflects the fair value measurement of the non-controlling investments. As envisaged by IFRS 9, the Group has taken up the option to classify the relative fair value changes in a specific equity reserve without recycling to profit or loss in the future. Of this reserve, - EUR 324.3 million is due to the effects of the fair value measurement, included in the item Valuation reserve for the equity investment held in Prosiebensat.1 Media SE. As a result of these adjustments, the fair value of the investment held by the Group in ProsiebenSat1 Media SE at 31 December amounts to EUR 486.5 million.

The **disposal** refer to the disposal of a 5.2% stake in Rebelle AG held as part of the AD4Venture business.

The changes in **Hedging derivatives** mainly relate to the change in the non-current portion of the fair value of the put option hedging changes in the value of the equity investment held in Prosiebensat.1 Media SE. At 31 December 2022, the fair value of those options totalled EUR 16.6 million. This item also includes the non-current portion of the fair value of derivatives held to hedge against exchange and interest rate changes.

## 7.8 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amounts of assets and liabilities and the corresponding tax base, on the basis of the tax rates that will be in force at the time when the temporary differences will reverse. When the results are recognised directly within equity, the current taxes, the deferred taxes assets and the deferred taxes liabilities are also recognised within equity. The Group also recognises deferred tax assets on tax losses if future taxable income is expected which will allow the Group to use these amounts.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years.

The impairment and recoverability testing of the deferred tax assets posted in the financial statements, with particular reference to the tax losses generated in the Italian consolidated tax return, took into consideration the taxable income on the basis of the five-year plans used for impairment testing for the explicit forecast period and, through extrapolation from the latter of the expected taxable income for the subsequent periods.

In the case of any changes in the carrying amount of deferred tax assets and liabilities arising from a change in tax rates or the related legislation, rules or regulations, the resulting deferred taxes are recognised in the income statement, unless they relate to items that have previously been directly recognised within equity. Deferred tax assets and liabilities are offset when it is lawful to offset current tax assets and liabilities, and when they refer to taxes due to the same Tax Authority and the Group intends to settle the current tax assets and liabilities on a net basis.

The table below shows net position between deferred tax assets and liabilities items as reported in Statement of financial position.

	<b>31/12/2022</b>	<b>31/12/2021</b>
Deferred tax assets	357.6	407.1
Deferred tax liabilities	(91.3)	(105.7)
<b>Net position</b>	<b>266.3</b>	<b>301.4</b>

The deferred tax assets and liabilities reported above have been calculated based on temporary differences between the carrying amounts of assets and liabilities and their corresponding taxable base.

Deferred tax assets and liabilities are measured based on the current tax rates applicable at the time the differences will reverse.

Tax assets and liabilities arising from actuarial valuations of defined benefit plans, changes in cash flow hedge reserves and from the effects of consolidation adjustments directly recognised within equity are coherently recognised directly within equity.

The following tables show the breakdown of changes in deferred tax assets and deferred tax liabilities for the last two years.

	Balance at 1/1	Amounts recognised to Profit and loss	Amounts recognised to OCI	Other changes	Balance at 31/12
<b>DEFERRED TAX ASSETS</b>					
FY 2021	475.1	(48.0)	(20.1)		<b>407.1</b>
FY 2022	407.1	(50.5)	(0,2)	1.1	<b>357.6</b>

	Balance at 1/1	Amounts recognised to Profit and loss	Amounts recognised to OCI	Other changes	Balance at 31/12
<b>DEFERRED TAX LIABILITIES</b>					
FY 2021	(95.7)	(7.5)	(2.5)		<b>(105.7)</b>
FY 2022	(105.7)	22.3	(7.9)		<b>(91.3)</b>

The **Credit/(charge) to income**, relating to *Deferred tax assets*, reflects the EUR 0.8 million increase in accruals as a consequence of the negative taxable income generated during the year by companies adhering to the Italian tax consolidation agreement, in addition to the accruals and releases carried out during the period for temporary differences.

**Amounts recognised to OCI** includes the changes in deferred tax assets and liabilities in relation to the valuation reserves for cash flow hedging derivatives, derivatives hedging the fair value of financial assets and reserves for actuarial gains and losses.

The tables below show the breakdown of the temporary differences that gave rise to the deferred tax assets and liabilities for the last two years.

	Temporary differences	Tax effect 31/12/2022	Temporary differences	Tax effect 31/12/2021
<b>Deferred tax assets related to:</b>				
Property, plant and equipment	15.3	3.8	81.1	15.2
Other intangible assets	239.5	59.1	217.0	53.8
TV and movie rights	80.0	20.3	189.0	47.5
Provision for expected credit loss	32.8	8.1	29.1	7.0
Provisions for risk and charges	57.7	15.2	64.7	17.8
Post-employment benefit plans	36.1	8.6	9.8	2.4
Inventories	2.9	0.8	10.0	2.8
Hedging derivatives	-	-	34.0	8.3
Tax losses carried forward	808.6	194.1	798.2	191.6
Other temporary differences	7.6	1.6	39.0	9.3
Consolidation adjustments	165.1	46.1	184.7	51.5
<b>Total</b>	<b>1,437.9</b>	<b>357.6</b>	<b>1,656.6</b>	<b>407.1</b>

Deferred tax assets amount to EUR 357.6 million and include, in addition to the tax effects on the consolidation adjustments, EUR 20.1 million for temporary differences generated within the Mediaset España Group and EUR 290,4 million related to the companies adhering to the Italian tax consolidation perimeter. With regard to the latter component, EUR 192.8 million relates to the totality of IRES tax losses that can be carried forward indefinitely from the tax consolidation (EUR 803.3 million), which is up on the figure from 31 December 2021 (EUR 793.3

million) but nevertheless in line with the recoverability assessment estimates made at the end of the year. *Tax losses carried forward* also include the deferred tax assets from the tax losses relating to Beintoo, a company acquired in 2020 and therefore not part of the tax consolidation. It should be noted that no deferred tax assets have been recognized for the IRES tax losses carried forward (totalling to EUR 44,0 million) accrued by some companies prior to their acquisition by the Group and their inclusion in the Italian tax consolidation agreement.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years. With particular reference to deferred tax assets associated with the Italian tax consolidation arrangement containing IRES tax losses that can be carried forward indefinitely, the recognisability and recoverability period of the value of those deferred tax assets at 31 December 2022 has been assessed by estimating the IRES-taxable income from the Italian tax consolidation arrangement based on the following assumptions:

- pre-tax profit/loss of Italian operations included in the tax consolidation in the 2023-2027 plans used in the context of the impairment tests based on the assumptions set forth by MFE-Mediaforeurope's Board of Directors on 7 March 2023;
- estimates of mainly tax variations, primarily relating to dividend income from subsidiaries and investees, higher tax amortisation of pay tv broadcasting rights impaired in 2018 and other tax-neutral components of profit or loss;
- extrapolation of the taxable income beyond the period covered by the business plans used for the impairment test considering hypotheses of growth and profit margins in line with the assumptions (long-term growth rate and cash flows used to determine the terminal value) adopted for impairment test purposes.

Based on this analysis, a recovery period in nearly a decade was determined

	Temporary differences	Tax effect 31/12/2022	Temporary differences	Tax effect 31/12/2021
<b>Deferred tax liabilities related to:</b>				
Property, plant and equipment	24.6	6.2	0.0	0.0
Other intangible assets	238.3	62.0	356.6	93.0
Provision for expected credit loss	0.6	0.1	-	-
Post-employment benefit plans	35.8	8.6	31.3	7.5
Hedging derivatives	47.8	11.5	10.4	2.5
Other temporary differences	6.4	1.5	11.0	2.7
Consolidation adjustments	4.9	1.4	-	-
<b>TOTAL</b>	<b>352.0</b>	<b>91.3</b>	<b>409.4</b>	<b>105.7</b>

*Intangible assets* also include the tax effects of the final allocation of the purchase price paid for the acquisition of the Finelco Group (now Radiomediasset) in 2016; of the final allocation of the purchase price paid in 2018 for the acquisition of the companies Radio Subasio S.r.l. and Radio Aut S.r.l.; and of the acquisition of RMC Italia S.p.A. in 2019.

## 8. CURRENT ASSETS

### 8.1 INVENTORIES

The inventories of raw materials, semi-finished and finished products are measured at the acquisition or production cost, including transaction charges (FIFO method), or their estimated net realisable value based on market conditions, whichever is lower. Inventories also include television broadcasting rights acquired for use periods of less than 12 months and the costs of already completed television productions, as these rights are intended to be exploited in full on their first broadcast. These inventories are measured at actual cost of purchase or production.

The item at the reporting date breaks down as follows:

	<b>Gross amount</b>	<b>Write-downs</b>	<b>2022 Carrying amount</b>
Raw and ancillary materials, consumables	0.2	-	0.2
Work in progress and semi-finished products	2.0		2.0
Finished goods and products	47.5	(3.0)	44.5
<b>Total</b>	<b>49.7</b>	<b>(3.0)</b>	<b>46.7</b>

	<b>Gross amount</b>	<b>Write-downs</b>	<b>2021 Carrying amount</b>
Raw and ancillary materials, consumables	0.2	-	0.2
Work in progress and semi-finished products	1.0		1.0
Finished goods and products	51.3	(9.9)	41.4
<b>Total</b>	<b>52.4</b>	<b>(9.9)</b>	<b>42.5</b>

- **Raw materials, ancillary materials and consumables** mainly include replacement parts for radio and television equipment.
- **Work in progress and semi-finished goods** mainly include production sets and television productions in progress.
- **Finished goods and products** mainly include television productions, mainly attributable to R.T.I. S.p.A. totalling EUR 20.4 million (EUR 17.0 million at 31 December 2021) and to the Mediaset España Group for a total of EUR 2.2 million. In 2022, the provision for write-downs decreased due to the effective use during the year of television productions for which in the previous year, due to the persistence of the Covid-19 emergency, the scheduled broadcasting of some episodes had not been carried out.

## 8.2 TRADE RECEIVABLES

Receivables are posted at their fair value, which — except where customers have been granted significantly extended payment terms — is the same as the value calculated using the amortised cost method. Pursuant to IFRS 9, trade receivables are classified within the categories provided for in the “held to collect” or “hold to collect and sell” business models. Their value at year-end is adjusted to their estimated realisable value and written down in the event of impairment, with expected credit loss measured using a time horizon of 12 months in the absence of any evidence of a significant increase in credit risk. For trade receivable, the simplified approach was applied. Receivables originating in non-EMU currencies are measured at the year-end spot rates issued by the European Central Bank.

The recognition of the sale of receivables is subject to the requirements laid down by IFRS 9 regarding the derecognition of financial assets. As a result, all receivables sold to factoring companies, with or without recourse, if the latter include clauses that entail maintaining a significant exposure to the performance of the cash flows from the receivables sold, remain in the financial statements, even if they have been legally sold, with a corresponding recognition of a financial liability for the same amount. Factoring fees are classified under the item “Purchases, services, miscellaneous costs”.

The item at the reporting date breaks down as follows:

	<b>Balance at 31/12/2022</b>	<b>Due</b>	<b>Carrying</b>
	<b>Total</b>	<b>Within 1</b>	<b>amount at</b>
		<b>year</b>	<b>31/12/2021</b>
		<b>After 1</b>	
		<b>year</b>	
Receivables from customers	697.6	679.1	716.0
Receivables from related parties	51.2	51.2	79.6
<b>Total</b>	<b>748.8</b>	<b>730.3</b>	<b>795.6</b>

The receivables from customers include EUR 3.3 million from Sky Italia S.r.l. and EUR 6.0 million from Telecom Italia S.p.A. for the licence to use free-to-air channels, and EUR 1.5 million from Netflix Inc and EUR 6.5 million from Amazon Digital UK Limited for the SVOD rights licence.

The receivables due after 1 year equal to EUR 18.5 million (EUR 3.3 million in 2021) are classified as current receivables because they are expected to be settled in normal operating cycle.

The breakdown of receivables from related parties is reported in Note 15 below (*Related-Party Transactions*).

### Credit risk

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

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

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

### Low risk

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

## Medium risk

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

## High risk

Customers with whom there are ongoing default situations, or there is objective insolvency regarding their receivables, for which specific 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 expected credit losses divided into the above classes.

<b>RISK CLASSES AT 31 DECEMBER 2022</b>	<b>Gross receivables</b>	<b>Past due</b>				<b>Total past due</b>	<b>Provision for expected credit loss</b>	<b>Net Receivables</b>
		<b>0- 30gg</b>	<b>30- 60gg</b>	<b>60- 90gg</b>	<b>More than</b>			
<b>ITALIAN ADVERTISING RECEIVABLES:</b>								
Low	377.4	20.0	5.2	1.9	7.6	34.8	0.9	376.5
Medium	28.0	3.6	0.4	0.3	0.9	5.2	1.4	26.6
High	25.6	1.8	1.2	0.8	10.3	14.1	10.0	15.5
<b>FOREIGN ADVERTISING RECEIVABLES:</b>								
Low	215.3	6.3	0.8	0.2	1.1	8.4	3.3	212.0
Medium	8.3	0.0	0.0	0.1	0.1	0.3	0.1	8.2
High	1.9	0.0	0.1	-	1.3	1.4	1.3	0.5
<b>OTHER RECEIVABLES:</b>								
TELCO operators	15.2	0.0	0.0	0.0	1.8	1.8	1.7	13.5
Movie distribution area	19.3	12.3	1.9	4.0	1.1	19.3	6.3	13.0
Other customers	37.1	9.3	0.5	0.1	6.7	16.6	5.5	31.7
<b>RECEIVABLES FROM RELATED PARTIES:</b>								
Low	51.2	0.3	-	(0.0)	0.0	0.3	-	51.2
<b>TOTAL TRADE RECEIVABLES</b>	<b>779.3</b>	<b>53.8</b>	<b>10.0</b>	<b>7.3</b>	<b>30.8</b>	<b>102.0</b>	<b>30.6</b>	<b>748.8</b>

<b>RISK CLASSES AT 31 DECEMBER 2021</b>	<b>Gross receivables</b>	<b>Past due</b>				<b>Total past due</b>	<b>Provision for expected credit loss</b>	<b>Net Receivables</b>
		<b>0- 30gg</b>	<b>30- 60gg</b>	<b>60- 90gg</b>	<b>More than</b>			
<b>ITALIAN ADVERTISING RECEIVABLES:</b>								
Low	351.1	16.4	3.2	0.7	5.2	25.5	1.3	349.8
Medium	23.9	3.3	0.6	0.1	0.0	4.1	0.3	23.6
High	27.0	0.9	0.5	0.3	10.6	12.3	10.4	16.6
<b>FOREIGN ADVERTISING RECEIVABLES:</b>								
Low	200.0	9.9	(0.0)	(0.4)	0.3	9.7	3.1	197.0
Medium	25.4	0.6	-	0.0	0.2	0.8	0.2	25.2
High	17.7	1.6	0.1	0.0	2.6	4.3	2.6	15.0
<b>OTHER RECEIVABLES:</b>								
TELCO operators	43.8	0.9	0.1	0.0	2.0	3.0	1.5	42.3
Movie distribution area	15.2	9.6	0.3	0.7	4.5	15.0	6.7	8.5
Other customers	44.9	0.6	0.7	0.1	10.3	11.6	6.9	38.0
<b>RECEIVABLES FROM RELATED PARTIES:</b>								
Low	79.8	0.1	-	-	0.0	0.1	0.2	79.6
<b>TOTAL TRADE RECEIVABLES</b>	<b>828.9</b>	<b>43.9</b>	<b>5.3</b>	<b>1.4</b>	<b>35.7</b>	<b>86.3</b>	<b>33.3</b>	<b>795.6</b>

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

Regarding the main type of trade receivables generated by the advertising business in Italy, in terms of concentration, 17.6% of revenues were made with the top 10 customers.



The changes in the provision for expected credit losses are shown below.

	Balance at 1/1	Accruals	Utilizations/Reversals	Business Combination/ Change in the consolidation area	Balance at 31/12
FY 2022	33.3	5.7	(8.4)	-	30.6
FY 2021	35.8	2.9	(5.4)	-	33.3

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

	31/12/2022	31/12/2021
Financial receivables	20.4	20.4
Hedging derivatives	50.4	16.7
Trade receivables	728.7	795.6
Factoring receivables	139.3	135.1
Bank and postal deposits	522.4	315.5
<b>Total financial assets</b>	<b>1,461.2</b>	<b>1,283.3</b>

## 8.3 TAX RECEIVABLES, OTHER RECEIVABLES AND CURRENT ASSETS

### 8.3.1 Tax receivables

This item, amounting to EUR 40.9 million (EUR 43.5 million at 31 December 2021) includes EUR 17.8 million relating to the net position towards the tax authorities to the Group's Italian companies adhering to the Italian tax consolidation agreement (EUR 17.4 million at 31 December 2021).

In addition, this item included EUR 12.5 million (EUR 7.2 million at 31 December 2021) representing the net IRAP tax position for Group companies with respect to advances paid, and EUR 10.3 million (EUR 18.6 million at 31 December 2021) for the tax credits of the subsidiary Mediaset España S.A..

### 8.3.2 Other receivables and current assets

	31/12/2022	31/12/2021
Other receivables	189.7	174.2
Prepayments and accrued income	54.2	55.0
<b>Total</b>	<b>243.9</b>	<b>229.2</b>

**Other receivables** mainly include:

- **advances** totalling EUR 13.1 million to suppliers, contractors and agents, paid to advertising professionals and suppliers, and to suppliers, artists and professionals involved in television productions (EUR 16.8 million at 31 December 2021).
- EUR 30.9 million in **amounts receivable from tax authorities** (EUR 19.1 million at 31 December 2021):
- **Receivables** totalling EUR 138.8 million due from **factoring companies** for the transfer of trade receivables without recourse, for which settlement by the factor, not occurred at the reporting date, had been collected in the first part of 2023 based on contractual terms. During the year the amount of receivables transferred to factoring companies with a non-recourse clause total of EUR 1,014.4 million (EUR 1,007.3 million at 31 December 2021).

**Prepayments and accrued income**, of which EUR 4.7 million from the Mediaset España Group, mainly refers (EUR 21.4 million) to the already-incurred costs pertaining to the next financial year for the rights to broadcast **Coppa Italia matches in the 2022/23 season** as paid to Lega Nazionale Professionisti Serie A, and some matches from the **2022/23 UEFA Champions League** (EUR 14.7 million).

## 8.4 CURRENT FINANCIAL ASSETS

Financial assets are recognised in the financial statements based on their transaction date and they are initially measured at cost, including the expenses directly connected with their acquisition.

At subsequent reporting dates, the financial assets (except for derivative financial instruments) are recognised at amortised cost, according to the actual interest rate method, net of impairment losses.

Financial assets not classed with the categories provided for in the “hold to collect” or “hold to collect and sell” business models are measured at fair value in each accounting period with their impacts recognised in profit and loss under the item “Financial (Expenses)/Income” or to a specific shareholders’ equity reserve and until they are realised or have suffered an impairment (this reserve is classified under “Valuation reserve”).

The fair value of securities listed on an active market is based on market prices at the reporting date.

The fair value of securities that are not listed on an active market and of trading derivatives is calculated by using the measurement models and techniques most widely adopted in the market, or by using the price supplied by several independent counterparts.

	31/12/2022	31/12/2021
Financial receivables (due within 12 months)	9.6	9.3
Financial assets for other hedging derivatives	21.4	8.2
Financial assets for equity hedging derivatives	2.8	0.4
Financial assets for derivatives with no hedging purpose	0.3	0.5
<b>Total</b>	<b>34.1</b>	<b>18.4</b>

**Current financial receivables** maturing within 12 months mainly include EUR 2.7 million (EUR 2.6 million at 31 December 2021) for government grants for movie productions made by Medusa Film S.p.A. and Taodue, which had been approved but not paid at the reporting date; EUR 1.8 million (EUR 2.7 million at 31 December 2021) for cash pooling accounts managed by MFE-MEDIAFOREUROPE N.V. on behalf of associates and joint ventures; as well as EUR 2.5 million in receivables due from the company Alea Media and EUR 0.6 million due from Fenix Media Audiovisual S.L.

**Financial assets for other hedging derivatives** consisted exclusively of the current portion of the fair value of foreign exchange derivatives both for the hedging of future commitments to purchase broadcasting rights and for items recognised in the financial statements, in particular receivables and payables denominated in foreign currencies.

**Financial assets for equity hedging derivatives** relates to the current portion of the fair value of the put options agreed for the hedging of fair value changes in the equity investment held in Prosiebensat.1 Media SE.

## 8.5 CASH AND CASH EQUIVALENTS

This item includes petty cash, bank current accounts and deposits that are repayable on demand and other short-term and highly liquid financial investments that are readily convertible into cash, with an insignificant risk of a change in value.

Below is a breakdown of the item:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Current accounts and demand deposits	522.4	315.5
Cash in hand	0.1	0.1
<b>Total</b>	<b>522.5</b>	<b>315.6</b>

Of the total amount, EUR 500.2 million referred to Mediaset España Group. A more detailed breakdown of changes in cash and cash equivalents is reported in the *consolidated statement* of cash flow.

# NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITIES ITEMS

## 9. SHARE CAPITAL AND RESERVES

Following the transfer of the Parent Company to the Netherlands in 2021 and its consequent conversion into a Dutch N.V., some items that were presented within Group Shareholders' Equity to comply with Italian regulations as at 31 December 2020 (e.g. the Legal Reserve) have been reclassified, incorporated or renamed to align reporting with Dutch civil law requirements as at the transformation date of 20 September 2021.

These reclassifications are reported in the Consolidated Statement of Changes in Shareholders' Equity

Old description	Share capital	Share premium	Legal and other reserves (under Italian Law)	Treasury shares	Valuation reserve	Retained earnings	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non controlling interest	TOTAL SHAREHOLDERS' EQUITY
New description	Share capital	Share premium		Treasury shares	Revaluation Reserves	Retained earnings and other reserves	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non controlling interest	Total shareholders' equity
Stated figures	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Reclassification	-	-	(545.7)		25.1	520.6				
<b>Enhanced stated figures</b>	<b>614.2</b>	<b>275.2</b>	<b>-</b>	<b>(389.7)</b>	<b>(10.1)</b>	<b>2,039.3</b>	<b>139.3</b>	<b>2,668.3</b>	<b>497.3</b>	<b>3,165.6</b>

The notes below refer to the breakdown of reserves after applying the reclassification shown above.

### 9.1 SHARE CAPITAL

At 31 December 2022, the fully subscribed share capital was EUR 800.3 million. The change from the previous year refers to the EUR 23.0 million raised on 12 July 2022 from the issue of 383,678,784 MFE A-class shares each with a par value of EUR 0.06 for allocation to the Mediaset España shareholders who endorsed the voluntary purchase and exchange offer over the shares in the subsidiary and the EUR 0.1 million raised from the issue of 1,771,602 MFE A-class shares each with a par value of EUR 0.06 for allocation to the beneficiaries of the 2019 Incentive Plan.

As a result of these changes, share is formed by a total of 2,707,506,599 shares, of which 1,526,279,035 ordinary A-class shares each with a par value of EUR 0.06 and 1,181,227,564 ordinary B-class shares each with a par value of EUR 0.60. Ordinary A-class shares each confer one voting right, whereas ordinary B-class shares each confer ten voting rights. Both share classes grant their holders the same property rights, the same economic treatment and - except for voting - equal administrative rights.

Both share classes carry the property rights and are listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana.

## 9.2 SHARE PREMIUM RESERVE

At 31 December 2022, the **Share premium reserve** amounted to EUR 424.0 million. The EUR 148.8 million change during the year refers to the premium relating to the issue of 383,678,784 new MFE A-class shares for allocation to the Mediaset España shareholders who endorsed the voluntary purchase and exchange offer over the shares in the subsidiary.

## 9.3 TREASURY SHARES

Treasury shares are recognised at cost and recorded as a reduction of shareholders' equity.

This item includes the B-Class Shares of MFE-MEDIAFOREUROPE N.V. that were purchased pursuant to resolutions of ordinary shareholders' meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007, and the A-Class Shares acquired during 2023 by resolution of the ordinary shareholders' meeting of 29 June 2022.

At 31 December 2022, the carrying amount of treasury shares in the portfolio totalled EUR 390.7 million, made up of 38,627,313 MFE B-class shares with a value of 358.1 million and 88,707,693 MFE A-class shares with a value of 32.6 million.

The changes for the period by share class are shown below.

	FY 2022		FY 2021	
	A-class shares	Carrying amount	A-class shares	Carrying amount
Opening balance	-	-	-	-
Additions	88,707,693	32.6	-	-
Disposals	-	-	-	-
<b>Final balance</b>	<b>88,707,693</b>	<b>32.6</b>	<b>-</b>	<b>-</b>

	FY 2022		FY 2021	
	B-class shares	Carrying amount	Number of shares	Carrying amount
Opening balance	40,398,915	374.5	42,034,775	389.7
Additions	-	-	3,881	-
Disposals	(1,771,602)	(16.4)	(1,639,741)	(15.2)
<b>Final balance</b>	<b>38,627,313</b>	<b>358.1</b>	<b>40,398,915</b>	<b>374.5</b>

The **additions** refer to the purchase of A-class treasury shares in 2023 by resolution of the Ordinary Shareholders' Meeting of 29 June 2022.

The year-on-year **decreases** in B-class shares relate to the loss of 1,771,602 own shares due to their assignment to employees following the accrual of rights under the medium-long term incentive plan issued by Mediaset S.p.A. in 2019.

## 9.4 REVALUATION RESERVES

**The Revaluation reserve for investments measured at FVTOCI (fair value through other comprehensive income)** consists of the fair value measurement of equity investments included in the caption Other financial assets in non-current assets and classified as "FVTOCI financial assets", as provided for in IFRS 9. This valuation is entered with changes recognised in the other comprehensive income without recycling to profit and loss.

**The Revaluation reserve for cash flow hedges** is connected with valuations of derivative instruments designated as hedges against the foreign exchange risk associated with the acquisition of television and movie broadcasting rights in foreign currencies, or as hedges against the interest rate risk associated with medium and long-term financial liabilities. This valuation is entered with changes recognised in other comprehensive income, within the items that may be subsequently reclassified to profit and loss.

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

	<b>31/12/2022</b>	<b>31/12/2021</b>
Revaluation reserve for investments measured at FVTOCI	(230.1)	25.8
Revaluation reserve for cash flow hedges	36.3	7.7
Options intrinsic value reserve	5.1	(2.5)
Options time value reserve	(59.6)	(64.7)
<b>Total</b>	<b>(248.4)</b>	<b>(33.7)</b>

The table below shows the changes in these reserves over the year for equity attributable to shareholders of the parent company.

	Revaluation reserve for investments measured at FVTOCI	Revaluation reserve for cash flow hedges	Options time value reserve	Options intrinsic value reserve	<b>Total Valuation reserve</b>
<b>Balance at 31/12/2021</b>	<b>25.8</b>	<b>7.7</b>	<b>(64.7)</b>	<b>(2.5)</b>	<b>(33.7)</b>
Increase/(decrease)	-	1.4	-	-	<b>1.4</b>
Reclassification to profit or loss	-	(0.5)	-	-	<b>(0.5)</b>
Basis Adjustment	-	(7.1)	-	-	<b>(7.1)</b>
Fair value changes	(251.1)	43.8	17.2	6.4	<b>(183.8)</b>
Deferred tax effects	-	(9.0)	1.1	-	<b>(7.9)</b>
Other changes	(4.8)	-	(13.2)	1.3	<b>(16.8)</b>
<b>Balance at 31/12/2022</b>	<b>(230.1)</b>	<b>36.3</b>	<b>(59.7)</b>	<b>5.1</b>	<b>(248.4)</b>

**Other transactions**, relating to the item FVTOCI equity investments, refers to the reclassification under Retained Earnings of the cumulative fair value differences in relation to the equity investments sold by the Group and the recognition of the corresponding Revaluation reserve for the interest in shareholders' equity acquired following the voluntary public purchase and exchange offer over shares in Mediaset España.

**Other transactions**, relating to the Options time value reserve and the Options intrinsic value reserve, refer to the reclassification under Retained Earnings following the settlement of some tranches of the financial instruments hedging the financial investment in ProSiebenSat1 made during the year and the recognition of the corresponding Revaluation reserve for the interest in shareholders' equity acquired following the voluntary public purchase and exchange offer over shares in Mediaset España.



## 9.5 RETAINED EARNINGS AND OTHER RESERVES

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

The **Consolidation reserve** refers to the effects of the business combination under common control of Medusa S.p.A. acquired in 2007.

The **Reserve for transaction with non-controlling interest** refers to the differences between the considerations paid or received for the purchase or sale of minority shares held in subsidiaries with respect to the corresponding portion of their accounting net equity.

The **Stock option and incentive plans reserve** consisted of the contra-entries for costs accrued, measured in accordance with IFRS 2, relating to medium-long term incentive plans for the allocation of MFE A-class and B-class shares.

The **Reserve for actuarial gains/(losses)** consists of components arising from the actuarial valuation of defined benefit plans, recognised directly through shareholders' equity. This valuation is entered with changes recognised in the other comprehensive income without recycling to profit and loss.

	<b>31/12/2022</b>	<b>31/12/2021</b>
Reserve from equity investments accounted for using the equity method	(6.2)	(6.9)
Consolidation reserve	(79.0)	(79.0)
Reserves for transaction with non-controlling interest	183.2	204.6
Stock option and incentive plans reserve	4.6	6.5
Reserve from actuarial gains/(losses)	(28.6)	(31.9)
Retained earnings	1,791.9	1,550.2
<b>Total</b>	<b>1,865.7</b>	<b>1,643.5</b>

	31/12/2021	Increase/decrease	Tax effect	Reclassification	<b>31/12/2022</b>
Reserve from equity investments accounted for using the equity method	(6.9)	0.7	-	-	<b>(6.2)</b>
Consolidation reserve	(79.0)	-	-	-	<b>(79.0)</b>
Reserves for transaction with non-controlling interest	204.6	(21.5)	-	-	<b>183.2</b>
Stock option and incentive plans reserve	6.5	3.2	-	(5.1)	<b>4.6</b>
Reserve for actuarial gains/(losses)	(31.9)	4.1	(1.0)	0.1	<b>(28.6)</b>
Retained earnings	1,550.2	(139.0)	-	380.7	<b>1,791.9</b>
<b>Retained earnings and other reserves</b>	<b>1,643.5</b>	<b>(152.5)</b>	<b>(1.0)</b>	<b>375.7</b>	<b>1,865.7</b>

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

The change in the item **Reserves for transactions with non controlling interests** refers to:

- the EUR 20.8 million positive difference between the total consideration recognised following the voluntary public purchase and exchange offer over shares in Mediaset España (which includes the EUR 184.2 million cash component and the EUR 171.9 million fair value of the newly issued MFE A-Class Shares as at the effective transaction date) and the net book value of the 27.23% non-controlling interest acquired in MES at 30 June 2022. This transaction was recognised in MFE's consolidated financial statements as an equity transaction through a direct reduction in equity reserves;
- and EUR 0.7 million relating to the purchase of the business unit from Mediamond. For accounting purposes, the transaction is classified as a business combination under common control and the positive difference between consideration paid and fair value of the acquired net assets generated by the transaction is recognised in that reserve.

The year-on-year change in the **Stock option and incentive plans reserve** refers to an addition of EUR 3.2 million as the Group's share of the costs relating to the share allocation rights under the incentive plans issued by the Group in 2021 and 2022 and decreases due to the reclassification of the reserve in *Retained earnings* in relation to the 2019 plan, following the allocation of the related rights.

The change in **Retained earnings** is primarily due to the recognition of the previous year's profits of EUR 374.1 million and the distribution of EUR 131.9 million in dividends, as well as - EUR 7.2 million in costs borne by the Group during the year for the voluntary purchase and exchange offer over the non-controlling interest in the subsidiary Mediaset España.

# 10. NON-CURRENT LIABILITIES

## 10.1 POST-EMPLOYMENT BENEFITS PLANS

### Employee benefits

#### Post-employment benefit plans

The Employee Leaving Indemnity (ELI), which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and is related to the length of the working lives of the employees and the remuneration received.

As a result of the Supplementary Pension Reform, amounts of ELI accrued up to 31 December 2006 will continue to remain within the company as a defined benefit plan (with the obligation of actuarial valuation of the accrued benefits). Amounts accruing from 1 January 2007 (except for employees in companies with less than 50 employees), according to the choice made by the employees, are either allocated to supplementary pension funds or transferred by the Company to the treasury fund managed by the Italian National Social Security Institute (INPS) and, from the time when the employees make their choice, shall constitute defined contribution plans no longer subject to actuarial valuation.

Employee benefits, which by Italian law are classified as leaving entitlements (TFR), are considered by IAS 19 to be post-employment benefits and must be recognised in the financial statements using actuarial valuations.

For the benefits subject to actuarial valuation, the ELI liability must be calculated by projecting forward the already accrued amount up to the future date of dissolution of the employment relationship and then discounting the amount to its present value, at the reporting date, using the actuarial "Projected Unit Credit Method". The discount rate used to determine the liability is the "Composite" interest rate curve for securities issued by corporate issuers with an AA rating.

From an accounting perspective, the actuarial valuation results in recognition in profit and loss under the item "Financial Expenses/Income", which represents the theoretical charge that the Company would incur if it requested a market loan for the amount of the ELI, and a current service cost under the item "Personnel expenses", which establishes the amount of the benefits accrued by the employees during the financial year, but only for companies of the Group with less than 50 employees that, consequently, have not transferred the amounts accrued from 1 January 2007 to supplementary pension schemes. The actuarial gains and losses that reflect the impacts from changes in the actuarial assumptions used are recognised directly in shareholders' equity without ever going through profit and loss and they are shown in the comprehensive income statement.

The valuation of the Group's obligations to its employees was carried out with the support of an independent actuarial:

- Projected estimate of the cost of employee leaving entitlements already accrued at the valuation date up to the moment at which employment contracts will terminate or the accrued amounts are paid in part as advances on entitlements.
- Discounting, at the valuation date, of the expected cash flows the Group will have pay to its employees in the future.
- Re-proportioning of the accrued benefits discounted based on length of service at the valuation date compared to the length of service expected at the hypothetical date of payment by the Group.

The valuation of employee leaving entitlements in accordance with IAS 19 was conducted specifically for the specific population of current employees, i.e. detailed calculations were made for each Group employee, without taking into account any future hires.

The actuarial valuation model is based on "technical bases" consisting of demographic, economic and financial assumptions relating to the valuation parameters.

The assumptions used are summarised below:

## Demographic assumptions

<b>Death probability</b>	ISTAT life expectancy table broken down by age and sex, current as at 2021
<b>Probability of leaving the Group</b>	Retirement, resignation, termination and contract expiration percentages were taken from the observation of the company's historical data. The employee attrition probabilities used were broken down by age, sex and contractual job title (office workers, managers and executives/journalists). The actuarial valuations took account of start dates for pension benefits specified by Decree Law 201 of 6 December 2011 "Urgent Provisions for the Growth, Fairness and Consolidation of the State Budget," (converted with amendments by Law 214 of 22 December 2011) and the regulations governing adjustment of requirements to access the pension system for increases in life expectancy pursuant to Article 12 of Decree Law 78 of 31 May 2010 converted, with amendments, by Law 122 of 30 July 2010.
<b>TFR advances</b>	Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for each company of the Group
<b>Supplementary pensions</b>	Those who fully transfer their TFR to supplementary pensions release the company from TFR obligations, and thus, are not the subject of valuation. For other employees, valuations were made taking into account the decisions actually made by employees, current as at 31 December 2022.

## Economic/financial assumptions

<b>Inflation rate</b>	With reference to inflation, reference was made to the macroeconomic overview contained in the most recent "Economy and Finance Document and Notes" as at the reporting date, using an inflation rate of 3.0% for 2023, 2.5% for 2024 and 2.0% for 2025.
<b>Discounting rates</b>	The discount rate used was determined in relation to market returns on prime corporate bonds on the valuation date. In this regard, the "Composite" interest rate curve was used for securities issued by corporate issues with an AA rating in the "Investment Grade" category in the eurozone as of 31 December 2022 (source: Bloomberg).

The change in the post-employment benefits plans is as follows:

	<b>2022</b>	<b>2021</b>
<b>Balance at 1/1</b>	<b>59.2</b>	<b>66.7</b>
Service Cost	0.3	0.4
Actuarial (gains)/losses	(4.1)	(0.7)
Interest Cost	(0.2)	(0.3)
Indemnities paid	(4.8)	(7.0)
Other changes	0.1	
<b>Balance at 31/12</b>	<b>50.5</b>	<b>59.2</b>

The table below shows a sensitivity analysis on the amount of the liabilities following the change in the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

### Sensitivity analysis

<b>Economic and financial assumptions</b>		<b>DBO</b>	<b>Service cost</b>
Discount rate curve	+50 b.p.	49.2	0.3
	-50 b.p.	51.9	0.3
Inflation rate	+50 b.p.	51.4	0.3
	-50 b.p.	49.6	0.3
<b>Demographic/Actuarial assumptions</b>		<b>DBO</b>	<b>Service cost</b>
Wage increases	+50 b.p.	50.6	0.3
	-50 b.p.	50.5	0.3
Probability of termination of the employment relationship	+50%	51.0	0.3
	-50%	49.6	0.3
Change in TFR accrued	+50%	50.7	0.3
	-50%	50.3	0.3

## 10.2 FINANCIAL LIABILITIES AND PAYABLES

Financial payables and liabilities are recognised at amortised cost, using the actual interest rate method except for financial liabilities from hedging operations. Financial liabilities related to IFRS 16 debt are recognised pursuant to international accounting standard IFRS 16 - 'Leases'.

	<b>31/12/2022</b>	<b>31/12/2021</b>
Due to banks	998.0	683.3
Payables to other lenders	0.1	0.1
IFRS 16 lease liabilities (non current portion)	72.4	81.6
Financial liabilities for other hedging derivatives (non current portion)	0.0	0.1
Financial liabilities for hedging derivatives on equity instruments	19.7	54.4
Other financial liabilities	5.4	12.1
<b>Total</b>	<b>1,095.6</b>	<b>831.7</b>

**Due to banks (non current portion)** refers to the portion of committed credit facilities maturing beyond 12 months and attributable to MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A. These payables are recognised in the financial statements using the amortised cost method.

A breakdown of the **change** of EUR 314.7 million for the year is provided below:

- EUR 225 million nominal reclassified under current financial payables as two credit facilities maturing in 2023;
- early repayment of EUR 28 million nominal under the loan taken out by MFE-MEDIAFOREUROPE N.V. with Credit Suisse;
- reclassification of the EUR 31 million current portion of loans under Due to banks.
- opening of a new EUR 100 million nominal credit facility with Unicredit S.p.A. (maturing in May 2024);
- opening of a new EUR 100 million nominal credit facility with Unicredit S.p.A. (maturing in January 2025);
- opening of a new EUR 100 million nominal credit facility with Unicredit S.p.A. (maturing in September 2026);
- opening of a new EUR 100 million nominal credit facility with BNL S.p.A. (maturing in October 2026);
- opening of a new EUR 196 million nominal credit facility (maturing in October 2025);

Some loans are subject to financial covenants on a consolidated basis as shown in the table below. As agreed with the counterparties, the indices stipulated in the covenants for determining net financial debt are calculated on the basis of the IAS/IFRS Accounting Standards in force on 31 December 2018 (excluding liabilities recognised under IFRS 16) and without including payables relating to the loans contracted by MFE and Mediaset España with Credit Suisse for the acquisition of the equity interest in ProSiebenSat1.

The method used to calculate the covenants also applies to contracts signed during 2022.

financing counterpart	covenant	checking period	waiver acceptance date
<b>Intesa - S.Paolo 2019</b>	Net Financial Position/EBITDA less than 2	6 months	02/12/2019
<b>BBVA 2019</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	16/12/2019
<b>BNL 2019</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	06/12/2019
<b>BPM 2019</b>	Net Financial Position/EBITDA less than 2	6 months	18/12/2019
<b>Intesa - S.Paolo 2020</b>	Net Financial Position/EBITDA less than 2	6 months	
<b>BNL 2020</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
<b>BPER 2020</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
<b>BPM 2021</b>	Net Financial Position/EBITDA less than 2	6 months	
<b>Mediobanca 2021</b>	Net Financial Position/EBITDA less than 2 EBITDA/Net Financial Charges equal or more than 10	6 months	
<b>BNL 2021</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
<b>UniCredit 2022</b>	Net Financial Position/EBITDA less than 2 Net Financial Position/Equity less than 2	6 months	
<b>UniCredit 2022</b>	Net Financial Position/EBITDA less than 2.25 (until June 2023) Net Financial Position/Equity less than 2 (until June 2023)	6 months	
<b>Mediobanca 2022</b>	Net Financial Position/EBITDA less than 2.25 (until December 2023) EBITDA/Net Financial Charges equal or more than 10	6 months	
<b>BNL 2022</b>	Net Financial Position/EBITDA less than 2.25 (until June 2023) Net Financial Position/Equity less than 2 (until June 2023)	6 months	
<b>Club Deal 2022</b>	Net Financial Position/EBITDA less than 2.25	6 months	

Please note that the figures shown in the table above are those defined by contract with each counterparty and, therefore, may not be fully aligned with the main alternative performance measures identified by the Group in the Directors' Report on Operations.

If any financial covenants are breached, both for the loans and credit facilities, MFE-MEDIAFOREUROPE N.V. could be called upon to repay all amounts drawn. These parameters were met at the reporting date of these financial statements. Based on the current forecasts these parameters will also be complied with at the next testing date.

At 31 December 2022, approximately 73.5% of all approved credit facilities were committed facilities (67.4% at 31 December 2021).

In addition to the financial liabilities related to the investment in ProSiebenSat1, at 31 December 2022 MFE had EUR 1,700 million in total committed credit facilities lines, of which EUR 470 million unutilised and readily available, and Mediaset España had EUR 260 million in unutilised and readily available committed credit facilities. As at the approval date of these Consolidated Financial Statements, the committed credit lines available to MFE are equal to EUR 1,425 million, including EUR 269 million falling due within the next 12 months, which is in the process of being renewed for EUR 100 million within the first half of 2022; the credit lines of Mediaset España falling due within 12 months are unchanged compared to 31 December 2021. It should be noted that on 30 March a club deal credit line of 300 million euros was stipulated with UNICREDIT, INTESA SANPAOLO, BNP PARIBAS, BANCO BPM and CAIXA BANK to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicación shares.

The following table shows the effective interest rates and financial charges expensed in profit or loss for loans recognised using the amortised cost method and the fair value calculated on the basis of year-end markets rates.

	<b>IRR</b>	<b>Financial charges</b>	<b>Fair Value</b>
<b>Intesa - S.Paolo 30/03/2020</b>	3.12%	2.0	0.2
<b>BNL 17/04/2020</b>	2.47%	0.9	100.7
<b>BPER 28/04/2020</b>	2.37%	0.9	100.6
<b>Credit Suisse 29/5/2019</b>	0.84%	0.2	26.6
<b>BPM 19/01/2021</b>	3.26%	1.3	82.1
<b>MEDIOBANCA 19/01/2021</b>	3.43%	1.2	76.1
<b>CLUB DEAL 30/03/2022</b>	3.39%	2.4	200.4
<b>UNICREDIT 19/01/2022</b>	2.90%	1.1	100.9
<b>UNICREDIT 13/05/2022</b>	2.70%	0.9	100.3
<b>UNICREDIT 08/09/2022</b>	3.94%	1.0	106.0
<b>BNL 03/10/2022</b>	3.39%	0.7	103.2

**IFRS 16 leases liabilities** refers to the non-current portion of payables for leasing recognised in accordance with IFRS 16.

**Financial liabilities for hedging derivatives on equity instruments** relates to the call option granted to the financial counterparty as part of the collar contract hedging the fair value changes in the equity investment held in ProSiebensat.1 Media SE.

Other **liabilities** refers to the non-current portion of payables relating to the options to purchase non-controlling interests in subsidiaries.



## 10.3 PROVISIONS AND CONTINGENT LIABILITIES

Provisions for risks and charges are costs and charges whose existence is either certain or probable, whose amount or date of occurrence cannot be determined as at the reporting date. These provisions have been made only when there is a current obligation, resulting from past events, that can be of a legal or contractual nature, or arising from declarations or behaviour by the companies of the Group that create valid expectations in the persons concerned (implicit obligations). Provisions represent our best estimate of the amount that the enterprise would have to pay in order to settle the obligation; When they are significant, and the payment dates can be reliably estimated, the provisions are recognised at present values with the charges resulting from the passage of time posted to the income statement under the item "Financial (Expenses)/Income".

The following is a breakdown of the provisions and their changes compared to prior year:

	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Balance at 1/1</b>	<b>119.0</b>	<b>114.0</b>
Accruals	51.4	68.6
Utilization	(62.3)	(63.7)
Financial charges	0.1	0.1
Change in the consolidation area	0.3	-
<b>Balance at 31/12</b>	<b>108.5</b>	<b>119.0</b>
<b>Of which:</b>		
Within 12 months	69.1	72.3
After 12 months	39.4	46.7
<b>Total</b>	<b>108.5</b>	<b>119.0</b>

Risk provisions at 31 December 2022 mainly refer to legal proceedings totalling EUR 28.2 million (EUR 32.6 million at 31 December 2021), staff disputes and business restructuring plans totalling EUR 22.6 million (EUR 25.7 million at 31 December 2021) and contractual risks totalling EUR 50.0 million (EUR 54.5 million at 31 December 2021), of which risks relative to the under-utilisation of artistic resources compared to contractual agreements totalling EUR 10.2 million (EUR 11.2 million at 31 December 2021).

Below is an update at 31 December 2022 of the main lawsuits pending and contingent liabilities associated with them, which were also reported in the financial statements of previous years and the interim statements for the year.

Regarding Mediaset España, an update of the main lawsuits pending and contingent liabilities associated with those reported in the financial statements at 31 December 2022 is provided below.

As regards the proceedings of which Mediaset España S.A. was served notice on 21 February 2018 by the "Comisión Nacional de los Mercados y la Competencia" (CNMC) for an alleged breach of Section 1 of the Spanish Competition Act and Article 101 of the Treaty on the Functioning of the European Union (TFEU), on 13 January 2020 Mediaset España had filed an administrative appeal against the Decision, calling for its effects to be immediately suspended as an interim measure, both in terms of the order to discontinue the conduct penalised and the payment of the fine handed down. By ordinance of 4 September 2020, the Audiencia Nacional froze the order to pay the fine amounting EUR 39 million, but did not freeze the order to stop the conduct sanctioned. As a result, the ordinance was appealed by Mediaset España and subsequently rejected by ordinance of 17 November 2020.

This was then challenged in the Court of Cassation. On 19 May 2021, the Supreme Court dismissed the appeal. The administrative dispute has continued to be processed and is pending a final resolution. The serious defects of the Decision, together with the sound factual, legal and economic arguments expounded (as also supported by the reports of independent experts), should lead the requested interim measures to be granted. In any case, they allow us to trust that the decision appealed will be annulled in the courts. As a consequence, these Consolidated Financial Statements do not include any provision for this contingency, as the Directors (supported also on the opinion of the subsidiary's advisers) consider it improbable that this liability will ultimately materialise.

As regards ordinary proceedings No. 1181/10 before the first instance court of Madrid, Mediaset España filed, in a document dated 19 November 2010, an application for ordinary judgment against ITV, in which it applied to declare null and void the contract licensing the use of the format of television program Pasapalabra as well as two other related contracts: one for providing library programmes and another for developing television formats. ITV rejected this claim by formulating a counterclaim and demanding that the Company be ordered to pay the consideration payable to it under the three contracts mentioned above, as well as compensation for damage suffered.

On 3 February 2014, the Court issued its judgment dismissing the appeal and partially upholding the counterclaim, and ordered Mediaset España to pay the sums claimed in the counterclaim for having breached the three agreements signed with ITV. These sums were then paid in the amount of approximately EUR 15 million.

Subsequently, the Provincial Court of Madrid, in a ruling dated 20 September 2016, partially upheld the appeal filed by Mediaset España, which reduced by about half the amount of the fine defined in the first instance.

This ruling was appealed by both parties in the Supreme Court, which admitted the appeal filed by Mediaset España and rejected the appeal filed by ITV. In its judgment dated 30 September 2019, the Supreme Court then dismissed the appeal filed by Mediaset España and upheld the judgment issued by the Madrid Provincial Court on 20 September 2016. The Supreme Court believes the criterion to be followed in determining the consideration owed by Mediaset España to ITV for the post-contractual use of the Pasapalabra format should correspond to the profit obtained by Mediaset España from using that format rather than some hypothetical royalty accruable to ITV in return for it being granted a licence. This compensation is to be determined during the enforcement of the judgment, by means of a specific procedure.

On 3 March 2022, two and a half years after the judgment was issued, Mediaset España was served a "Request for Enforcement" of the first instance court's judgment of 3 February 2014, which ordered Mediaset España to compensate ITV for the profits obtained in connection with the use of the format and title of the Pasapalabra program.

Mediaset España disagrees with the methods used by ITV to calculate this compensation, which do not in any way reflect how the television advertising market in Spain actually functions and which contain conceptual and approach errors on several counts, starting from the consideration that advertising revenues were calculated based on theoretical rates, that the advertising revenues generated in the time slot in which the Pasapalabra programme was broadcast should be attributed exclusively to that program and, finally, by considering the format and the programme to be equivalent.

Based on these considerations and on the well-established position taken by Mediaset España in these proceedings, the directors of Mediaset España, supported by internal quantification analyses reviewed by independent experts in the field, believe that the compensation that will be definitively determined by the competent court will be in line with the amounts already accrued in previous years and confirmed in the Condensed Consolidated Statement of Financial Position at 31 December 2022.

In reference to proceedings number 000401/2014-CR on the use by Mediaset España of the Pasapalabra format, in a judgment of 4 March 2019 (the "Judgment") the Spanish Court of EU Trade Marks No 1 materially admitted

the cumulative claims alleged by ITV Global Entertainment Limited (“ITV”) against Mediaset España Comunicación, S.A. (“MES”) in 2014 and 2016 and threw out the counterclaim filed by Mediaset against ITV regarding the last of the claims.

In its claims, ITV applied to be recognised as the owner of the European Union Trade Mark (“EUTM”) “Pasapalabra”, for MES to stop using the trade mark and for compensation to be paid for its alleged undue use.

Mediaset España, on the other hand, applied for the claims of ITV to be thrown out and for its counterclaim to be admitted, with the aim of cancelling ITV’s registration of the EUTM, and applied for MES to be recognised as the owner of the EUTM given its contribution in getting the trade mark known throughout the past 14 years.

The Court found that ITV was the owner of the EUTM, despite acknowledging in its Judgment that the trade mark derived directly from the previous “Passaparola” trade mark, which was created by R.T.I. (Mediaset Italia)/Einstein Multimedia without any role played by ITV, with this circumstance alone suggesting that the registration of the EUTM by ITV was conducted in bad faith.

By acknowledging ITV as the owner of the EUTM, the judgment sentenced Mediaset España to pay compensation of EUR 8.7 million for its supposed misuse of the EUTM since 2009. On 16 January 2020, the Provincial Court of Alicante issued its ruling on the judgment being appealed by Mediaset España. In this appeals ruling, although Mediaset España’s claim to the ownership of the “Pasapalabra” trade mark was thrown out, the court considered that, as the format’s title and trade mark had the same name (Pasapalabra), ITV could not have its compensation doubled by adding together the compensation resulting from the above-mentioned proceedings 1181/2010 brought before the Court of Madrid with the proceedings brought before the Alicante Court of Trade Marks. Therefore, two key components of the judgment appealed were overturned:

- The sentence ordering payment of compensation for the entire period between 3 August 2009 (when ITV applied to register the trade mark) and 1 February 2016 (when the application to register the trade mark was granted) was overturned, as the “reasonable compensation” to which ITV had been entitled was considered as though it had already been paid by the compensation ordered for the same period in the proceedings brought with the Court of Madrid.
- As for the compensation for the period between 2 February 2016 and the end of the Pasapalabra programming, the judgment determined that this amount should be deducted from the amount payable as compensation for the use of the format during the same period according to the enforcement proceedings brought before the Court of Madrid.

MES has brought an extraordinary appeal in the Supreme Court against the decision, which is currently in the process of being admitted. MES believes that compensation should only be paid where damage has been caused, which is not the case here as, even if any damage did exist, it would have been remedied by the compensation ordered in the above-mentioned proceedings 1181/10 brought before the first-instance court of Madrid. Furthermore, if we look at the licencing policy applied by ITV, we see that it charges a single amount for the format, title and trade mark, and therefore the payment for the trade mark has therefore already been included in the compensation described above.

For these reasons, these consolidated financial statements do not include any provision in relation to this contingency, as the Directors of Mediaset Espana, also supported by the opinion of their consultants, estimate that the risk that this liability could definitively materialize is not probable.

# 11. CURRENT LIABILITIES

## 11.1 DUE TO BANKS

Financial liabilities (current and non-current) are recognised at amortised cost, using the effective interest rate method.

	31/12/2022	31/12/2021
Current portion of non current debt	259.2	222.1
Credit facilities	6.0	141.0
<b>Total</b>	<b>265.2</b>	<b>363.1</b>

Loans refer to the current portion of committed credit facilities. The change on the previous year was due to the reclassification of a total of EUR 225 million nominal in credit facilities falling due within 12 months, the reclassification of the EUR 31 million nominal current portion of medium-to-long term loans and the repayment of credit facilities totalling EUR 353 million.

All **Credit lines** are subject to floating interest rates and refer to short-term loans with a due date set formally at one year and are renewable. The fair value of credit lines is in line with their carrying amount. The change on the previous year is due to the minor use of this type of financing.

## 11.2 TRADE AND OTHER PAYABLES

Trade and other payables are measured at their nominal amount, which is usually close to their amortised cost; those originating in non-UEM currencies are translated at the year-end spot rates issued by the European Central Bank.

	Balance at 31/12/2022	Due	Carrying amount at 31/12/2021	
	Carrying amount at 31/12/2022	Within 1 year	After 1 year	1
Trade and other payables	515.1	508.4	6.6	527.8
Due to related parties	76.0	76.0		69.2
<b>Total</b>	<b>591.1</b>	<b>584.5</b>	<b>6.6</b>	<b>597.0</b>

The trade and other payables include payables for the licensing of television and movie broadcasting rights for EUR 180.8 million (EUR 175.1 million at 31 December 2021) and payables for the purchase and production of TV programmes and amounts due to television artists and professionals for EUR 310.6 million (EUR 336.4 million at 31 December 2021).

The payables after 1 year equal to EUR 6.6 million (EUR 10.0 million in 2021) are classified as current payables because they are expected to be settled in the normal operating cycle.

Amounts due to related parties include payables to associates, affiliates and the parent company. Details of these payables are provided in Note 15 below (Related-Party Transactions).

### 11.3 CURRENT TAX LIABILITIES

This item, amounting to EUR 11.6 million (EUR 17.4 million at 31 December 2021) includes payables to the tax authorities for companies not scoped into the tax consolidation arrangement, and taxes payable by foreign companies.

### 11.4 OTHER FINANCIAL LIABILITIES

	<b>31/12/2022</b>	<b>31/12/2021</b>
Payables to other lenders	56.0	50.8
IFRS 16 financial liabilities	16.4	17.7
Financial liabilities for other hedging derivatives	3.6	1.3
Financial liabilities for hedging derivatives on equity instruments	2.6	13.6
<b>Total</b>	<b>78.6</b>	<b>83.4</b>

**Payables to other financial lenders** mainly consist of payables to factoring companies totalling EUR 1.1 million (EUR 0.7 million at 31 December 2021); cash pooling with associates and joint ventures totalling EUR 47.3 million (EUR 49.2 million at 31 December 2021); loans totalling EUR 0.4 million (EUR 0.3 million at 31 December 2021) received to finance movie development, distribution and production operations; and EUR 6.4 million for the current portion of payables relating to purchase options over residual interests in the share capital of subsidiaries.

**Financial liabilities for other hedging derivatives** consisted of the EUR 3.4 million current portion of the fair value of foreign exchange derivatives both for the hedging of future commitments to purchase broadcasting rights and for items recognised in the financial statements, in particular receivables and payables denominated in foreign currencies.

**Financial liabilities for hedging derivatives on equity instruments** relate to the call option granted to the financial counterparty as part of the collar agreement hedging the fair value changes in the equity investment held in Prosiebensat.1 Media SE.

## 11.5 OTHER CURRENT LIABILITIES

	31/12/2022	31/12/2021
Due to social security institutions	18.9	18.8
Withholding tax on employees' wages and salaries	12.5	14.1
VAT payables	12.6	22.5
Other tax payables	12.8	13.9
Advances	8.6	6.0
Other payables	90.4	136.0
Accruals and deferred income	19.0	29.9
<b>Total</b>	<b>174.8</b>	<b>241.2</b>

The main changes of the **Other payables** refer for EUR 10.9 to the payment for the contribution using frequencies, not paid in previous years as a result of foreclosures pending assignment released during 2022, for EUR 10.2 million to the payment due to employees, for EUR 2.0 million to the reversal of the debt relating to the earn out of Radio Subasio and Radio out on the basis of the contractual agreements stipulated at the time of acquisition.

**Accruals and deferred income** includes EUR 4.3 million in deferred income for right-of-use TV rights licenses.

## 11.6 NET FINANCIAL POSITION

Below is a breakdown of the consolidated Net Financial Position in accordance with ESMA's "Guidelines on disclosure requirements under the Prospectus Regulation" of 4 March 2021, showing the net current and non-current financial debt of the Group. For each of the items reported, reference is given to the relative explanatory note.

For a breakdown of changes in the net financial position over the year, see the section on the Group's balance sheet and financial structure in the Directors' Report on Operations.

With reference to Note 11.2 above regarding the waivers obtained by MFE-MEDIAFOREUROPE N.V. from loan counterparties, the adjusted Net Financial Position is also reported for use in some indices, based on the covenants set forth in those agreements. The adjustments refer to the current and non-current portions of the financial liabilities recognised pursuant to IFRS 16 (lease) and payables relating to the loans contracted by MFE and Mediaset España for the acquisition of the equity interest in ProSiebenSat1.

		<b>31/12/2022</b>	<b>31/12/2021</b>
Cash in hand	8.5	0.1	0.1
Current accounts and demand deposits	8.5	522.4	315.5
<b>Liquidity</b>		<b>522.5</b>	<b>315.6</b>
<b>Current financial assets and receivables</b>	<b>8.4</b>	<b>6.9</b>	<b>12.9</b>
Credit facilities	11.1	(6.0)	(141.1)
Current portion of non current debt		(259.2)	(223.0)
Other current payables and financial liabilities	11.4	(66.9)	(68.6)
<b>Current financial debt</b>		<b>(332.0)</b>	<b>(432.7)</b>
<b>Current Net Financial Position</b>		<b>197.3</b>	<b>(104.1)</b>
Non current due to banks	10.2	(998.0)	(683.3)
Non-current financial payables and liabilities	10.2	(72.6)	(81.7)
Trade and other payables		-	-
<b>Non current financial debt</b>		<b>(1,070.6)</b>	<b>(765.1)</b>
<b>Net Financial Indebtedness</b>		<b>(873.3)</b>	<b>(869.2)</b>
Current portion of non current debt		-	-
IFRS 16 lease financial liabilities (current portion)		16.4	17.7
Due to banks (non-current)		52.4	80.6
Non-current financial payables and liabilities (IFRS 16 liabilities)		72.4	81.6
<b>Net financial position (excluding IFRS 16 liabilities and ProSieben acquisition debt)</b>		<b>(732.1)</b>	<b>(689.1)</b>

Below is a breakdown of certain Financial Position items; please refer to the indicated explanatory note for comments on the main changes in figures.

**Current financial assets and receivables** includes EUR 6.9 million for the financial receivables indicated in note 8.4.

As indicated in note 12.4, **Other current payables and financial liabilities** includes payables to factoring companies, cash pooling arrangements with associates and joint venture and loans received to finance movie development, distribution and production operations, and the EUR 16.4 million current portion of the leases liabilities recognised in accordance with IFRS 16.

**Current portion of non-current financial debt** includes the EUR 259.2 million current portion of medium/long-term bank loans.

As indicated in note 11.2, **Non-current financial payables and liabilities** includes the EUR 72.4 million non-current portion of the payables for leases recognised in accordance with IFRS 16.

## Liquidity risk

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

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

Through 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 MFE Group has put in place sufficient credit lines, both in terms of quantity and quality, to face the current crisis. The Group's treasury activities are centralised in MFE-MEDIAFOREUROPE N.V. and Mediaset España Comunicación SA, operating in their respective domestic markets as well as internationally, through the use of automatic cash pooling movements used by almost all the group companies.

The management of the liquidity risk involves:

- o maintaining an essential balance between the committed and uncommitted credit facilities to avoid a strain on liquidity if creditors request repayment;
- o keeping the average financial exposure during the year to no more than 80% of the total value granted by the lenders;
- o financial assets that can be readily available to meet any liquidity requirements.

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

The table below shows the 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 2022, "*current financial payables*" due within 3 months included EUR 6 million in credit facilities for very short term advances with a due date formally set at one year. Lastly, *current financial payables* include the interest expense on term loans due within one year.



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

The difference between the carrying amounts and the total cash flows is mainly due to the calculation of interest on the contractual duration of the financial payables. In addition, for loans measured at amortised cost, interest is calculated using the nominal rate instead of the 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 signing of the contract, while the year end rate means the spot rate at the reporting date.

BALANCE SHEET ITEM at 31 DECEMBER 2022	Carrying amount	Time band					Total financial flows	Notes
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	more than 5 years		
<b>FINANCIAL LIABILITIES:</b>								
Due to banks (non-current portion)	998.0	-	-	-	1,090.6	-	1,090.6	10.2
Due to banks (current portion)	265.2	23.1	216.0	29.3	-	-	268.4	11.1
Financial payables to	47.3	47.3	-	-	-	-	47.3	11.4
Due to suppliers for	180.8	143.3	17.7	13.2	6.6	-	180.8	11.2
Due to other suppliers	339.3	336.7	2.6	-	-	-	339.3	11.2
Due to related parties	71.0	71.0	-	-	-	-	7.0	11.2
Due to factoring	1.1	1.1	-	-	-	-	1.1	11.4
Due to lessors	88.8	4.1	4.6	7.7	42.6	30.2	89.2	11.4
Other payables and	13.0	-	7.4	0.3	5.4	-	13.0	11.4
<b>Total</b>	<b>2.004,6</b>	<b>626,6</b>	<b>248,2</b>	<b>50,5</b>	<b>1.145,3</b>	<b>30,2</b>	<b>2.100,8</b>	
<b>DERIVATIVES:</b>								
<b>Hedging derivatives (foreign currency)</b>								
(measured at contract exchange rate)	(13.7)	137.4	-	-	76.4	-	213.8	7.7;8.4;11.2;11.4
<b>Hedging derivatives (available foreign)</b>								
(measured at year-end exchange rate)		(142.2)	-	-	(89.2)	-	(231.4)	
Hedging derivatives (interest rate risk)	(33.1)	0.0	-	-	-	-	0.0	7.7;9.4;11.2;11.4
<b>Total</b>	<b>(46.8)</b>	<b>(4.8)</b>	<b>-</b>	<b>-</b>	<b>(12.8)</b>	<b>-</b>	<b>(17.6)</b>	

<b>BALANCE SHEET ITEM at 31 DECEMBER 2021</b>	<b>Carrying amount</b>	<b>Time band</b>					<b>Total financial flows</b>	<b>Notes</b>
		<b>from 0 to 3 months</b>	<b>from 4 to 6 months</b>	<b>from 7 to 12 months</b>	<b>from 1 to 5 years</b>	<b>more than 5 years</b>		
<b>FINANCIAL LIABILITIES:</b>								
Due to banks (non-current portion)	683.3	-	-	-	695.8	-	695.8	10.2
Due to banks (current portion)	363.1	143.8	107.7	115.1	-	-	366.6	11.1
Financial payables to	49.2	49.2	-	-	-	-	49.2	11.4
Due to suppliers for	175.1	133.4	14.6	17.1	10.0	-	175.1	11.2
Due to other suppliers	352.7	351.3	1.4	-	-	-	352.7	11.2
Due to related parties	69.1	69.1	-	-	-	-	69.1	11.2
Due to factoring	0.7	0.7	-	-	-	-	0.7	11.4
Due to lessors	99.3	5.5	4.4	7.8	46.4	35.9	99.9	11.4
Other payables and	13.2	0.9	-	-	12.2	-	13.2	11.4
<b>Total</b>	<b>1,805.7</b>	<b>754.0</b>	<b>128.1</b>	<b>140.0</b>	<b>764.5</b>	<b>35.9</b>	<b>1,822.4</b>	
<b>DERIVATIVES:</b>								
<b>Hedging derivatives (foreign currency purchases)</b>								
(measured at contract exchange rate)	(15.6)	156.0	-	-	129.7	-	285.6	7.7;8.4; 10.2;11.4
<b>Hedging derivatives (available foreign)</b>								
(measured at year-end exchange rate)		(164.0)			(141.3)		(305.4)	
Hedging derivatives (interest rate risk)	0.3	0.3	0.3	0.6	1.6	-	2.8	7.7;8.4; 10.2;11.4
<b>Total</b>	<b>(15.3)</b>	<b>(7.8)</b>	<b>0.3</b>	<b>0.6</b>	<b>(10.0)</b>	<b>-</b>	<b>(16.9)</b>	

## 11.7 HEDGING DERIVATIVES

The Group is exposed to financial risks linked to:

- Exchange rate fluctuations, primarily in relation to the acquisition of television broadcasting rights in currencies other than the Euro and secondarily in relation to merchandise acquisitions;
- Interest rate fluctuations for long-term variable-rate loans;
- Fair value fluctuations for equity instruments.

As mentioned on the section on Accounting standards, amendments and interpretations applied from 1 January 2019, the hedge accounting provisions in IFRS 9 became applicable at the start of the year.

### Financial risks and related hedging instruments

MFE has defined specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks and liquidity risks. To optimise the structure of operating costs and resources, this activity is centralised within the group parent Mediaset S.p.A., which has been entrusted with the task of collecting the information regarding the positions exposed to risk and hedging them.

Mediaset S.p.A. and Mediaset España directly operate in their own specific markets, controlling and managing financial risk for their subsidiaries. The selection of the financial counterparts focuses on those with a high credit standing while, at the same time, ensuring a limited concentration of exposures towards them.

### Exchange rate hedging

The Group uses derivatives - mainly forwards - to hedge risks arising from foreign currency fluctuations both for highly probable future purchases and for payables relating to purchases already made.

For the MFE Group, the exchange risk is linked to the possibility of the currency rates changing from the time the acquisition of assets in a foreign currency has become highly probable (authorised purchase negotiations over broadcasting rights) to the moment when those assets are recorded in the financial statements; therefore, the hedging goal is to set the exchange rate of the price in euro at the approval date of the transaction (hedge accounting as set out in the IAS/IFRS). The hedging of merchandise purchase orders is treated the same way as, like with the case above, the hedging goal is to set the equivalent price of the merchandise in euro at the time the order was issued. Hedge accounting is therefore maintained, over all payables, until the payables are settled. In this case, the exchange rate hedging objective is to set the equivalent euro price of the non-euro denominated payable so as to eliminate the effects of exchange rate fluctuations and pre-determine the settlement value of the non-euro denominated payables.

Derivatives are classified under current financial assets and liabilities, and are recognised at fair value.

Fair value of the currency forwards is calculated as the present value of the difference between the notional amount measured at the forward contract rate and the notional amount measured at the fair forward rate (the end exchange rate calculated at the reporting date).

Fair value is adjusted to take account of the creditworthiness of the counterparty risk in the event of positive fair value and of the creditworthiness of Mediaset S.p.A. and Mediaset España S.A. in the event of negative fair value. Lastly, please note that the adjustment for creditworthiness is only calculated for derivatives with maturity more than 4 months from the measurement date.

For the purposes of hedge accounting, MFE designates hedging instruments as those related to the hedging of currency exposures linked primarily to commitments for future purchases of television broadcasting rights to be made in foreign currency (forecast transactions), for which the relationship between the derivative and the hedged item, as well as the high level of probability/effectiveness connected to the actual occurrence of the hedged event is formally documented. This relationship is also documented for the hedging of non-euro payables.

The effective portion of the fair value adjustment of the derivative that has been designated and that can be qualified as a hedging instrument is recognised directly in shareholders' equity, while the ineffective part is recognised in profit and loss.

The accounting treatment of these operations is the cash flow hedge. According to this rule, the effective portion of the change in value of the derivative is recognized in a shareholders' equity reserve. In the case of hedging of commitments for rights purchases, this reserve is used to subsequently adjust the cost of the asset (basis adjustment). Cash flow hedges are also established to hedge payables denominated in foreign currencies. In this event, the hedged item (the payable in foreign currencies) is converted at the spot exchange rate on the reporting date, with the effect recognised in the income statement in accordance with the change in the spot value.

### Interest rate hedging

Interest rate risk arises from adverse movements in the interest rates that are applicable to the interest flows associated with the Group's medium-to-long term financial liabilities. The derivatives used to hedge this risk include Interest Rate Swaps and Options.

The fair value of interest rate swaps is calculated based on the current value of the expected future cash flows and the fair value of collar derivatives is calculated using the Black & Scholes formula.

For the purposes of hedge accounting, MFE designates hedging instruments as those instruments for which the relationship between the derivative and the hedged item is formally documented. As required by IFRS 9, hedge accounting can be applied where an economic relationship exists between the hedged item and the hedging instrument and where the effect of the credit risk is not greater than the fluctuations in the value of the economic relationship at the time the hedge is established and during the lifetime of the hedging relationship.

### Equity instrument fair value hedging

To hedge the risk of fair value changes caused by fluctuations in equity instrument market price, MFE uses put and call options (hedging instruments) which are stipulated within a fair value hedge relationship

Pursuant to accounting principle IFRS 9, paragraph 6.5.15, and in order to determine the fair value, the intrinsic value (hedge relationship) and the time value of the option (cost of hedging) are separately identified. The hedge relationship is "time period-related", whereby the time period is allocated throughout the duration of the contract.

Having chosen to recognise the fair value changes of the hedged item in the other comprehensive income statement without recycling to profit or loss, the fair value changes attributable to the time value and, if appropriate, the ineffectiveness of the hedge relationship will – as for the hedged item - not be classified within the income statement but through the other comprehensive income statement.

The following is a breakdown of the financial assets and liabilities relating to hedging derivatives, reported earlier in Notes 7.7 (Other Financial Assets), 8.4 (Current Financial Assets), 10.2 (Financial Liabilities and Payables) and 11.4 (Other Financial Liabilities), showing the Group's net position.

<b>31/12/2022</b>		
	<b>Assets</b>	<b>Liabilities</b>
Foreign currency forward contracts	17.2	(3.5)
IRS contracts	33.1	(0.0)
Collar on equity instruments	19.4	(22.3)
<b>Total</b>	<b>69.8</b>	<b>(25.9)</b>

The table below shows the notional amount of derivatives designated as hedges against foreign exchange risk associated with future commitments for the acquisition of broadcasting rights and existing contracts.

	<b>31/12/2022</b>	<b>31/12/2021</b>
United States Dollars (USD)	246.1	343.7
<b>Total</b>	<b>246.1</b>	<b>343.7</b>

With reference to the hedging of forecast acquisitions of broadcasting rights, the derivative contracts held at 31 December 2022 were subscribed with maturities reflecting the expected time period within which these intangible assets will be formalised by contract and recognised in the financial statements. The economic effect will be reflected in the amortisation of the assets as of the commencement date of the rights.

The following table shows the time-horizon for the reference currency (US dollars), when cash flows are expected to materialize.

	<b>within 12 months</b>	<b>12-24 months</b>	<b>after 24 months</b>	<b>Total</b>
<b>2022</b>	151.0	32.9	62.2	246.1
<b>2021</b>	183.7	69.8	90.225	343.7

## Exchange Rate Risk

The Group's exposure to exchange rate risk mainly stems from the acquisition of television and movie broadcasting rights in currencies other than the Euro, mainly in US dollars, carried out in their respective areas of operation by R.T.I. S.p.A. and Mediaset España Comunicación S.A..

In compliance with the Group's policies, the companies adopt an approach to exchange rate risk management aimed at eliminating the effect of exchange rate fluctuations while setting in advance the cost which the rights will be recognized upon acquisition.

Exchange rate risk emerges from the early stages of negotiations for entering into any contract and continues up to payment of the amount due for the acquisition of the broadcasting rights. From an accounting standpoint, from the date the derivatives contract is entered into until the date the asset is recognized, the MFE Group applies the hedge accounting methodology documenting by way of the hedging relationship, the risk hedged and the purposes of the hedging, periodically checking the hedge effectiveness.

During the period between the date on which the purchase commitments were defined and the date on which the hedged television rights were recognised, the "cash flow hedge" method is used in accordance with IFRS 9. Based on this method, the effective portion of the change in the fair value of the derivative is accounted for in a reserve in Shareholders' Equity, which is used to adjust the initial cost of the TV right in the Financial Statements (basis adjustment), generating an impact on profit and loss when the hedged item, i.e. the TV right, is amortised.

Once the Group's broadcasting right is recognized, and after the date the payable is due but before it is settled, the Group takes out a cash flow hedge in which:

- The hedged item (the payable in foreign currencies) is converted at the spot exchange rate at the reporting date, with the effect recognised in the income statement.
- Changes in the intrinsic element of the hedging instrument are recognized in other comprehensive income and this change is then reversed to the profit or loss.

The types of derivatives mainly used are forward and option contracts. The fair value of forward contracts on currencies is determined as the discounted difference between the notional amount calculated using the contractual forward rate and the notional amount calculated using the forward exchange rate at the reporting date adjusted for creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged risk (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The expectation of future cash flows subject to hedging is shown in a specific table illustrating the changes in the cash flow hedge reserve.

## Sensitivity analysis

Financial instruments exposed to EURO/USD exchange rate risk, mainly comprising payables for the acquisition of broadcasting rights and exchange rate derivatives, were the subject of a sensitivity analysis at the reporting date. The carrying amount of the financial instruments was adjusted by applying a symmetrical percentage change to the period-end exchange rate, equal to the 1-year implicit volatility of the reference currency published by Bloomberg, equal to 8.16% (5.58% for 2021).

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 Net profit for the year, in compliance with the method defined by the hedging relationship.

The table below summarises the changes in the Net profit for the year and in the Consolidated Shareholders' Equity, deriving from the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at the reporting date:

	<b>EUR/USD exchange rate at 31 December</b>	<b>change</b>	<b>rectified EUR/USD exchange rate</b>	<b>through Profit and Loss</b>	<b>through Equity</b>	<b>Total Shareholders' Equity</b>
<b>2022</b>	1.0666	8.16%	1.1536	0.5	(9.4)	(8.9)
		-8.16%	0.9796	(0.4)	11.1	10.7
<b>2021</b>	1.1326	5.58%	1.1957	0.1	(9.1)	(9.0)
		-5.58%	1.0695	(0.1)	10.2	10.0

### Interest rate risk

The management of the financial resources of the Group involves the centralised cash-pooling with the group parent MFE-MEDIAFOREUROPE N.V. and with Mediaset España Comunicación S.A. (for its subsidiaries). These companies are tasked with obtaining funding from the market by entering into medium/long term loans and opening committed and uncommitted credit lines.

Interest rate risk mainly originates from variable rate financial payables, which expose the Group to cash flow risk. The management objective is to limit the fluctuation of financial expenses that impact the financial result, limiting the risk of a potential rise in interest rates.

Within this context, the Group pursues its objectives using derivatives entered into with third parties aimed at setting in advance or reducing, the change in cash flows due to the market change in interest rates on medium/long-term debt. The timeframe considered significant for managing interest rate risk is defined as a minimum term of 18 months of residual duration of the operation.

From an accounting standpoint, from the date the derivatives contract is entered into until the date the asset is recognized, the MFE Group applies the hedge accounting methodology documenting by way of the hedging relationship, the risk hedged and the purposes of the hedging, periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IFRS 9 is used. According to this method, either the absolute change in the clean fair value of derivatives - that is, the fair value less accrued interest - or the fair value of the underlying, whichever is smaller, is charged to an equity reserve. The difference between this value and the total fair value is recognized in the Income Statement at each valuation date. Both the fair value and the clean fair value are adjusted to take account of creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument through the application of

specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The fair value of the interest rate swaps (IRS) is calculated based on the present value of expected future cash flows.

The expectation of future cash flows subject to hedging is shown in a specific table illustrating the changes in the cash flow hedge reserve.

The Group has collar derivatives in place to hedge variable rate medium/long term loans.

The main features about derivatives instruments regarding MFE-MEDIAFOREUROPE N.V.

	<b>Fixed rate</b>	<b>Variable rate</b>	<b>Floor</b>	<b>Validity</b>	<b>Maturity</b>
Interest Rate Swap - INTESA SANPAOLO - EUR 150 million notional	-0.18%	Euribor 3M/360	-1.00%	31/03/2020	28/03/2025
Interest Rate Swap - BNP PARIBAS SA - EUR 100 million notional	-0.28%	Euribor 3M/360	-0.80%	21/04/2020	17/04/2023
Interest Rate Swap - BPER Banca - EUR 100 million notional	-0.34%	Euribor 3M/360	-0.70%	31/07/2020	30/04/2023
Interest Rate Swap - INTESA SANPAOLO - EUR 100 million notional	1.69%	Euribor 3M/360	-1.00%	30/06/2022	28/03/2025
Interest Rate Swap - UNICREDIT - EUR 100 million notional	1.40%	Euribor 3M/360	-0.80%	30/06/2022	20/01/2025
Interest Rate Swap - UNICREDIT - EUR 30.7 million notional	1.33%	Euribor 3M/360		08/07/2022	12/07/2027
Interest Rate Swap - UNICREDIT - EUR 30.7 million notional	1.26%	Euribor 3M/360		08/07/2022	12/07/2027
Interest Rate Swap - INTESA SANPAOLO - EUR 30.7 million notional	1.33%	Euribor 3M/360		08/07/2022	12/07/2027
Interest Rate Swap - INTESA SANPAOLO - EUR 30.7 million notional	1.26%	Euribor 3M/360		08/07/2022	12/07/2027
Interest Rate Swap - BNP PARIBAS SA - EUR 30.7 million notional	1.34%	Euribor 3M/360		08/07/2022	12/07/2027
Interest Rate Swap - BNP PARIBAS SA - EUR 30.7 million notional	1.26%	Euribor 3M/360		08/07/2022	12/07/2027

## Sensitivity analysis

Financial instruments exposed to interest rate risk were subjected to a sensitivity analysis at the reporting date. The assumptions upon which the model is based are illustrated below:

Medium-to-long term payables were subject to a change of 50 bps upwards and 20 bps downwards at the date of re-fixing the internal rate of return posted during the year.

Short and medium/long revolving payables and other current financial items were subject to a recalculation of the amount of financial charges by applying a change of 50 bps upwards and 20 bps downwards to the values posted to the financial statements.



The fair value of interest rate swaps (IRS) was recalculated applying a symmetrical shift (+100 bps; -100 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.

In 2021 It was not possible to apply a symmetrical change of 50 bps as the very short-term interest rate curve at the reporting date was negative.

The table below summarises the changes in the Profit for the year and in the Consolidated Shareholders' Equity, deriving from the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at the reporting date:

	<b>change</b>	<b>through Profit and Loss</b>	<b>through Equity</b>	<b>Total Shareholders' Equity</b>
<b>2022</b>	+100 b.p.	(0.9)	9.6	8.7
	-100 b.p.	1.6	(11.0)	(9.4)
<b>2021</b>	+50 b.p.	(0.8)	0.2	(0.6)
	-20 b.p.	(0.8)	(0.8)	(1.6)

## Price Risk

### Sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of ProSiebenSat.1 Media SA, MFE-MEDIAFOREUROPE N.V. and Mediaset España SA entered into collar contracts (purchase of put options and sale of call options) hedging their own equity investments, aimed at containing share price fluctuations within a 90%-120% range of their initial value.

Looking at the hedges agreed by MFE-MEDIAFOEEUROPE N.V., the first effect of the hedges is to set a maximum-level gain based on the strike price of the call options sold, and the second effect is to set a minimum-level loss based on the strike price of the put options bought.

At 31 December 2022, only around half of the first tranche of options expiring in November 2024 was outstanding. The share price was EUR 8.35 and, therefore, the call options with a strike price of EUR 10.17 were "in the money", with an intrinsic value of EUR 5.1 million.

However, if we imagine a price per share of EUR 14.13 (a change of +125% of the initial price), the call options sold with a strike rate of EUR 13.56 would now be "in the money" and would therefore have an intrinsic value of -EUR 1.59 million and 100% effectiveness:

This change in intrinsic value would have an impact on the shareholders' equity reserve but would not impact profit or loss.

Looking at the hedges entered into by Mediaset España, here too, the first effect of the hedges is to set a maximum-level gain based on the strike price of the call options sold, and the second effect is to set a minimum-level loss based on the strike price of the put options bought.

At 31 December 2022, only the second tranche of options expiring in 2024 was outstanding. If we imagine that the share price fluctuates to 85% of the reference price, the change in the value of the options would be almost symmetrically offset by the change in the share price. The same thing would also occur if the price fluctuated to more than 15% above the reference price.

This change in intrinsic value would have an impact on the shareholders' equity reserve but would not impact profit or loss.

# NOTES ON MAIN CASH FLOW STATEMENT ITEMS

## 12. NOTES ON MAIN CASH FLOW STATEMENT ITEMS

### 12.1 OTHER PROVISIONS AND NON-CASH MOVEMENTS

This item refers primarily to provisions (net of utilisations) for risks, employee leaving entitlements and incentive plan costs, and to gains/losses on the disposal of property, plant and equipment and other intangible assets and television and film broadcasting rights.

### 12.2 CHANGE IN OTHER ASSETS AND LIABILITIES

This item includes changes in *Other receivables and current assets*, *Post-employment benefit plans*, *Other current liabilities* and differences realised in the financial settlement of foreign exchange hedge for the ineffective portion of the hedging relationship as well as EUR 23.0 million as the exchange difference arising from the cash settlement of exchange rate hedges for the ineffective portion of the hedge.

### 12.3 PROCEEDS FROM GOVERNMENT GRANTS

This item refers to the grants received under the Ministry of Economic Development (MISE) – now the Ministry of Enterprise and Made in Italy (MIMIT) – Interministerial Decree of 17 November 2021 setting out compensatory measures for transmission facilities upgrade costs incurred by network operators nationwide as a consequence of the refarming of frequencies for the digital terrestrial television service.

### 12.4 PROCEEDS/(PAYMENTS) FOR HEDGING DERIVATIVES ON FINANCIAL ASSETS

This item includes the cash outassociated with the early closing of collar contracts entered into to hedge the equity investment in ProSiebenSat.1 Media SE.

### 12.5 PROCEEDS/(PAYMENTS) FOR OTHER FINANCIAL ASSETS

In 2022, this item mainly referred to the following: EUR 30.7 million for the acquisition of a further 1.11% stake by MFE in ProSiebenSat.1 Media SE; EUR 12.0 million for the acquisition of equity interests as part of the “AD4ventures” business; EUR 1.5 million for the acquisition of a 5% stake in Radio Digitale S.r.l.; EUR 3.2 million for the acquisition of a 15% stake in Genetiko Communication S.p.A.; EUR 9.8 million in proceeds from the sale of

non-controlling interests as part of the Ad4ventures business; and EUR 1.7 million in proceeds from the cash pooling carried out on behalf of associates and joint ventures.

## **12.6 DIVIDENDS RECEIVED**

This item refers to the EUR 34.5 million in dividends received from Prosiebensat.1 Media SE and the EUR 24.0 million in dividends received from EITowers S.p.A., with the remainder referring to the dividends received from associates and joint ventures.

In the previous year, this item referred to the EUR 149.9 million in dividends received from EITowers S.p.A., the EUR 14.3 million in dividends received from Prosiebensat.1 Media SE and the dividends from associates and joint ventures.

## **12.7 BUSINESS COMBINATIONS NET OF CASH AND CASH EQUIVALENTS ACQUIRED**

The item refers to the cash outflow for Digitalia'08's acquisition from Mediamond of the business unit responsible for the direct management of radio advertising sales for Group broadcasters and some third-party broadcasters.

## **12.8 DIVIDENDS PAID**

This item refers to the distribution of dividends resolved by the shareholders' meeting of 29 June 2022.

## **12.9 CHANGES IN CONTROLLING INTEREST**

This item refers to the disbursements made by the Group under the voluntary purchase and exchange offer over the non-controlling interest in the subsidiary Mediaset España with respect to the cash portion of acquiring a 27.23% of the share capital in the subsidiary (EUR 184.2 million) and the related transaction costs incurred by the Group for the year.

In the previous year, this item referred to the EUR 4.0 million disbursement for the acquisition of a 20% stake in El Desmarque Portal Deportivo, S.L. in March 2021, the EUR 1.2 million advance payment for the acquisition of a 20% stake in Monradio, and EUR 0.7 million for the acquisition of Mediaset España treasury shares.

## 12.10 CHANGES IN FINANCIAL LIABILITIES

As required by IAS 7, the table below shows the changes in financial liabilities.

<b>CHANGE IN FINANCIAL LIABILITIES</b>	<b>31/12/2021</b>	<b>Cash flow (*)</b>	<b>Fair value changes</b>	<b>Other non-cash movements (**)</b>	<b>31/12/2022</b>
Hedging derivatives (interest rate)	0.3	-	(33.4)	-	(33.1)
Current portion of non current debt	222.0	(218.0)	-	255.1	259.1
Credit facilities	141.0	(135.0)	-	-	6.0
Payables to other lenders	50.5	(1.7)	-	-	48.8
IFRS 16 financial liabilities	99.3	(21.8)	-	9,1	86.6
Due to bank (non-current portion)	683.3	568.0	-	(253.3)	998.0
<b>Total financial liabilities</b>	<b>1,196.4</b>	<b>191.5</b>	<b>(33.4)</b>	<b>12.6</b>	<b>1,365.4</b>

(\*) includes cash flow from interest paid

(\*\*) includes measurement at amortised cost

<b>CHANGE IN FINANCIAL LIABILITIES</b>	<b>31/12/2020</b>	<b>Cash flow (*)</b>	<b>Fair value changes</b>	<b>Other non-cash movements (**)</b>	<b>31/12/2021</b>
Hedging derivatives (interest rate)	3.6	-	(3.3)	-	0.3
Current portion of non current debt	449.4	(448.0)	-	220.6	222.0
Credit facilities	-	141.0	-	-	141.0
Payables to other lenders	44.5	6.0	-	-	50.5
IFRS 16 financial liabilities	111.0	(23.1)	-	11,4	99.3
Due to bank (non-current portion)	929.8	(27.2)	-	(219.3)	683.3
<b>Total financial liabilities</b>	<b>1,538.3</b>	<b>(351.4)</b>	<b>(3.3)</b>	<b>12.7</b>	<b>1,196.4</b>

## OTHER INFORMATION

### 13. DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The tables below provide, separately for the two years being compared, the disclosures required by IFRS 7, for the purpose of evaluating the significance of the financial instruments with reference to the statement of financial position, cash flows statement and income statement result for the Group.

#### Categories of financial assets and liabilities

Below is a breakdown of the carrying amounts of the financial assets and liabilities, as required by accounting standard IFRS 7.

FINANCIAL ASSETS at 31 DECEMBER 2022	IFRS 9 CATEGORIES			BOOK VALUE	Notes
	Derivative Instruments	Financial assets at amortised cost	Financial assets FVTOCI		
<b>OTHER FINANCIAL ASSETS:</b>					
Equity investments			519.8	519.8	
Hedge derivatives on equity instruments (non-current portion)	16.6				7.7
Other hedging derivatives (non current portion)	28.6			28.6	
Other financial assets		8.6		8.6	
Financial receivables (due over 12 months)		2.2		2.2	
<b>TRADE RECEIVABLES:</b>					
Due from customers		697.6		697.6	8.2
Due from related parties		51.2		51.2	
<b>OTHER RECEIVABLES/CURRENT ASSETS:</b>					
Due from factoring companies		138.8		139.3	
<b>CURRENT FINANCIAL ASSETS:</b>					
Financial receivables (due within 12 months)		3.2		3.2	8.4
Hedging derivatives on equity instruments	2.8			2.8	
Other hedging derivatives	21.7			21.7	
<b>CASH AND CASH EQUIVALENTS:</b>					
Current accounts and demand deposits		522.4		522.4	8.5
<b>TOTAL FINANCIAL ASSETS</b>	<b>69.7</b>	<b>1,424.0</b>	<b>519.8</b>	<b>2,013.6</b>	

<b>FINANCIAL LIABILITIES at 31 DECEMBER 2022</b>	<b>IFRS 9 CATEGORIES</b>			<b>Notes</b>
	<b>Derivative Instruments</b>	<b>Liabilities at amortised cost</b>	<b>BOOK VALUE</b>	
<b>NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:</b>				
Due to banks		998.0	998.0	
Hedge derivatives on equity instruments (non-	19.7			10.2
Other hedging derivatives (non current portion)	0.0		0.0	
Other financial liabilities		5.5	5.5	
<b>CURRENT LIABILITIES:</b>				
Due to banks		265.2	265.2	11.1
Due to suppliers		515.0	515.0	11.2
Due to related parties		76.0	76.0	
<b>OTHER FINANCIAL LIABILITIES:</b>				
Due to factoring companies		1.1	1.1	11.4
Other financial liabilities		7.6	7.6	
Hedging derivatives on equity instruments	2.6		2.6	
Other hedging derivatives	3.6		3.6	
Financial payables to related parties		47.3	47.3	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>25.9</b>	<b>1,915.6</b>	<b>1,921.8</b>	

<b>FINANCIAL ASSETS at 31 DECEMBER 2021</b>	<b>IFRS 9 CATEGORIES</b>			<b>BOOK VALUE</b>	<b>Notes</b>
	<b>Derivative Instruments</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets FVTOCI</b>		
<b>OTHER FINANCIAL ASSETS:</b>					
Equity investments			800.9	800.9	7.7
Hedge derivatives on equity instruments (non-current portion)	12.2			12.2	
Other hedging derivatives (non current portion)	8.0			7.9	
Other financial assets		8.9		8.9	
Financial receivables (due over 12 months)		2.2		2.2	
<b>TRADE RECEIVABLES:</b>					
Due from customers		716.0		716.0	8.2
Due from related parties		79.6		79.6	
<b>OTHER RECEIVABLES/CURRENT ASSETS:</b>					
Due from factoring companies		135.1		135.1	
<b>CURRENT FINANCIAL ASSETS:</b>					
Financial receivables (due within 12 months)		3.0		3.0	8.4
Hedging derivatives on equity instruments	0.4			0.4	
Other hedging derivatives	8.7			8.7	
<b>CASH AND CASH EQUIVALENTS:</b>					
Current accounts and demand deposits		315.5		315.5	8.5
<b>TOTAL FINANCIAL ASSETS</b>	<b>29.3</b>	<b>1,260.3</b>	<b>800.9</b>	<b>2,090.4</b>	



<b>FINANCIAL LIABILITIES at 31 DECEMBER 2021</b>	<b>IFRS 9 CATEGORIES</b>			<b>Notes</b>
	<b>Derivative Instruments</b>	<b>Liabilities at amortised cost</b>	<b>BOOK VALUE</b>	
<b>NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:</b>				
Due to banks		683.3	683.3	
Hedge derivatives on equity instruments (non-current)	54.5		54.5	10.2
Other hedging derivatives (non current portion)	0.1		0.1	
Other financial liabilities		12.2	12.2	
<b>CURRENT LIABILITIES:</b>				
Due to banks		363.1	363.1	11.1
Due to suppliers		527.7	527.7	11.2
Due to related parties		69.1	69.1	
<b>OTHER FINANCIAL LIABILITIES:</b>				
Due to factoring companies		0.7	0.7	
Other financial liabilities		0.9	0.9	11.4
Hedging derivatives on equity instruments	13.6		13.6	
Other hedging derivatives	1.3		1.3	
Financial payables to related parties		49.2	49.2	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>69.5</b>	<b>1,706.3</b>	<b>1,775.8</b>	

### **Fair value of financial assets and liabilities, and calculation models and input data used**

Below is an analysis of the amounts corresponding to the fair value of assets and liabilities broken down based on the methodologies and the calculation models used to calculate them.

Note that the tables do not show those financial assets and liabilities whose book value is very close to the fair value and that the fair value of derivatives represents the net position between assets and liabilities amounts.

The input data used to measure fair value at the reporting date, obtained from Bloomberg provider, were as follows:

- Euro curves for the estimation of forward rates and discount factors;
- Spot exchange rates of the ECB;
- Forward exchange rates calculated by Bloomberg;
- The fixing of the Euribor rate;
- The “mid” credit default swap (CDS) spread listed by various counterparties (if available);
- Credit spread of MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A.

BALANCE SHEET ITEM at 31 DECEMBER 2022	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE	Notes
			Black&Scholes	Binomial model	DCF Model		
Equity investments	519.8	519.8			519.8	7.7	
Trade receivables	1.7				1.6	8.4	
Due to banks	(1,263.2)				(1,073.6)	10.2	
M/L trade and other payables	(31.3)				(30.5)	11.2	
Hedging derivatives on equity instruments							
- Put	(0.6)		(0.6)		(0.6)		
- Call	(2.2)		(2.2)		(2.2)	8.4;11.4	
Other hedging derivatives							
-Forward	13.7				13.7	7.7;8.4;	
- IRS contracts	33.1				33.1	10.2;11.4	

BALANCE SHEET ITEM at 31 DECEMBER 2021	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE	Notes
			Black&Scholes	Binomial model	DCF Model		
Equity investments	800.9	800.9			800.9	7.7	
Trade receivables	8.8				9.0	8.4	
Due to banks	(1,046.3)				(1,058.2)	10.2	
M/L trade and other payables	(50.9)				(50.7)	11.2	
Hedging derivatives on equity instruments							
- Put	12.6		12.6		12.6		
- Call	(68.0)		(68.0)		(68.0)	8.4;11.4	
Other hedging derivatives:							
-Forward	15.6				15.6	7.7;8.4;	
- IRS contracts	(0.3)				(0.3)	10.2;11.4	

The fair value of securities listed on an active market is based on market prices at the reporting date. The fair value of securities not listed in an active market and trading derivatives is determined by using the most commonly used

valuation models and techniques on the market or using the price provided by several independent counterparties, with reference to comparable listed securities prices.

The fair value of non-current financial payables has been calculated considering the credit spread of MFE-MEDIAFOREUROPE N.V. and also including the short-term component of the medium/long term loans.

For the trade receivables and payables expiring within 12 months, the fair value was not calculated since is very close to their carrying amount. As a result, the carrying amount stated for the receivables and payables for which the fair value was calculated also includes the portion due within 12 months of the reporting date. The calculation of the fair value of trade receivables only takes into account the creditworthiness of the counterparty when there is market information that can be used to determine it. With regard to trade payables, fair value has been adjusted taking into account the creditworthiness of MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A..

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

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

**BALANCE SHEET ITEM at 31  
DECEMBER 2022**

	<b>BOOK VALUE</b>	<b>level I</b>	<b>level II</b>	<b>Level III</b>	<b>TOTAL FAIR VALUE</b>	<b>Notes</b>
Equity investments	519.8	486.5	33.3		519.8	7.7
Hedging derivatives on equity instruments						
- Put	(0.6)		(0.6)		(0.6)	7.7;8.4;
- Call	(2.2)		(2.2)		(2.2)	10.2;11.4
Other hedging derivatives						
-Forward	13.7		13.7		13.7	7.7;8.4;
- IRS contracts	33.1		33.1		33.1	10.2;11.4

**BALANCE SHEET ITEM at 31  
DECEMBER 2021**

	<b>BOOK VALUE</b>	<b>level I</b>	<b>level II</b>	<b>Level III</b>	<b>TOTAL FAIR VALUE</b>	<b>Notes</b>
Equity investments	800.9	780.1	20.8		800.9	7.7
Hedging derivatives on equity instruments						
- Put	12.6		12.6		12.6	
- Call	(68.0)		(68.0)		(68.0)	7.7;8.4; 10.2;11.4
Other hedging derivatives						
-Forward	15.6		15.6		15.6	
- IRS contracts	(0.3)		(0.3)		(0.3)	7.7;8.4; 10.2;11.4

## 14. SHARE-BASED PAYMENTS

In accordance with IFRS 2, the Group classifies stock option plans and medium/long-term incentive plans as "share-based payments". Those that are "equity-settled", i.e. involving the physical delivery of the shares, are measured at the fair value at the grant date of the option rights (which is calculated on the basis of the share price) assigned and recognised as a personnel expense to be spread evenly over the vesting period of the rights, with a corresponding reserve booked to shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually allot to the person entitled, in consideration of their vesting conditions not based on the market value of the rights.

At the end of the period in which the rights can be exercised the related shareholders' equity reserve is reclassified within retained earnings.

At 31 December 2022, medium/long-term incentive plans allocated for the years 2021 and 2022 were recognised in the financial statements for the purposes of IFRS 2.

The plans that had an impact on the income statement are those that can be exercised and which, at the reporting date, have not yet been concluded, or those that have vested during the year.

All the plans are equity-settled, i.e., they involve the allocation of treasury shares bought back from the market. Options and the free allocation rights granted to the employee beneficiaries are linked to the Group's achievement of financial performance targets and the employee remaining with the Group for a certain length of time.

The details of incentive plans with free granting of shares to the beneficiaries can be summarised as follows:

	<b>Incentive plan 2019</b>	<b>Incentive plan 2021</b>	<b>Incentive plan 2022</b>
<b>Grant date</b>	12/03/2019	14/09/2021	14/07/2022
<b>Vesting Period</b>	from 12/03/2019 to 31/12/2021	from 01/01/2021 to 31/12/2023	from 01/01/2022 to 31/12/2024
<b>Exercise period</b>	from 01/04/2022	from 01/10/2024	from 01/08/2025
<b>Fair Value</b>	2.811 euro	2.533 euro	A-class shares EUR 0.415 B-class shares EUR 0.607

On 14 July 2022, the Board of Directors of MFE-MEDIAFOREUROPE N.V completed its assessment of the terms and conditions set forth in the 2019-2021 medium-long term incentive plan regulation for the year 2019 and resolved to issue 1,771,602 MFE A-Class Shares which would be allocated to the Plan beneficiaries, in addition to the MFE A-Class Shares already held by the Company. After having consulted the Nomination and Remuneration Committee, Mediaset's Board of Directors also determined the beneficiaries under the Medium/Long-Term Incentive and Loyalty Plan (2021-2023) established by resolution of the Shareholders' Meeting of 23 June 2021. The Board allocated those same beneficiaries their entitlements for 2022, the quantity of which were determined based on the criteria established in the Plan regulations approved by the Board of Directors during the meeting held on 27 July 2021 and amended following the introduction of the dual share class.

Below is a summary of the changes to stock option plans and the medium/long-term incentive plans:

	Incentive plan 2019	Incentive plan 2021	Incentive plan 2022	Total
<b>Options outstanding at 1/1/2021</b>	1,789,670	-	-	1,789,670
Options issued during the year	-	1,823,852	-	1,832,852
Options exercised during the	-12,045	-	-	-12,045
Options not-exercised during	-	-	-	-
Options expired/cancelled	-	-	-	-
<b>Options outstanding at 31/12/2021</b>	<b>1,777,625</b>	<b>1,823,852</b>	<b>-</b>	<b>3,601,477</b>
<b>Options outstanding at 1/1/2022</b>	1,777,625	1,823,852	-	3,601,477
Options issued during the year	-	-	9,406,296	9,406,296
Options exercised during the	-1,777,625	-	-	-1,777,625
Options not-exercised during	-	-	-	-
Options expired/cancelled	-	-	-	-
<b>Options outstanding at 31/12/2022</b>	<b>-</b>	<b>1,823,852</b>	<b>9,406,296</b>	<b>11,230,148</b>

The incentive plans are recognised in the financial statements at their fair value:

- 2019 Stock Option Plan: EUR 2.811 per share.
- 2021 Stock Option Plan: EUR 2.533 per share.
- 2022 Stock Option Plan: EUR 0.415 per A-class share and EUR 0.607 per B-class share

The fair value of the incentive plans was calculated based on the stock market price on the grant date.

The subsidiary Mediaset España also has medium/long-term incentive plans in place, allocated in 2019 and 2021.

The plans provide for the allocation of free rights for the granting of Mediaset España shares with regular dividend entitlement, subject to the achievement of performance targets, as well as the continuing employment of the beneficiary at the end of the vesting period. All the plans are equity-settled, i.e., they involve the allocation of treasury shares bought back from the market.

The details of the incentive plans can be summarised as follows:

	<b>Incentive plan 2019</b>	<b>Incentive plan 2021</b>
<b>Grant date</b>	10/04/2019	10/00/21
<b>Vesting Period</b>	from 01/01/2019 to 31/12/2021	from 01/01/2021 to 31/12/2023
<b>Exercise period</b>	60 days after the Shareholders' meeting 2021	60 days after the Shareholders' meeting 2023
<b>Fair Value</b>	6.3	4.5

Below is a summary of the changes to medium/long-term incentive plans:

	<b>Incentive plan 2019</b>	<b>Incentive plan 2021</b>	<b>Total</b>
<b>Options outstanding at 1/1/2021</b>	167,156		167,156
Options issued during the year		237,128	237,128
Options exercised during the year			-
Options not-exercised during the year			-
Options expired/cancelled during the year			-
<b>Options outstanding at 31/12/2021</b>	<b>167,156</b>	<b>237,128</b>	<b>404,284</b>
<b>Options outstanding at 1/1/2022</b>	167,156	237,128	404,284
Options issued during the year			-
Options exercised during the year	-167,156		-167,156
Options not-exercised during the year			-
Options expired/cancelled during the year		-7,502	-7,502
<b>Options outstanding at 31/12/2022</b>	<b>-</b>	<b>229,626</b>	<b>229,626</b>

The incentive plans are recognised in the financial statements at their fair value:

- 2019 Stock Option Plan: EUR 6.33 per share.
- 2021 Stock Option Plan: EUR 4.54 per share.

The fair value of the incentive plans is based on the arithmetic mean of the official stock market prices over the 30 days prior to the grant date.

## 15. RELATED-PARTY TRANSACTIONS

The following summary table shows, for the main income statement and balance sheet items, the details of the companies that are the counterparts of these transactions.

	Revenues	Costs	Financial income / (expense)	Trade receivables	Trade payables	Other receivables/ (payables)
<b>CONTROLLING ENTITY</b>						
Fininvest S.p.A.	<b>0.1</b>	<b>4.9</b>	<b>-</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
<b>AFFILIATED ENTITIES</b>						
Società Sportiva Monza 1912 S.p.A.	0.1	7.4	-	0.1	3.2	-
Arnoldo Mondadori Editore S.p.A.*	6.9	1.3	-	2.9	1.3	0.0
Fininvest Gestione Servizi S.p.A.	0.0	0.0	-	0.0	-	-
Mediolanum S.p.A.*	3.7	-	-	1.0	-	-
Other affiliated entities	0.0	0.5	-	0.0	-	-
<b>Total Affiliated Entities</b>	<b>10.7</b>	<b>9.2</b>	<b>-</b>	<b>4.0</b>	<b>4.5</b>	<b>0.0</b>
<b>ASSOCIATES AND JOINT VENTURES</b>						
Alea Media	-	1.0	0.1	0.1	0.4	2.6
Alma Productora Audiovisual SL	-	5.6	-	-	1.3	-
Auditel S.p.A.	-	10.3	-	-	0.5	-
Boing SpA	7.7	25.8	-	3.3	14.5	1.8
Bulldog TV Spain SL	-	18.1	-	-	0.8	-
Campanilla Films SL	0.0	-	-	-	-	-
El Towers Group **	1.6	169.3	-	0.2	2.6	-
EURpean Broadcaster Exchange (EBX)	0.7	-	-	0.1	-	-
Fascino Produzione Gestione Teatro S.r.l.	0.1	66.5	(0.2)	20.5	32.0	(37.4)
Fenix Media Audiovisual, SL	0.0	2.2	0.0	0.0	0.7	0.6
La Fabbrica De la Tele SL	0.3	31.7	-	0.1	9.5	-
Mediamond SpA	37.2	1.9	(0.0)	22.6	2.0	(10.0)
Producciones Mandarina SL	0.2	4.8	-	0.1	1.2	0.0
Studio 71 Italia S.r.L.	0.0	0.6	-	0.0	0.1	0.0
SUPERGUIDATV S.r.l.	-	0.4	-	-	0.1	-
Titanus Elios S.p.A.	-	4.6	-	-	0.0	1.9
Tivù S.r.l.	0.3	1.5	-	0.2	0.5	-
Unicorn Content SL	0.5	21.6	-	0.0	5.3	0.0
<b>Total Joint ventures and associates</b>	<b>48.8</b>	<b>365.6</b>	<b>(0.1)</b>	<b>47.0</b>	<b>71.4</b>	<b>(40.5)</b>



	Revenues	Costs	Financial income / (expense)	Trade receivables	Trade payables	Other receivables/ (payables)
<b>KEY MANAGEMENT PERSONNEL***</b>	-	<b>14.4</b>	-	-	<b>0.0</b>	<b>(9.1)</b>
<b>SUPPLEMENTARY PENSION SCHEME (Mediafond)</b>	<b>0.0</b>	<b>(0.0)</b>	-	<b>0.0</b>	-	<b>(0.8)</b>
<b>OTHER RELATED PARTIES****</b>	<b>0.0</b>	<b>0.0</b>	-	<b>0.0</b>	-	-
<b>TOTAL RELATED PARTIES</b>	<b>59.6</b>	<b>394.1</b>	<b>(0.1)</b>	<b>51.1</b>	<b>76.0</b>	<b>(50.3)</b>

\* The figure includes the company and its subsidiaries, associates or jointly controlled companies

\*\* The figure includes the company and its subsidiaries.

\*\*\* The figure refers to the directors of MFE MediaforEurope NV.

\*\*\*\* The figure include the relations with the directors of the parent company Fininvest S.p.A., their and the MFE directors' close family members and companies in which these persons exercise control, joint control or significant influence or in which they hold, either directly or indirectly, a significant stake of no less than 20%, of the voting rights and the relations with consortiums principally engaged in the management of television signal transmission.

*Revenues* and *trade receivables* due from associated entities mainly relate to the sales of television advertising space. All these transactions are carried out at market value conditions and on an arm's lengths basis.

The revenues from Mediamond (joint venture between Publitalia'80 and Mondadori Pubblicità) refer to the amounts due to MFE Group companies operating editorially for websites and relate to the sale of advertising space by agency.

The *costs* and the related *trade payables* mainly refer to purchases of television productions and broadcasting rights and to the fees paid to associates for the sale of advertising space managed through exclusive concessions by Group companies.

The *costs* paid to associate El Towers relate to those paid under the "full service" contract for the hosting, support and maintenance of broadcasting equipment, the signal contribution services performed for Elettronica Industriale and the hosting and maintenance services performed for the Group's radio broadcasters.

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

During the year, dividends were also collected from affiliates and jointly controlled entities, for a total of EUR 36.9 million.

For more information as required by IAS 24 on the compensation of MFE Directors, please see the table below and Remuneration Report annexed to this Annual Report.

## Short-term employee benefits

Name	Office	Fixed Compensation in MFE *	Compensation from participation in Committees MFE	Fixed Compensation from subsidiaries and associates**	Compensation from participation in Committees from subsidiaries' and associates	Variable Compensation	Variable non equity Compensation (bonus)	Non-monetary benefits	Post-employment benefits***	Share based payments	Total
Pier Silvio Berlusconi	CHIEF EXECUTIVE OFFICER	1,040,000		370,163	*	408,125		19,453	107,660	306,736	2,252,138
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,124,650	*	80,000	242,750	10,510	455,985	122,695	2,076,589
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,073,851	*	52,000	186,564	9,029	415,402	92,021	1,868,867
Niccolo' Querci	EXECUTIVE DIRECTOR	40,000		1,164,020	*	68,000	291,591	13,199	475,558	49,845	2,102,212
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,827,857			465,189	19,965	698,657	276,063	3,327,731
		<b>1,200,000</b>	<b>-</b>	<b>5,560,540</b>	<b>200,000</b>	<b>1,594,219</b>		<b>72,156</b>	<b>2,153,262</b>	<b>847,359</b>	<b>11,627,537</b>
Fedele Confalonieri	NON-EXECUTIVE DIRECTOR (Chair)	60,000		1,875,000	80,000			15,389	16,802		2,047,191
Stefania Bariatti	NON-EXECUTIVE DIRECTOR	40,000	50,000						2,700		92,700
Marina Berlusconi	NON-EXECUTIVE DIRECTOR	40,000							6,400		46,400
Marina Brogi	NON-EXECUTIVE DIRECTOR	40,000	70,000						2,213		112,213
Raffaele Cappiello	NON-EXECUTIVE DIRECTOR	40,000	20,000						1,200		61,200
Costanza Esclapon De Villeneuve	NON-EXECUTIVE DIRECTOR	40,000	30,000								70,000
Giulio Gallazzi	NON-EXECUTIVE DIRECTOR	40,000	20,000						13,070		73,070
Danilo Pellegrino**	NON-EXECUTIVE DIRECTOR	40,000									40,000
Alessandra Piccinino	NON-EXECUTIVE DIRECTOR	40,000	50,000						7,200		97,200
Carlo Secchi	NON-EXECUTIVE DIRECTOR	40,000	40,000						16,802		96,802
		<b>420,000</b>	<b>280,000</b>	<b>1,875,000</b>	<b>80,000</b>			<b>15,389</b>	<b>66,388</b>		<b>2,736,776</b>
		<b>1,620,000</b>	<b>280,000</b>	<b>7,435,540</b>	<b>280,000</b>	<b>1,594,219</b>		<b>87,545</b>	<b>2,219,650</b>	<b>847,359</b>	<b>14,364,313</b>

\*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* Payment order in favor of Fininvest Spa

\*\*\* (for Groups' employees) including TFR severance indemnity equal to 6.90% of the total compensation as established by the Italian law

## Short-term employee benefits

Name	Office	Fixed Compensation in MFE	Compensation from participation in Committees MFE	Fixed Compensation from subsidiaries and associates* *	Compensation from participation in Committees from subsidiaries' and associates	Variable Compensation	Variable non equity Compensation (bonus)	Non-monetary benefits	Post-employment benefits	Share based payments	Total	
Pier Silvio Berlusconi	CHIEF EXECUTIVE OFFICER	1,040,000		371,175	*	312,500		114,867	3,369	159,579	2,001,489	
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,132,902	*	68,000	250,000	200,000	519,978	5,647	127,663	2,344,191
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,078,285	*	40,000	180,000	200,000	507,333	5,589	95,747	2,146,954
Niccolo' Querci	EXECUTIVE DIRECTOR	40,000		1,174,333	*	52,000	266,907	200,000	545,309	5,764	51,864	2,336,177
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,845,495	*	486,000	200,000	817,515	4,925	287,242	3,681,177	
		<b>1,200,000</b>	<b>-</b>	<b>5,602,190</b>	<b>160,000</b>	<b>1,495,407</b>	<b>800,000</b>	<b>2,505,002</b>	<b>25,293</b>	<b>722,096</b>	<b>12,509,988</b>	
Fedele Confalonieri	NON-EXECUTIVE DIRECTOR (Chair)	930,000		975,000	64,000			16,489	19,246		2,004,735	
Stefania Bariatti	NON-EXECUTIVE DIRECTOR	20,000	25,000								45,000	
Marina Berlusconi	NON-EXECUTIVE DIRECTOR	40,000						6,400			46,400	
Marina Brogi	NON-EXECUTIVE DIRECTOR	40,000	76,000					4,927			120,927	
Raffaele Cappiello	NON-EXECUTIVE DIRECTOR	40,000	34,000					4,080			78,080	
Costanza Esclapon De Villeneuve	NON-EXECUTIVE DIRECTOR	40,000	33,000								73,000	
Giulio Gallazzi	NON-EXECUTIVE DIRECTOR	40,000	16,000					13,236			69,236	
Daniilo Pellegrino***	NON-EXECUTIVE DIRECTOR	40,000									40,000	
Alessandra Piccinino	NON-EXECUTIVE DIRECTOR	20,000	25,000								45,000	
Carlo Secchi	NON-EXECUTIVE DIRECTOR	40,000	68,000					16,489			124,489	
Andrea Canepa**	NON-EXECUTIVE DIRECTOR	20,000	16,000					2,560			38,560	
Francesca Mariotti**	NON-EXECUTIVE DIRECTOR	20,000	33,000					5,840			58,840	
		<b>1,290,000</b>	<b>326,000</b>	<b>975,000</b>	<b>64,000</b>	<b>-</b>	<b>-</b>	<b>70,020</b>	<b>19,246</b>	<b>-</b>	<b>2,744,266</b>	
		<b>2,490,000</b>	<b>326,000</b>	<b>6,577,190</b>	<b>224,000</b>	<b>1,495,407</b>	<b>800,000</b>	<b>2,575,022</b>	<b>44,540</b>	<b>722,096</b>	<b>15,254,254</b>	

\*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* Term ended in June 2021

\*\*\* Payment order in favor of Fininvest Spa

## 16. GUARANTEES AND COMMITMENTS

Guarantees include both the guarantees given and those received by the company. The guarantees given refer to those provided by the Group for its own or third-party obligations. The guarantees received refer to those provided by third parties for the benefit or in the interest of the Group. The guarantees given and received by the company include personal guarantees (sureties, endorsements) and real guarantees (liens, mortgages). Guarantees given are recognised at the moment the company gives the guarantee.

Commitments are obligations assumed by the company towards third parties, which originate from legal transactions that have certain mandatory effects but have not yet been performed by either party (so-called deferred performance contracts). Nevertheless, these can significantly affect the company's equity and financial position, and it is useful to bear them in mind when evaluating this position. Commitments include future commitments of certain performance and amount, and future commitments of certain performance but uncertain amount. Commitments are initially recognised at the nominal value inferred from the transaction documents.

The amounts of guarantees and commitments are re-determined at each reporting date.

The overall amount of guarantees received, mainly bank guarantees, for receivables from third parties totalled EUR 9.7 million (EUR 13.3 million at 31 December 2021). This amount refers almost entirely to the Mediaset España Group (EUR 10.6 million at 31 December 2021).

In addition, bank guarantees in favour of third-party companies were issued for a total amount of EUR 103.7 Million (EUR 123.4 million at 31 December 2021), almost entirely referring to the Mediaset España Group.

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

- commitments for the acquisition of television and movie broadcasting rights (free and pay), totalling EUR 599.3 million (EUR 846.4 million at 31 December 2021). These future commitments relate mainly to volume deal contracts of the Group with some of the leading American TV producers.
- EUR 16.5 million to associates for the acquisition of content, sport events and rental contracts (EUR 22.0 million at 31 December 2021).
- commitments for artistic projects, television productions and press agency contracts of approximately EUR 367.9 million (EUR 213.2 million at 31 December 2021), of which EUR 205.2 million due to Related Parties;
- commitments for digital broadcasting capacity services of EUR 0.8 million (EUR 25.2 million at 31 December 2021);
- EUR 4.0 million in contractual commitments for satellite capacity use (EUR 8.0 million at 31 December 2021).
- commitments to the El Towers Group of approximately EUR 386.2 million (EUR 544.7 million at 31 December 2021) 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 187.5 million (EUR 234,3 million at 31 December 2021);

## 17. SUBSEQUENT EVENTS AFTER 31 DECEMBER 2022

On **30 January 2023**, the boards of directors of MFE and of subsidiary Mediaset España Comunicación, S.A. ("MES") approved, and agreed to sign, the **joint cross-border merger project for the cross-border merger by incorporation of MES (the mergee company) into MFE (the merger company) (the "Merger")**.

On **15 March 2023**, the shareholders' meetings of MFE and MES were held.

The Shareholders' Meeting resolved to approve the following:

- the proposal to, simultaneously with the Merger, cancel all 88,707,693 ordinary MFE A-class shares (representing 0.66% of nominal issued share capital and 5.81% of all MFE A-class shares issued to date) and to reduce the issued share capital accordingly. Undertake all activities and steps to cancel and simultaneously reduce MFE's issued share capital are to be completed before the effective date of the Merger;
- the proposal to effect the cross-border merger takeover of Mediaset España Comunicación, S.A. ("MES") (as the mergee company) into MFE (as the merger company) (the "Merger") in accordance with the terms and conditions set forth in the joint cross-border merger project prepared and signed on 30 January 2023 by the boards of directors of both companies participating in the Merger (the "Joint Cross-border Merger Project") and, therefore, to authorise the Board of Directors of MFE – in accordance with the terms and subject to the fulfilment of (or waiver of) the conditions precedent described in the Joint Cross-border Merger Project – to execute, or cause to be executed, the related Merger Project, including amendments to the Bylaws of MFE.

The Extraordinary Shareholders' Meeting of MES resolved, among other things, to approve the following:

- the Segregation (under Articles 40 of Spanish Law 3/2009 and in accordance with the terms and conditions of the transfer project dated 30 January 2023) from MES in favour of its fully-owned subsidiary Audiovisual Mediaset España Comunicación S.A.U. through the carve-out en bloc and by universal succession all of its assets and liabilities, with the exception of the 100% shares in GA Mediaset, the shares representing 13.18% of its share capital in ProSiebenSat.1 Media SE, as well as the debt owed to Crédit Suisse associated with the acquisition of those shares under a loan provided by that credit institution to Mediaset España, the outstanding put and call options under the same agreement relating to 4,951,250 shares in ProSiebenSat.1 Media SE, and a cash amount representing the Mediaset España cash not necessary for the pursuit of the business forming the subject matter of the Carve-Out in the ordinary course of its activities.
- the Merger, according to the terms and conditions of the Joint Cross-border Merger Project.

With reference to **MFE's shareholding in ProSiebenSat1 Media SE**, relevant events after 31 December 2022 have been reported in Note 4 ***Key Information relating to the Scope of Consolidation***

## 18. LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share capital capital	% held by the Group (*)
<b>MFE-MEDIAFOREUROPE N.V.</b>				0.00%
Mediaset Investment N.V. (in liquidation)	Amsterdam	EUR	0.1	100.00%
Mediaset S.p.A.	Milan	EUR	600.0	100.00%
Publitalia '80 S.p.A.	Milan	EUR	52.0	100.00%
Beintoo S.p.A.	Milan	EUR	0.1	80.00%
Digitalia '08 S.r.l.	Milan	EUR	10.3	100.00%
Publieurope Ltd.	London	GBP	5.0	100.00%
Adtech Ventures S.p.A.	Milan	EUR	0.1	91.46%
RTI S.p.A.	Rome	EUR	500.0	100.00%
Electronica Industriale S.p.A.	Lissone (MB)	EUR	363.2	100.00%
Medusa Film S.p.A.	Rome	EUR	120.0	100.00%
Monradio S.r.l.	Milan	EUR	3.0	100.00%
Taodue S.r.l.	Rome	EUR	0.1	100.00%
Medset Film S.a.s.	Parigi	EUR	0.5	100.00%
Radio Mediaset S.p.A.	Milan	EUR	7.4	100.00%
Radio Studio 105 S.p.A.	Milan	EUR	0.8	100.00%
Radio Aut S.r.l.	Loc. Colle Bensì PG)	EUR	0.0	100.00%
Radio Subasio S.r.l.	Assisi (PG)	EUR	0.3	100.00%
RMC Italia S.p.A.	Milan	EUR	1.1	100.00%
Virgin Radio Italy S.p.A.	Milan	EUR	10.1	99.99%
Mediaset España Comunicaciòn S.A.	Madrid	EUR	156.4	82.92%
Advertisement 4 Adventure, SLU	Madrid	EUR	0.0	82.92%
Publiespaña S.A.U	Madrid	EUR	0.6	82.92%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	82.92%
Netsonic S.L	Barcelona	EUR	0.0	82.92%
Aninpro Creative SL	Madrid	EUR	0.0	42.29%
Be a Iguana S.L.U.	Madrid	EUR	0.0	42.29%
Be a Tiger S.L.U	Madrid	EUR	0.0	42.29%
Engage 2021 SLU	Madrid	EUR	0.0	42.29%
Social 15D 2021 SLU	Madrid	EUR	0.0	42.29%
Social Halo 2021 SLU	Madrid	EUR	0.0	42.29%
Grupo Audiovisual Mediaset España Comunicaciòn S.A.U.	Madrid	EUR	0.6	82.92%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	82.92%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	82.92%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	82.92%
Produccion y Distribucio de Contenidos Audiovisuales Mediterraneo SLU	Madrid	EUR	0.3	82.92%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	82.92%
El Demarque Portal Deportvo SL	Sevilla	EUR	0.0	66.33%
Megamedia Television S.L.	Madrid	EUR	0.1	82.92%
Supersport Television S.L.	Madrid	EUR	0.1	51.82%

(\*) The Group's shareholding is calculated by taking into account the stake directly and indirectly held by the Parent Company at 31 December 2022, without taking into account the treasury shares of subsidiaries and investees.

<b>Associates and joint ventures</b>	<b>Registered Office</b>	<b>Currency</b>	<b>Share capital capital</b>	<b>% held by the Group (*)</b>
21CO Società a Responsabilità Limitata	Rome	EUR	0.0	20.00%
Agrupación de Interés Económico Furia de Titanes II A.I.E.	Santa Cruz de Tenerife	EUR	0.0	28.19%
Alea Media SA	Madrid	EUR	0.1	33.17%
Alea Silencio SLU	Madrid	EUR	0.0	33.17%
Alma Productora Audiovisual S.L.	Madrid	EUR	0.0	24.88%
Auditel S.r.l.	Milan	EUR	0.3	26.67%
Boing SpA	Milan	EUR	10.0	51.00%
Bulldog TV Spain SL	Madrid	EUR	0.0	24.88%
Campanilla Film SL	Madrid	EUR	0.0	24.88%
Dr Podcast Audio Factory Limited	London	GBP	0.0	30.00%
El Towers S.p.A.	Lissone (MB)	EUR	2.8	40.00%
EIT Radio S.r.l.	Lissone (MB)	EUR	0.0	40.00%
Hightel One S.r.l.	Rome	EUR	0.1	40.00%
Gestioni Postazioni Nord-Est S.r.l.	Trieste	EUR	0.0	16.00%
EIT Smart S.r.l.	Lissone (MB)	EUR	0.0	40.00%
EIT Sport S.r.l.	Lissone (MB)	EUR	0.0	34.00%
European Broadcaster Exchange (EBX) Limited	London	GBP	1.5	22.86%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
Fenix Media Audiovisual SL	Madrid	EUR	0.0	33.17%
Horizon Media International Sarl	Luxembourg	EUR	0.0	34.12%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	24.88%
Mediamond SpA	Milan	EUR	2.4	50.00%
Videowall S.r.l.	Milan	EUR	0.0	27.50%
Nessma S.A.	Luxembourg	EUR	14,2	34.12%
Nessma Broadcast S.A.	Tunis	DINARO	1.0	32.27%
Producciones Mandarina S.L.	Madrid	EUR	0.0	24.88%
Studio Woow S.r.l.	Cologno Monzese (MI)	EUR	0.1	49.00%
Superguidatv S.r.l.	Napoli	EUR	1.6	49.00%
Titanus Elios S.p.A.	Rome	EUR	5.0	30.00%
Tivù S.r.l.	Rome	EUR	1.0	48.16%
Unicorn Content SL	Madrid	EUR	0.0	24.88%
<b>Other equity investments</b>	<b>Registered Office</b>	<b>Currency</b>	<b>Share capital capital</b>	<b>% held by the Group (*)</b>
Altania del Mar SL	Madrid	EUR	0.0	9.14%
Aranova Freedom S.C.aR.L	Bologna	EUR	0.0	23.32%
Ares Film S.r.l.	Rome	EUR	0.1	5.00%
Audiradio S.r.l. (in liquidation)	Milan	EUR	0.0	10.00%
Blooming Experience SL	Valencia	EUR	0.0	4.91%
ByHours Travel S.L.	Madrid	EUR	0.0	6.64%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0.2	12.50%
C.R. DAB Consorzio Radio Digitale SCARL	Rome	EUR	0.0	3.22%
Gilda S.r.l.	Milan	EUR	0.0	10.31%
Grover Group GmbH	Berlin (Germany)	EUR	0.0	0.27%
Genetiko Comunication S.p.A.	Conversano (Bari)	EUR	0.0	15.00%
Innovación y desarrollo de Nuevos Canales Comerciales, SL	Madrid	EUR	0.0	6.10%
Itravel Group SA	Luxembourg	EUR	0.0	2.00%
Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien	Unterföhring (Germany)	EUR	55.3	2.28%
Letisan S.r.l.	Milan	EUR	0.0	8.30%
Pascal S.r.l.	Albosaggia (Sondrio)	EUR	0.0	5.50%

Pensium SL	Barcelona	EUR	0.0	5.07%
People Unlimited, SL	Madrid	EUR	0.0	0.14%
Player Editori Radio S.r.l.	Milan	EUR	0.0	15.40%
ProSiebenSat.1 MEDIA SE	Unterföhring (Germany)	EUR	233.0	22.75%
Radio Digitale S.r.l.	Bergamo	EUR	0.0	5.00%
Romaintv S.p.A. (in liquidation)	Rome	EUR	0.8	13.64%
Satsipay S.p.A.	Milan	EUR	0.6	0.31%
Società Funivie Maddalena SpA	Brescia	EUR	0.1	12.40%
Spotted GmbH	Mannheim (Germany)	EUR	0.1	4.62%
Springlane GmbH	Dusseldorf	EUR	0.1	5.23%
Tavolo Editori Radio S.r.l.	Milan	EUR	0.0	15.20%
Telesia S.p.A.	Rome	EUR	1.8	3.86%
Termo S.p.A.	Milan	EUR	0.3	9.28%
Westwing Group GmbH	Munich	EUR	0.1	0.32%
Zandivio Ltd	Limassol (Cyprus)	EUR	0.0	0.85%

(\*) The Group's shareholding is calculated by taking into account the stake directly and indirectly held by the Parent Company at 31 December 2022, without taking into account the treasury shares of subsidiaries and investees





*MFE-MEDIAFOREUROPE N.V. Financial Statements and Explanatory Notes*

## MFE - MEDIAFOREUROPE N.V.

# STATEMENT OF FINANCIAL POSITION

(values in EUR)

<b>ASSETS</b>	<b>Notes</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Non-current assets</b>	5		
Property, plant and equipment	5.1	27,023	-
Equity Investments in:	5.5		
<i>subsidiaries</i>		2,588,295,472	2,818,905,564
<i>associates and joint ventures</i>		465,633,786	465,633,786
<i>other companies</i>		229,997,603	349,725,242
Total		3,283,926,861	3,634,264,592
Receivables and other non-current financial assets	5.6	51,819,748	26,748,270
Deferred tax assets	5.9	196,651,002	193,933,331
<b>Total non-current assets</b>		<b>3,532,424,634</b>	<b>3,854,946,193</b>
<b>Current assets</b>	6		
Trade receivables from:	6.2		
<i>customers</i>		1,453	1,489
<i>subsidiaries</i>		336,954	363,831
<i>associates and joint ventures</i>		126	126
Total		338,533	365,446
Tax receivables	6.3	19,989,163	13,762,056
Other receivables and current assets	6.4	19,813,034	32,094,955
Intercompany financial receivables from:	6.5		
<i>subsidiaries</i>		624,961,497	615,909,918
<i>associates and joint ventures</i>		1,794,565	2,705,458
Total		626,756,062	618,615,376
Other current financial assets	6.6	27,627,978	8,872,948
Cash and cash equivalents	6.7	20,043,907	24,771,454
<b>Total current assets</b>		<b>714,568,677</b>	<b>698,482,235</b>
<b>TOTAL ASSETS</b>		<b>4,246,993,311</b>	<b>4,553,428,428</b>

# MFE - MEDIAFOREUROPE N.V.

## Statement of Financial Position

(values in EUR)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2022	31/12/2021
<b>Shareholders' equity</b>	8		
Share capital	8.1	800,313,281	777,186,257
Share premium reserve	8.2	423,998,164	275,237,092
Treasury shares	8.3	(390,733,596)	(374,521,214)
Legal reserves	8.4	(128,465,959)	(19,619,433)
Retained earnings/(losses) and other reserves	8.5	1,066,563,606	1,007,763,598
Net result for the year	8.6	27,415,953	214,116,517
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,799,091,449</b>	<b>1,880,162,817</b>
<b>Non-current liabilities</b>	9		
Post-employment benefits plans	9.1	51,554	51,006
Deferred tax liabilities	9.2	7,793,182	-
Payables and financial liabilities	9.3	991,103,886	684,146,116
<b>Total non-current liabilities</b>		<b>998,948,622</b>	<b>684,197,122</b>
<b>Current liabilities</b>	10		
Payables to banks	10.1	265,040,358	362,984,271
Trade payables	10.2		
<i>due to suppliers</i>		2,505,465	2,763,700
<i>due to subsidiaries</i>		553,823	579,382
<i>due to parent companies</i>		20,000	65,347
Total		3,079,288	3,408,429
Intercompany financial payables	10.5		
<i>due to subsidiaries</i>		910,523,677	1,021,779,283
<i>due to associates and joint ventures</i>		47,390,550	49,272,575
Total		957,914,227	1,071,051,858
Other financial liabilities	10.6	14,559,174	331,437,336
Other current liabilities	10.7	208,360,193	220,186,595
<b>Total current liabilities</b>		<b>1,448,953,240</b>	<b>1,989,068,489</b>
<b>TOTAL LIABILITIES</b>		<b>2,447,901,862</b>	<b>2,673,265,611</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>4,246,993,311</b>	<b>4,553,428,428</b>

**MFE - MEDIAFOREUROPE N.V.**  
**STATEMENT OF INCOME**

(values in EUR)

STATEMENT OF INCOME	Notes	FY 2022	FY 2021
<b>Revenues</b>	12		
Revenues from sales and services	12.1	1,067,503	1,163,401
Other revenues and income	12.2	154,806	1,303,217
<b>Total revenues</b>		<b>1,222,309</b>	<b>2,466,618</b>
<b>Costs</b>	13		
Personnel expenses	13.1	(470,203)	(275,004)
Purchases	13.2	(4,104)	(4,106)
Services	13.5	(8,897,911)	(12,704,928)
Royalties	13.6	(480,029)	(479,913)
Other operating expenses	13.8	(2,578,740)	(3,540,426)
Amortisation, depreciation and impairments	13.9	(1,508,812)	269,965
<b>Total costs</b>		<b>(13,939,799)</b>	<b>(16,734,412)</b>
<b>Operating result</b>		<b>(12,717,490)</b>	<b>(14,267,795)</b>
<b>(Expenses)/income from financial assets</b>	15		
Financial expenses	15.1	(121,294,639)	(92,310,389)
Financial income	15.2	105,933,244	103,086,380
Dividends	15.3		
<i>dividends from subsidiaries</i>		2,377,002	60,000,000
<i>dividends from associates</i>		24,000,000	149,930,290
<i>dividends from other companies</i>		21,863,903	11,237,839
Total		48,240,905	221,168,129
<b>Total financial (expenses)/income</b>		<b>32,879,510</b>	<b>231,944,120</b>
<b>Profit before tax</b>		<b>20,162,020</b>	<b>217,676,325</b>
<b>Income tax for the year</b>	16		
current taxes	16.1	6,887,542	(3,495,526)
deferred tax assets/liabilities	16.2	366,391	(64,283)
<b>Total income tax for the year</b>		<b>7,253,933</b>	<b>(3,559,809)</b>
<b>Net result for the year</b>	8.6	<b>27,415,953</b>	<b>214,116,516</b>

# MFE - MEDIAFOREUROPE N.V.

## Statement of Comprehensive Income

(values in EUR)

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	Notes	<b>FY 2022</b>	<b>FY 2021</b>
<b>NET RESULT FOR THE YEAR (A)</b>	8.6	<b>27,415,953</b>	<b>214,116,517</b>
Comprehensive income/(loss) that may be subsequently reclassified to profit or loss		24,853,295	2,217,485
Effective portion of gains and losses on hedging instruments (cash flow hedge)		32,701,704	2,917,744
Tax effect		(7,848,409)	(700,259)
<b>Comprehensive income/(loss) that will not be reclassified to profit or loss</b>		<b>(140,580,061)</b>	<b>(51,747,406)</b>
Actuarial gains/(losses) from defined benefit plans		(768)	(805)
Tax effect		184	193
Profit/(loss) from financial assets classified fair value through OCI		(150,475,595)	6,624,356
Tax effect		-	-
Profit/(loss) from option valuations		9,812,559	(58,628,704)
Tax effect		83,559	257,554
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)</b>		<b>(115,726,766)</b>	<b>(49,529,921)</b>
<b>TOTAL COMPREHENSIVE INCOME (A + B)</b>		<b>(88,310,813)</b>	<b>164,586,596</b>

# MFE - MEDIAFOREUROPE N.V.

## STATEMENT OF CASH FLOWS

(values in EUR thousand)

	Notes	FY 2022	FY 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating result	-	(12,717)	(14,268)
Depreciation, amortisation and impairment	13.9	1,518	(270)
Allowances net of utilisation	10.3	-	(2,500)
Changes in current assets/liabilities	17.1	(6,860)	(8,375)
Interest paid	-	(1,506)	
Interest received	-	7,529	9,670
Income tax paid	-	(12,911)	(31,664)
Income tax received	-	5,109	43,624
Dividends received	17.2	41,183	215,174
<b>Net cash flow from operating activities (A)</b>		<b>21,345</b>	<b>211,391</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for equity investments	17.3	(220,165)	(11,392)
Proceeds from equity divestments	17.3	595,000	-
Cash pooling	17.4	(112,334)	196,012
Proceeds for hedging derivatives on financial assets	-	-	12,493
<b>Net cash flow from investing activities (B)</b>		<b>262,501</b>	<b>197,113</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Purchase of treasury shares	17.5	(32,636)	(7)
Dividends paid	17.6	(131,872)	(341,759)
Other financial assets/liabilities paid	17.7	(458,208)	(447,595)
Other financial assets/liabilities received	17.8	348,065	292,168
Interest paid	-	(13,922)	(8,087)
<b>Net cash flow from/used in financing activities (C)</b>		<b>(288,573)</b>	<b>(505,280)</b>
<b>Changes in cash and cash equivalents (D=A+B+C)</b>		<b>(4,727)</b>	<b>(96,776)</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>		<b>24,771</b>	<b>121,547</b>
<b>Cash and cash equivalents at end of the year (F=D+E)</b>		<b>20,044</b>	<b>24,771</b>

**MFE - MEDIAFOREUROPE N.V.**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(values in EUR thousand)

	Share capital	Share premium reserve	Treasury shares	Legal reserves	Retained earnings/(accumulated losses) and other reserves	Net result for the year	Total shareholders' equity
<b>Opening Balance at 01/01/2021</b>	614,238	275,237	(389,702)	8,705	1,528,542	17,007	<b>2,054,027</b>
Allocation of 2020 net result							
As per the general meeting of 23/06/2021	-	-	-		(324,752)	(17,007)	(341,759)
Increase in share capital (Res. of 25/11/2021)	162,948	-	-		(162,948)	-	-
(Purchase)/sale of treasury shares	-	-	15,181		(11,087)	-	4,094
Changes in medium/long-term incentive plans	-	-	-		(786)	-	(786)
Total comprehensive income/(loss) for the year	-	-	-	(28,325)	(21,205)	214,117	164,587
<b>Closing Balance at 31/12/2021</b>	<b>777,186</b>	<b>275,237</b>	<b>(374,521)</b>	<b>(19,620)</b>	<b>1,007,764</b>	<b>214,117</b>	<b>1,880,163</b>
<b>Opening Balance at 01/01/2022</b>	<b>777,186</b>	<b>275,237</b>	<b>(374,521)</b>	<b>(19,620)</b>	<b>1,007,764</b>	<b>214,117</b>	<b>1,880,163</b>
Allocation of 2021 net result							
As per the general meeting of 29/06/2022	-	-			82,245	(214,117)	(131,872)
Increase in share capital - 12/07/2022 pursuant to Offer	23,021	148,867			-	-	171,888
Increase in share capital - 18/07/2022 pursuant to LTI Plan	106	(106)					
(Purchase)/sale of treasury shares	-	-	(32,636)		-	-	(32,636)
Other changes (Transaction costs)	-	-			(3,225)	-	(3,225)
Changes in medium/long-term incentive plans	-	-	16,423		(13,339)	-	3,084
Total comprehensive income/(loss) for the year	-	-		(108,846)	(6,880)	27,416	(88,310)
<b>Closing Balance at 31/12/2022</b>	<b>800,313</b>	<b>423,998</b>	<b>(390,734)</b>	<b>(128,466)</b>	<b>1,066,565</b>	<b>27,416</b>	<b>1,799,092</b>

# GENERAL INFORMATION

## 1. GENERAL INFORMATION

MFE-MEDIAFOREUROPE N.V. ("MFE" or "The Company") is a listed joint-stock company (naamloze vennootschap) subject to Dutch law and registered in the Dutch Commercial Register (CCI number: 83956859). It was incorporated on 26 november 1987. Its registered office (statutaire zetel) is at Prinsengracht 462 in Amsterdam (the Netherlands) and its headquarters, Italian branch and tax residence are at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Its ultimate controlling party is Fininvest S.p.A. The MFE ordinary shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., with tickers symbol MFEA and MFEB.

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

In Spain, MFE is the main shareholder of Mediaset España, with an interest of 82.92% at 31 December 2022. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group, of which Mediaset España is part, is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

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

The amounts contained in these notes are stated in thousands of euros.

## 2. ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

These financial statements are:

- prepared in accordance with International Financial reporting Standard (IAS/IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirement included in Part 9 of the Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC) effective year-end 2021 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB.
- prepared by the Board of Directors of the Company and authorised for issue on 18 April 2023 and will be submitted for adoption to the Annual General Meeting of Shareholders on 07 June 2023.
- prepared on the historical costs basis unless certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13.
- presented on a going-concern basis, having the Directors verified that there are no financial, operational or other indications pointing to any critical issues that could affect the Company's ability to meet its



obligations in the foreseeable future. The risks and uncertainties regarding the business are described in the Directors' Report on Operations. The way in which the Company manages its financial risks, including liquidity and capital risk, is described in the section entitled "Disclosure on financial instruments and risk management policies" in these Explanatory Notes.

□ presented in Euro, which is the functional currency used for the majority of the Company's operations. Where possible, in order ensure better comparison and presentation of the financial statement items in the event of reclassifications, the items from the previous year have been adjusted accordingly.

Amounts reported in these Financial Statements are expressed in thousands of euro and compared to corresponding figures for the previous year, prepared on a like basis.

Finally, following the relocation of the company MFE-MEDIAFOREUROPE N.V. to the Netherlands, the structure of these (and subsequent) financial statements have been modified from the previous year to reflect the legislation now applicable.

### **3. BASIS OF PRESENTATION, ACCOUNTING POLICIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND MEASUREMENT CRITERIA**

These Financial Statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, operational, or other indicators that could affect the Company's ability to meet its obligations in the foreseeable future. The risks and uncertainties related to the business are described in the Directors' Report on Operations.

A description of how the Company manages its financial risks, including liquidity and capital risk, is provided in the section "Disclosures on financial instruments and risk management policies" in these Explanatory Notes.

The Financial Statements at 31 December 2022 have been prepared in accordance with International Accounting Standards and related interpretations in force at the reporting date.

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

#### **Accounting standards, amendments and interpretations applied as from 1 January 2022**

Since 1 January 2022, the following new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

On **14 March 2020**, the IASB published the following amendments, which entered into 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.

The adoption of these amendments has had no impact on the Company's financial statements.

## Financial statements and formats

The **Statement of Financial Position** has been prepared according to a format that splits assets and liabilities into between "current" and "non-current". An asset/liability is defined as current when it satisfies any of the following criteria:

- ▣ it is expected to be realised or settled, or is expected to be sold or consumed in the company's normal operating cycle;
- ▣ it is held primarily for the purpose of trading; or
- ▣ it is expected to be realised or settled within 12 months after the reporting date.

If none of the above conditions are met, the assets and liabilities are classified as non-current.

The **Income Statement** has been prepared according to the convention of classifying costs by their nature, with components making up earnings before interest and tax and earning before tax stated separately. In order to provide a clearer measure of the performance of ordinary operations, elements of cost and revenue arising from events or transactions that are considered non-recurring due to their nature or the significance of their amount, such as the disposal of controlling interests, are stated separately.

These transactions may fall under the definition of significant non-recurring transactions and events contained in Consob Communication no. 6064293 of 28 July 2006, as opposed to the definition of "atypical and/or unusual transactions" contained in the same Consob Communication of 28 July 2006, according to which atypical and/or unusual transactions are transactions that, due to their significance/importance, the nature of the counterparties, the object of the transaction, the method of calculation of the transfer price, and the timing of the event (e.g. proximity to the financial year end), can give rise to doubts concerning the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets, or the protection of minority shareholder interests.

The **Comprehensive Income Statement** shows the cost and revenue items, net of tax that, as required or allowed by the International Accounting Standards, are recognized directly within shareholders' equity reserves.

These items are further divided into those that may be reclassified to the income statement in the future and those that cannot be reclassified. Each type of significant shareholders' equity reserve shown in the statement is accompanied by a reference to the explanatory notes below, which contain related information and breakdowns, and changes on the previous fiscal year.

The **Cash Flow Statement** has been prepared using the indirect method, according to which Operating result is adjusted for the impacts of non-monetary transactions, for any deferral or allocation of previous or future operational cash receipts or payments and for elements of revenue or cost connected with cash flows from investing or financing activities. Income and expenses relating to medium/long-term financing transactions and

related hedges, as well as dividends paid, are included within financial activities. The item Cash and cash equivalents only includes the balances of current accounts held with banks; the balance of the non-bank current account held subsidiaries, associates and joint ventures for centralised treasury management purposes is recognised under financing activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- ▢ the distribution of dividends for the period;
- ▢ changes in shareholders' equity reserves (e.g. share-based payments under investment plans, interest rate hedges and changes in the fair value of FVTOCI financial assets, including related financial hedging instruments);
- ▢ each item of comprehensive, net of any tax effects, that, as required by IFRS, is recognised either directly in shareholders' equity (e.g. actuarial gains and losses from the measurement of defined benefit plans) or for which a balancing entry is carried in a shareholders' equity reserve;
- ▢ comprehensive income for the period.

For each type of significant shareholders' equity reserve shown in the statement, reference is given to the explanatory notes below that contain the relative information and details of their breakdowns and the changes that have taken place compared to the previous fiscal year.

Moreover, to comply with the requirements of Consob Resolution No. 15519 of 27 July 2006 "Provisions regarding the structure of financial statements", specific statements of income and financial position have been prepared, in addition to the mandatory statements, showing significant amounts of related-party accounts or transactions separately from the related items.

## **Non-current assets**

### **Property, plant and equipment**

#### **Leased-in assets**

Assets acquired under financial leasing contracts are posted under intangible fixed assets in an item entitled "Rights of use" at the value of the financial liability, calculated based on the current value of future payments, in turn discounted at the incremental borrowing rate for each contract. The payable is progressively reduced according to the repayment schedule for the amounts of principal included in the contractual instalments. The interest amount, on the other hand, is recognised in the income statement under financial expenses. The value of the asset recognised under tangible fixed assets is depreciated on a straight-line basis according to the expiry date of the lease agreement, while also taking into account the likelihood of renewal of the agreement in the presence of an enforceable renewal option.

Fees for leasing contracts with a duration of 12 months or less and for contracts with a low-value underlying asset are posted on a straight-line basis according to the duration of the contract.

#### **Impairment of assets**

The carrying amounts of recognized equity investments are periodically reviewed in accordance with IAS 36, which requires the assessment of the existence of any losses in the carrying amount of the assets, where indicators suggest that impairment may exist.

If impairment loss indicators are identified, the recoverable amounts recognised are checked by comparing the carrying amount recognized in the financial statements and the higher of the fair value less costs of disposal and the value in use of the tested asset/Group of assets.

In the case of impairment losses, the related cost is recognized to the income statement. The original value can be reinstated in the following fiscal years if the conditions for the impairment no longer apply.

## **Equity investments in subsidiaries, associates and joint ventures**

These equity investments are recognised in the financial statements using the cost method.

The risk resulting from any losses exceeding the shareholders' equity value is recognised in a specific provision to the extent that the Company is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses.

## **Equity investments in other companies**

Equity investments other than those in subsidiaries, associates or joint ventures are measured in accordance with IFRS 9 and in particular classified in the category of financial assets measured at fair value with recognition of changes in the other comprehensive income statement, without recycling to profit and loss.

This category also includes non-controlling interests acquired by the Company with the aim of making medium-term non-speculative investments. In this case, fair value can be determined based on special valuation models, by taking account of the prices of recent transactions on the capital of those companies or, for equity investments in listed companies, on the basis of the current stock market price at the closing date of the financial year.

## **Current assets**

### **Trade receivables**

Receivables are measured at their fair value, which — except where customers have been granted significantly extended payment terms — is the same as the value calculated using the amortised cost method. Pursuant to IFRS 9, trade receivables are classified as “held to collect” or “held to collect and sell”. Their value at year-end is adjusted to their estimated realisable value and impaired when needed, with expected credit loss measured using a time horizon of 12 months in the absence of any evidence of a significant increase in credit risk. Receivables originating in non-EMU currencies are measured at the year-end spot rates issued by the European Central Bank.

### **Other current financial assets**

After initial recognition, all financial assets recognised which are covered by the scope of IFRS 9 must be subsequently recognised at amortised cost or fair value based on the business model of the entity to manage financial assets and the characteristics of contractual cash flows of the financial asset.

Specifically:

- ▢ debt instruments held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- ▢ debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value with changes recognised in other components of the statement of comprehensive income;

- ▣ all other debt instruments and investments in equity instruments are subsequently measured at fair value, with changes recognised in profit (loss), with the exception of equity instruments that can be designated as financial assets for which changes in fair value are recognised in Other comprehensive income, without recycling to profit and loss.

## **Cash and cash equivalents**

This item includes petty cash, bank current accounts and deposits that are repayable on demand and other short-term and highly liquid financial investments that are readily convertible into cash, with an insignificant risk of a change in value.

## **Treasury shares**

Treasury shares are recognised at cost and recorded as a reduction of shareholders' equity and all the gains and losses resulting from transaction on treasury shares are classified within a specific shareholders' equity reserve.

## **Non-current liabilities**

### **Employee benefits**

#### **Post-employment benefit plans**

Employee leaving entitlements qualify as a post-employment benefit and are classified as a defined benefit plan. Using the projected unit credit method, amounts accrued are projected in order to estimate the final liability at the future time when employment will be terminated and are then discounted. The actuarial method is based on demographic and financial assumptions used to give a reasonable estimate of the benefits accrued by each employee for service.

The actuarial valuation results in the recognition of an interest cost under the item Financial (Expenses)/Income that represents the theoretical charge that the Company would incur if it requested a market loan for the amount of the employee leaving entitlements.

Actuarial gains and losses reflecting the impacts from changes in the actuarial assumptions used are recognised directly in shareholders' equity without ever going through the income statement.

Due to reforms to Italian employee leaving entitlements ("TFR") introduced by Law No. 296 of 27 December 2006 ("Finance Act 2007") and implemented by subsequent decrees and regulations, the accounting policies applied to TFR benefits accrued at 31 December 2006 and those accruing from 1 January 2007 were changed in accordance with IAS 19 and interpretations issued by Italian accounting standard setters in July 2007.

As a result of the Supplementary Pension Reform introduced, benefits accrued up to 31 December 2006 will continue to remain within the Company as a defined benefit plan (with the obligation for accrued benefits subject to actuarial valuation). Amounts accruing as of 1 January 2007 are either paid into supplementary pension funds or transferred by the Company to the treasury fund managed by the Italian National Social Security Institute (INPS) and are considered a defined contribution plan from the time employees have exercised their choice; accordingly, these amounts are not subject to actuarial valuation.

### **Share-based payments**

In accordance with IFRS 2, the Company classifies stock options as "share-based payments". Stock options that are "equity-settled" i.e. involving the physical delivery of the shares, are measured at the fair value at the grant date of the option rights assigned and recognised as a personnel expense to be spread evenly over the vesting period of the rights, with a corresponding reserve recognized within the shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually allot to the person entitled, in consideration of their vesting conditions not based on the market value of the rights. In accordance with IFRIC 11 IFRS 2 - "Group and Treasury Shares Transactions", issued on 30 November 2006 and endorsed by the European Commission on 1 June 2007, stock options assigned by the company to employees of its direct and indirect subsidiaries are accounted for as equity-settled and are recognised as increases in the value of the equity investment, with a corresponding reserve recognized within the shareholders' equity.

## **Provisions for risk and charges**

Provisions include costs and charges whose existence is either certain or probable, but whose amount or date of occurrence cannot be determined at the reporting date. These provisions have been made only when there is a current obligation, resulting from past events, that can be of a legal or constructive nature, or arising from declarations or behaviour by the Company that create valid expectations in the parties concerned (implicit obligations).

Provisions represent our best estimate of the amount that the company would have to pay in order to settle the obligation. When they are significant and the payment dates can be reliably estimated, the provisions are recognised at present values with the charges resulting from the passage of time recognized in the income statement under the item "Financial (Expenses)/Income".

## **Non-current financial liabilities**

Non-current financial liabilities are recognised at amortised cost, using the effective interest rate method.

## **Current liabilities**

### **Trade payables**

Trade payables are recorded at their nominal amount, which is usually close to their amortised cost; Trade payables in non-UEM currencies are translated at the year-end spot rates reported by the European Central Bank.

## **Derivatives and hedge accounting**

The Company enters into transactions to hedge the main financial risks associated with fluctuations in foreign exchange rates in connection with the acquisition, mainly by the indirect subsidiary R.T.I. S.p.A., of television broadcasting rights denominated in currencies other than the euro, in particular the US dollar.

Specifically, it makes use of derivative instruments (primarily forwards) in its business to hedge the foreign currency risk associated with highly probable forecast transactions and payables for purchases that have been concluded.

These contracts are purchased on the market to hedge the foreign currency risk associated with the purchase of television broadcasting rights, but do not qualify for hedge accounting under IFRS 9 in the company only financial statements of MFE - MEDIAFOREUROPE N.V. Accordingly, the fair value changes of these instruments are recognised as Financial (Expenses)/Income in the income statement.

The fair value of forwards is measured by discounting the difference between the notional amount translated at the forward rate of the contract, and the notional amount translated at the fair forward rate (the forward exchange rate measured at the reporting date).

The Company is exposed to financial risks related to changes in interest rates on medium/long term loans subject to floating interest rates.

In relation to the latter risk, if an interest rate hedge is considered effective pursuant to IRFS 9, the effective portion of the fair value change of the derivative that is designated a hedging instrument and is eligible for hedge accounting is recognised directly in shareholders' equity, while the ineffective part is recognised in the income statement. The shareholders' equity reserve will have an impact on the income statement when the cash flows of the hedged item attributed to the hedged risk are realised, that is, when interest is paid.

As stated earlier, hedging instruments and the models used to measure them are reported in the note "Disclosures on financial instruments and risk management policies".

## **Revenue recognition**

Revenue is recognised at the time of transfer of control of the promised goods or services to the customer.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

Cost recoveries are shown as a direct reduction of the related costs.

## **Cost recognition**

All costs that have a direct causal link to the revenues for the year, which can be identified specifically or based on hypotheses and assumptions, are recognised during the year. When there is no direct relationship, all costs that have been spread over time on a rational systematic basis are accrued.

## **Financial income and borrowing costs**

Financial income and expenses are recognised in the income statement on an accrual basis.

## **Income taxes**

Current income taxes are recognised on the basis of the determination of taxable income in accordance with current tax rates and provisions currently in force, or essentially approved, at the end of the reporting period, taking into account any applicable exemptions and tax credits due.

Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amounts of balance sheet assets and liabilities and the corresponding tax base, on the basis of the tax rates in force at the time when the temporary differences will reverse. When the accounting effects of a transaction are recognized directly to shareholders' equity, current and deferred taxes are also recognised in shareholders' equity.

MFE - MEDIAFOREUROPE N.V. is the tax-consolidating entity for all Group companies that fall within the scope for domestic tax consolidation. Based on the existing tax consolidation contracts, the consolidating entity only remunerates losses generated by subsidiaries if they are considered recoverable within the forecast future taxable income generated within the scope of tax consolidation.

The impairment and recoverability testing of the deferred tax assets posted in the financial statements as at 31 December 2022, 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 (2023-2027) 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 tests conducted on this basis, the recovery period has been set at least ten years.

Impairment testing also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded.

If tax losses are transferred from subsidiaries, MFE - MEDIAFOREUROPE N.V. makes a balance sheet entry, recording assets for tax prepayments and a tax consolidation payable with subsidiaries.

Deferred tax assets and liabilities are offset when it is lawful to offset current tax assets and liabilities, when they refer to taxes due to the same Tax Authority, and when the Company intends settling the current tax assets and liabilities on a net basis.

In the case of any changes in the carrying amount of deferred tax assets and liabilities arising from a change in tax rates or the related legislation, rules or regulations, the resulting effect is recognised in the income statement, unless they relate to items that have previously been debited or credited to shareholders' equity.

## **Dividends paid**

Dividends payable are shown as a change in shareholders' equity for the year in which their distribution is approved by shareholders at the annual general meeting.

## **Dividend income**

Dividend income earned on equity investments is recognised in the income statement at the time the entitlement to a pay-out arises.

## **Foreign exchange gains and losses**

At the annual general meeting for the approval of the financial statements and the allocation of earnings, any net gains from the translation of foreign currency items at year-end exchange rates that are not absorbed to cover losses are allocated to a non-distributable reserve until their subsequent realisation.

Unrealised foreign exchange gains and losses are remeasured at the end of every year. If an overall net foreign exchange gain is found that is higher than the relative shareholders' equity reserve, the difference is added to the reserve. If a foreign exchange loss is found or a net gain that is lower than the reserve amount, the entire reserve or the surplus is released and reclassified as distributable when preparing the financial statements.

## **USE OF ESTIMATES**

In preparing the financial statements and the Explanatory notes to the financial statements, management is required to make estimates and judgements mainly necessary to measure certain assets and liabilities and evaluate contingent assets and liabilities. The application of accounting policies requires Judgments that impact the amount recognised. Additionally amounts recognised are based on factors that are by default associated with uncertainty. Where applicable, the estimates and judgments are described per note within the financial statements.

In particular, the current macroeconomic environment has determined that estimates of future developments have been prepared considering this degree of uncertainty.

The main estimates relate to the measurement of the recoverable amount of tax assets recognised, and of the investments in subsidiaries, associates and joint ventures, as well as provisions.



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

## CHANGES IN ACCOUNTING ESTIMATES

In accordance with IAS 8, these items are recognised in the income statement on a prospective basis starting from the accounting period in which they are adopted.

### EU-endorsed IFRS accounting standards, amendments and interpretations not yet mandatory and not adopted early by the Company

The standards endorsed but not yet applicable at the date of preparation of these financial statements are listed below. The Company does not intend to adopt these principles early. The directors do not expect the adoption of these amendments to have any significant effect on the Company's financial statements.

On **18 May 2017**, the IASB published its standard **IFRS 17 Insurance Contracts**, which will replace IFRS 4 Insurance Contracts. The new standard aims to ensure that entities provide relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts held by an insurer. The new standard also includes presentation and disclosure requirements to improve comparability among entities in this sector. The new standard measures insurance contracts under the general model or using a simplified version of it known as the Premium Allocation Approach ("PAA"). The PAA allows entities to measure the liability for remaining coverage of a group of insurance contracts on the condition that, at the time initially recognised, the entity expects that this liability will be a reasonable approximation of the general model. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from the PAA do not apply to the measurement of liability for incurred claims, which are measured under the general model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred. An entity must apply the new standard to: insurance contracts, including reinsurance contracts, it issues; reinsurance contracts it holds; and investment contracts with discretionary participation features (DPFs) it issues. The standard will apply from 1 January 2023, but earlier application is permitted if the entity applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts. The directors do not expect the adoption of this standard to have any significant effect on the Company's financial statements.

On **9 December 2021**, the IASB published an amendment entitled "**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information**". The amendment introduces an alternative transition approach for comparative information about financial assets presented at the IFRS 17 initial application date. The amendment aims to avoid temporary accounting mismatches between financial assets and insurance contract liabilities so as to make the comparative information more useful to readers of the financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect the adoption of this amendment to have any significant effect on the Company's financial statements.

On **12 February 2021**, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". The amendments are intended to enhance the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help

companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, but early adoption is permitted. It is not expected the introduction of this new amendments could have significant impact on the Company's financial statements.

On **7 May 2021**, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The amendment clarifies how deferred taxes should be recognised for particular transactions for which an entity recognises both an asset and a liability of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early adoption is permitted. It is not expected the introduction of this new amendments could have significant impact on the Company's financial statements.

## **New IFRS accounting standards, interpretations and amendments not yet endorsed by the EU**

The standards not yet endorsed at the date of preparation of these financial statements are listed below. The Company is still assessing the impact of these amendments on its financial position or financial results, in so far as they are applicable.

On **23 January 2020**, the IASB issued an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**". The amendment aims to clarify how current and non-current payables and other liabilities are classified. The amendments will enter force on 1 January 2023; however, companies may choose to adopt them early.

On **22 September 2022**, the IASB published an amendment entitled "**Amendments to IFRS 16 Insurance contracts: Lease Liability in a Sale and Leaseback**". The amendments require a seller-lessee to measure the lease liability arising from a sale and leaseback transaction in a way that does not result in recognition of any gain or loss that relates to the right of use it retains. The amendments will apply from 1 January 2024, but early adoption is permitted. The directors are currently evaluating the possible effects of the introducing this amendment for the Company's financial statements.

## **4. OTHER INFORMATION**

### **Public purchase and exchange offer for all shares in the subsidiary Mediaset España Comunicación SA**

On **14 March 2022**, the Board of Directors of MFE-MEDIAFOREUROPE N.V. ("MF") approved the launch of a Voluntary Public Purchase and Exchange Offer (the "Offer") for the entirety of non-controlling shares in the subsidiary Mediaset España Comunicación SA ("MES"). The Offer was for a total of 138,763,426 ordinary shares, corresponding to 44.31% of the company's share capital. The anticipated price was EUR 5.613 per share, split into a cash component of EUR 1.860 per Mediaset España Comunicación SA share, covered by a guarantee issued by five Italian and Spanish banks, as well as an equity component (4.5 MFE-MEDIAFOREUROPE N.V. ordinary A-class shares, corresponding to EUR 3.753, for every Mediaset España Comunicación SA share; and, therefore, 9 MFEMEDIAFOREUROPE N.V. ordinary A-class shares for every 2 Mediaset España Comunicación SA shares). Regarding this latter component, on 27 April 2022 MFE's Shareholders' Meeting, which approved the Offer, resolved to issue up to 624,435,408 ordinary A-class shares each with a par value of EUR 0.60 (including any consideration due in connection with any squeeze-out procedures following the settlement of the share part of the Offer) and to limit or exclude any option rights in connection with those shares.

On **26 May 2022**, the Spanish Financial Markets Authority (Comisión Nacional del Mercado de Valores or "CNMV") authorised the Offer.

On **6 June 2022**, MFE signed a cooperation agreement with MES regarding the Voluntary Public Purchase and Exchange Offer for all MES shares not subject to lock-up. This agreement increased the cash component of the Offer by more than 16%, from EUR 3.72 to EUR 4.32 for every two Mediaset España shares (equal to EUR 2.16 per one share) Consequently, the bank guarantees already provided were increased to EUR 299.9 million. In turn, the board of directors of Mediaset España committed to issuing a report favourable to the Offer. The CNMV approved the supplement to the offer document on 9 June 2022, setting the expiry date of the Offer endorsement period at 1 July 2022.

On **7 July 2022**, the CNMV announced the results of the Voluntary Public Purchase and Exchange Offer for shares in the subsidiary Mediaset España Comunicación SA (the "Offer"), which had been endorsed by 61.45% of the target shares. Following this outcome, MFE announced that it would waive the condition whereby the Offer would only go through subject to achieving the minimum endorsement threshold set at the Offer's launch (meaning that MFE's stake in MES would increase from 55.69% to 85%). Therefore, the Board of Directors of MFE resolved to issue 383,678,784 new MFE A-Class Shares, which would be allotted to the MES shareholders who endorsed the Offer.

As a result of this transaction, MFE's controlling interest in MES changed from 55.69% to 82.92%. The transaction was recognised in MFE's consolidated financial statements as an equity transaction. Therefore, the EUR 20.8 million positive difference between the total consideration recognised for the transaction on the one hand (which includes the EUR 184.2 million cash component and the EUR 171.9 million fair value of the newly issued MFE A-Class Shares as at the effective transaction date) and the net book value of the non-controlling interest in MES at 30 June 2022 on the other (27.23%), was recognised as a reduction of Other Reserves in Group shareholders' equity.

## **Dealings with subsidiaries, associates, holding companies, affiliates and other related parties**

On 9 November 2010, the Board of Directors resolved to adopt the "Procedure for transactions with related parties", drawn up according to the principles indicated in the "Regulation containing provisions on transactions with related parties" adopted by Consob with resolution No. 17221 of 12 March 2010.

The procedure, which is published on the Company's website ([www.mediaset.it/investor/governance/particorrelate\\_it.shtml](http://www.mediaset.it/investor/governance/particorrelate_it.shtml)), sets the rules for identifying, approving, executing and disclosing related-party transactions carried out by MFE - MEDIAFOREUROPE N.V., directly or through subsidiaries, in order to ensure their transparency and substantive and procedural correctness, as well as establishing the cases where these rules do not apply.

The following tables show the breakdown of financial and business dealings with subsidiaries, associates, holding companies, affiliates and other related parties, which were conducted at arm's length conditions.

(values in EUR thousand)

<b>RECEIVABLES AND FINANCIAL ASSETS</b>	<b>Receivables and other non-current financial assets</b>	<b>Trade receivables</b>	<b>Other receivables and current assets</b>	<b>Intercompany financial receivables</b>	<b>Other current financial assets</b>
<b>Subsidiaries - Mediaset Group</b>					
R.T.I. - Reti Televisive Italiane S.p.A.	23	137	4,018	510,454	3,428
Medusa Film S.p.A.	-	12	252	-	-
Publitalia '80 S.p.A.	-	110	10,813	-	-
Digitalia '08 S.r.l.	-	22	1,127	-	-
Elettronica Industriale S.p.A.	-	4	-	-	-
Monradio S.r.l.	-	6	81	30,064	-
Taodue S.r.l.	-	1	-	7,377	-
RadioMediaset S.p.A.	-	9	707	71,198	-
Radio Studio 105 S.p.A.	-	9	1,907	-	-
Virgin Radio Italy S.p.A.	-	6	73	-	-
RMC Italia S.p.A.	-	6	129	4,430	-
Radio Subasio S.r.l.	-	7	38	-	-
Radio Aut S.r.l.	-	1	-	-	-
Mediaset S.p.A.	-	8	-	-	-
Beintoo S.p.A.	-	-	-	1,439	-
<b>Associates - Mediaset Group</b>					
Boing S.p.A.	-	-	-	1,795	-

(values in EUR thousand)

<b>PAYABLES AND FINANCIAL LIABILITIES</b>	<b>Non-current financial payables and liabilities</b>	<b>Trade payables</b>	<b>Other payables and current liabilities</b>	<b>Intercompany financial payables</b>	<b>Other current financial liabilities</b>
<b>Fininvest Group - Parent company</b>					
Fininvest S.p.A.	-	20	-	-	-
<b>Subsidiaries - Mediaset Group</b>					
R.T.I. - Reti Televisive Italiane S.p.A.	9,291	348	161,014	-	7,622
Medusa Film S.p.A.	-	-	-	104,573	-
Publieurope Ltd.	-	4	-	17,965	-
Publitalia '80 S.p.A.	-	-	27	329,799	-
Digitalia '08 S.r.l.	-	-	1,156	2,066	-
Elettronica Industriale S.p.A.	-	-	22,230	388,621	-
Monradio S.r.l.	-	-	2,421	-	-
Taodue S.r.l.	-	-	3,888	-	-
RadioMediaset S.p.A.	-	-	189	-	-
Radio Studio 105 S.p.A.	-	-	-	20,099	-
Virgin Radio Italy S.p.A.	-	-	622	9,957	-
RMC Italia S.p.A.	-	-	1,086	-	-
Radio Subasio S.r.l.	-	-	2	5,008	-
Radio Aut S.r.l.	-	-	75	1,222	-
Mediaset Investment N.V. in liquidatie	-	-	-	-	842
Mediaset S.p.A.	-	202	3,563	31,214	-
Beintoo S.p.A.	-	-	42	-	-
<b>Associates - Mediaset Group</b>					
Fascino Produzione e Gestione Teatro S.r.l.	-	-	-	37,352	-
Boing S.p.A.	-	-	59	-	-
Mediamond S.p.A.	-	-	-	9,985	-
Adtech Ventures S.p.A.	-	-	-	54	-
<b>Other related parties</b>					
Key management personnel	-	1	9,083	-	-

(values in EUR thousand)

<b>REVENUES AND COSTS</b>	<b>Operating revenues</b>	<b>Operating costs</b>	<b>Financial expenses</b>	<b>Financial income</b>	<b>(Expenses/income) from equity investments</b>
<b>Fininvest Group - Parent company</b>					
Fininvest S.p.A.	-	505	-	-	-
<b>Subsidiaries - Mediaset Group</b>					
R.T.I. - Reti Televisive Italiane S.p.A.	400	2,730	60,152	42,764	-
Medusa Film S.p.A.	41	-	483	-	-
Publieurope Ltd.	-	4	77	-	-
Publitalia '80 S.p.A.	364	-	1,092	-	-
Digitalia '08 S.r.l.	72	-	97	-	-
Elettronica Industriale S.p.A.	15	-	1,704	-	-
Monradio S.r.l.	21	(18)	-	439	-
Taodue S.r.l.	4	(4)	-	133	-
RadioMediaset S.p.A.	32	(47)	-	1,185	-
Radio Studio 105 S.p.A.	29	-	113	-	-
Virgin Radio Italy S.p.A.	19	-	42	-	-
RMC Italia S.p.A.	19	(2)	-	61	-
Radio Subasio S.r.l.	23	-	23	-	-
Radio Aut S.r.l.	2	-	6	-	-
Mediaset Investment N.V. in liquidatie	-	-	1,512	-	2,377
Mediaset S.p.A.	26	662	141	2	-
Beintoo S.p.A.	-	-	-	11	-
<b>Associates - Mediaset Group</b>					
Fascino Produzione e Gestione Teatro S.r.l.	-	-	161	-	-
Boing S.p.A.	1	(3)	18	23	-
Mediamond S.p.A.	-	-	10	1	-
El Towers S.p.A.	-	-	-	-	24,000
<b>Mediaset Group - Affiliates</b>					
ProSiebenSat.1 MEDIA SE	-	-	-	-	21,864
<b>Fininvest Group - Affiliates</b>					
Fininvest Real Estate & Services S.p.A.	-	3	-	-	-
<b>Other related parties</b>					
Key management personnel	-	1,874	-	-	-

The most significant transactions between MFE - MEDIAFOREUROPE N.V. and related parties, summarised in the above tables, concerned:

- ▢ EUR 873 thousand in income for the supply of intercompany treasury and finance services (of which EUR 360 thousand from Publitalia '80 S.p.A. and EUR 226 thousand from R.T.I. S.p.A.);
- ▢ licensing of the Fininvest trademark by the parent company Fininvest S.p.A. for a total of EUR 465 thousand;
- ▢ EUR 1,129 thousand to indirect subsidiary RTI S.p.A. and EUR 662 thousand to Mediaset S.p.A. for the supply of staff services governed by intercompany contracts to indirect subsidiary RTI S.p.A.;
- ▢ EUR 1,497 thousand in interest due on the EUR 315,000 thousand short-term financial payable to subsidiary Mediaset Investment NV under the Share Premium Agreement entered into on 23 December 2019 and repaid on 30 June 2022.

In 2022, intercompany dealings also concerned the management of equity investments, which in the period involved the collection of a dividend from the subsidiary Mediaset Investment NV (now Mediaset Investment N.V. (in liquidation) in the amount of EUR 597,377 thousand (of which EUR 2,377 thousand recognised as dividend income and EUR 595,000 thousand recognised as a divestment in that it referred to a distribution of the subsidiary's share premium created after the signing of the Share Purchase Agreement) and a dividend of EUR 24,000 thousand to joint venture EI Towers S.p.A.

MFE - MEDIAFOREUROPE N.V. provides centralised treasury services for the management of financial assets involving the use of intercompany cash-pooling, which generated interest income from the following companies:

- ▢ R.T.I. S.p.A. - EUR 7,093 thousand;
- ▢ RadioMediaset S.p.A. - EUR 1,185 thousand;
- ▢ Monradio S.r.l. - EUR 439 thousand;
- ▢ Tao Due S.r.l. - EUR 133 thousand;
- ▢ RMC Italia S.p.A. - EUR 61 thousand;
- ▢ Beintoo S.p.A. - EUR 11 thousand;
- ▢ Mediaset S.p.A. - EUR 2 thousand.

During the year, interest fell due to the following companies:

- ▢ R.T.I. S.p.A. - EUR 17 thousand;
- ▢ Medusa Film S.p.A. - EUR 483 thousand;
- ▢ Publieurope Ltd - EUR 77 thousand;
- ▢ Publitalia '80 S.p.A. - EUR 1,092 thousand;
- ▢ Digitalia '08 S.r.l. - EUR 97 thousand;
- ▢ Elettronica Industriale - EUR 1,704 thousand;
- ▢ Radio Studio 105 S.p.A. - EUR 113 thousand;
- ▢ Virgin Radio Italy S.p.A. - EUR 42 thousand;
- ▢ Radio Subasio S.r.l. - EUR 23 thousand;
- ▢ Radio Aut S.r.l. - EUR 6 thousand;
- ▢ Mediaset Investment N.V. in liquidation - EUR 7 thousand;
- ▢ Mediaset S.p.A. - EUR 141 thousand.

Please note that interest expense is calculated only if the average Euribor one-month plus spread is greater than zero.

In accordance with IAS 24, compensation payable to directors is reported in the caption "Other related parties".

As required by IAS 24, further details on the compensation of key management personnels that includes the remuneration to the company's Directors are provided in the table below and in the Remuneration Report section of this Annual Report.

The difference between the cost indicated above for key management personnel and the compensation indicated in the table below is explained by payments order in favour of other related parties, membership fees due by the Company on behalf of some Directors and compensation paid to Directors by subsidiaries and associates.



2022

First and Last Name	Office	Fixed Compensation in MFE*	Compensation from participation in Committees in MFE	Fixed compensation from subsidiaries and associates**	Compensation from participation in committees from subsidiaries and associates	Variable compensation	Variable non equity compensation (bonus)	Non-monetary benefits	Post-employment benefits ***	Share based payments	Total
Pier Silvio Berlusconi	CEO	1,040,000		370,163 *		408,125		19,453	107,660	306,736	2,252,138
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,124,650 *	80,000	242,750		10,510	455,985	122,695	2,076,589
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,073,851 *	52,000	186,564		9,029	415,402	92,021	1,868,867
Niccolò Querci	EXECUTIVE DIRECTOR	40,000		1,164,020 *	68,000	291,591		13,199	475,558	49,845	2,102,212
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,827,857		465,189		19,965	698,657	276,063	3,327,731
		<b>1,200,000</b>		<b>5,560,540</b>	<b>200,000</b>	<b>1,594,219</b>		<b>72,156</b>	<b>2,153,262</b>	<b>847,359</b>	<b>11,627,537</b>
Fedele Confalonieri	NON-EXECUTIVE DIRECTOR (CHAIRMAN)	60,000		1,875,000	80,000			15,389	16,802		2,047,191
Stefania Bariatti	NON-EXECUTIVE DIRECTOR	40,000	50,000						2,700		92,700
Marina Berlusconi	NON-EXECUTIVE DIRECTOR	40,000							6,400		46,400
Marina Brogi	NON-EXECUTIVE DIRECTOR	40,000	70,000						2,213		112,213
Raffaele Cappiello	NON-EXECUTIVE DIRECTOR	40,000	20,000						1,200		61,200
Costanza Esclapon De Villeneuve	NON-EXECUTIVE DIRECTOR	40,000	30,000								70,000
Giulio Gallazzi	NON-EXECUTIVE DIRECTOR	40,000	20,000						13,070		73,070
Danilo Pellegrino***	NON-EXECUTIVE DIRECTOR	40,000									40,000
Alessandra Piccinino	NON-EXECUTIVE DIRECTOR	40,000	50,000						7,200		97,200
Carlo Secchi	NON-EXECUTIVE DIRECTOR	40,000	40,000						16,802		96,802
		<b>420,000</b>	<b>280,000</b>	<b>1,875,000</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>15,389</b>	<b>66,388</b>	<b>-</b>	<b>2,736,776</b>
		<b>1,620,000</b>	<b>280,000</b>	<b>7,435,540</b>	<b>280,000</b>	<b>1,594,219</b>	<b>-</b>	<b>87,545</b>	<b>2,219,650</b>	<b>847,359</b>	<b>14,364,313</b>

\* It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* Payment order in favour of Fininvest Spa

\*\*\* For employment relationships it includes the portion relating to "TFR", equal to 6.90% of the overall remuneration, provided for by Italian law

2021

First and Last Name	Office	Fixed Compensation in MFE*	Compensation from participation in Committees in MFE	Fixed compensation from subsidiaries and associates**	Compensation from participation in committees from subsidiaries and associates***	Variable compensation	Variable non equity compensation (bonus)	Non-monetary benefits	Post-employment benefits	Share based payments	Total
Pier Silvio Berlusconi	CEO	1.040.000		371.175 *		312.500		114.867	3.368	159.579	2.001.489
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40.000		1.132.902 *	68.000	250.000	200.000	519.978	5.647	127.663	2.344.190
Gina Nieri	EXECUTIVE DIRECTOR	40.000		1.078.285 *	40.000	180.000	200.000	507.333	5.589	95.747	2.146.954
Niccolò Querci	EXECUTIVE DIRECTOR	40.000		1.174.333 *	52.000	266.907	200.000	545.309	5.764	51.864	2.336.177
Stefano Guido Sala	EXECUTIVE DIRECTOR	40.000		1.845.495 *		486.000	200.000	817.514	4.925	287.242	3.681.177
		<b>1.200.000</b>	<b>-</b>	<b>5.602.190</b>	<b>160.000</b>	<b>1.495.407</b>	<b>800.000</b>	<b>2.505.002</b>	<b>25.293</b>	<b>722.096</b>	<b>12.509.987</b>
Fedele Confalonieri	NON-EXECUTIVE DIRECTOR (CHAIRMAN)	930.000		975.000	64.000			16.489	19.246		2.004.735
Stefania Bariatti	NON-EXECUTIVE DIRECTOR	20.000	25.000								45.000
Marina Berlusconi	NON-EXECUTIVE DIRECTOR	40.000						6.400			46.400
Marina Brogi	NON-EXECUTIVE DIRECTOR	40.000	76.000					4.927			120.927
Raffaele Cappiello	NON-EXECUTIVE DIRECTOR	40.000	34.000					4.080			78.080
Costanza Esclapon De Villeneuve	NON-EXECUTIVE DIRECTOR	40.000	33.000								73.000
Giulio Gallazzi	NON-EXECUTIVE DIRECTOR	40.000	16.000					13.236			69.236
Danilo Pellegrino***	NON-EXECUTIVE DIRECTOR	40.000									40.000
Alessandra Piccinino	NON-EXECUTIVE DIRECTOR	20.000	25.000								45.000
Carlo Secchi	NON-EXECUTIVE DIRECTOR	40.000	68.000					16.489			124.489
Andrea Canepa**	NON-EXECUTIVE DIRECTOR	20.000	16.000					2.560			38.560
Francesca Mariotti **	NON-EXECUTIVE DIRECTOR	20.000	33.000					5.840			58.840
		<b>1.290.000</b>	<b>326.000</b>	<b>975.000</b>	<b>64.000</b>	<b>-</b>	<b>-</b>	<b>70.020</b>	<b>19.246</b>	<b>-</b>	<b>2.744.266</b>
		<b>2.490.000</b>	<b>326.000</b>	<b>6.577.190</b>	<b>224.000</b>	<b>1.495.407</b>	<b>800.000</b>	<b>2.575.021</b>	<b>44.540</b>	<b>722.096</b>	<b>15.254.253</b>

\* It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* The Non-Executive Directors ended their mandate to advise in June 2021

\*\*\* Payment order in favour of Fininvest Spa

## Treasury shares

At 31 December 2022, the value of the treasury shares acquired under the shareholder resolutions adopted at the annual general meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006, 19 April 2007 and 29 April 2022, totalled EUR 390,734 thousand (EUR 374,521 thousand at 31 December 2021), which is equivalent to 38,627,313 MFE B-class shares and 88,707,693 MFE A-class shares, partially earmarked to service approved incentive and buyback plans.

On 20 July 2022, the Board of Directors of MFE resolved to reduce its share capital by launching a share buy-back programme (the "Programme") under Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (the "MAR") pursuant to and accordance with the authorisation granted to the Board of Directors by the ordinary shareholder's meeting held on 29 June 2022. This resolution provided for the purchase of up to 135,375,330 ordinary MFE shares – a combination of ordinary MFE Class-A shares and ordinary MFE Class-B shares, excluding treasury stock – for a maximum sum of EUR 70 million. The programme commenced on 25 July 2022 and ended on 30 November 2022. The programme was coordinated by a major qualified intermediary, who made the purchases of MFE shares, entirely independently of the Company, at the time, price and volumes most suitable. The MFE shares were purchased at a price higher than the greater of the price paid in the last independent transaction for MFE A-class or MFE B-class shares (as appropriate) and the highest current bid price on the trading venue where MFE A-class or MFE B-class shares were being traded (as appropriate). Furthermore, MFE shares could not be traded for a volume greater than 25% of the average daily trading volume of MFE A-class and MFE B-class shares (as appropriate) on the trading venue where they were being traded (as appropriate). Additionally, in accordance with the Authorisation and the implementing resolution of the MFE's Board of Directors, consideration for purchases of MFE shares under the Programme (subsequent to the first purchase) could not be greater than the lesser of (a) the maximum price limit set by the Authorisation and (b) 110% of the average price paid per MFE A-class or MFE B-class share (as appropriate) under the Programme on the previous trading day, weighted by volume. The Programme could be suspended, discontinued or amended at any time, for any reason and without advanced notice, in accordance with applicable law and regulations. On the Programme start date, MFE directly owned 38,627,313 MFE B-Class Shares, representing 3.27% of MFE's nominal issued share capital. No entity controlled by MFE was a holder of MFE Shares.

As at 31 December 2022, a total of 88,707,693 MFE A-Class treasury shares (representing 5.81% of nominal share capital) had been purchased against a total consideration of EUR 32,636 thousand.

During the year, 1,771,602 treasury shares were transferred, under the conditions set forth in the 2019 medium/long-term incentive plan regulations, which provided that shares would be allocated to individual plan participants upon the expiry of the Plan, and these participants have been able to use these shares upon having paid the relevant taxes.

## Stock option plans – share-based payments

At 31 December 2022, medium/long-term incentive plans assigned for the years 2021 and 2022 were recognised in the financial statements for the purposes of IFRS 2.

The plans that had an impact on the income statement are those that can be exercised and which, at the reporting date, have not yet been concluded, or those that have vested during the year.

All the plans are equity-settled; that is, they involve the delivery of treasury shares bought back from the market.

Options and the free allocation rights granted to the employee beneficiaries are linked to the Group's achievement of financial performance targets and the employee remaining with the Group for a certain length of time.

The details of the incentive plans can be summarised as follows:

	<b>Incentive plan 2019 (*)</b>	<b>Incentive plan 2021 (*)</b>	<b>Incentive plan 2022 (*) MFE A-class shares</b>	<b>Incentive plan 2022 (*) MFE B-class shares</b>
Grant date	<b>12/03/2019</b>	<b>01/01/2021</b>	<b>14/07/2022</b>	<b>14/07/2022</b>
Vesting Period	<b>from 12/03/2019 to 31/12/2021</b>	<b>from 01/01/2021 to 31/12/2023</b>	<b>from 01/01/2022 to 31/12/2024</b>	<b>from 01/01/2022 to 31/12/2024</b>
Exercise period	<b>01/04/2022</b>	<b>01/10/2024</b>	<b>01/08/2025</b>	<b>01/08/2025</b>
Fair Value	<b>2.8114</b>	<b>2.533</b>	<b>0.4154</b>	<b>0.6074</b>

(\*) Medium/long-term incentive plans with free granting of shares to beneficiaries

Below is a summary of the changes to the medium/long-term incentive plans:

	<b>Incentive plan 2018 (*)</b>	<b>Incentive plan 2019 (*)</b>	<b>Incentive plan 2021 (*)</b>	<b>Incentive plan 2022 - MFE A (*)</b>	<b>Incentive plan 2022 - MFE B (*)</b>	<b>Total</b>
Options outstanding at 1/1/2021	1,622,110	1,789,670	-	-	-	3,411,780
Options issued during the year	(1,622,110)	-	1,823,852	-	-	1,823,852
Options exercised during the year	-	(12,045)	-	-	-	(1,634,155)
<b>Options outstanding at 31/12/2021</b>	<b>-</b>	<b>1,777,625</b>	<b>1,823,852</b>	<b>-</b>	<b>-</b>	<b>3,601,477</b>
Options outstanding at 1/1/2022	-	1,777,625	1,823,852	-	-	3,601,477
Options issued during the year	-	-	-	5,625,698	3,780,598	9,406,296
Options exercised during the year	-	(1,777,625)	-	-	-	(1,777,625)
<b>Options outstanding at 31/12/2022</b>	<b>-</b>	<b>-</b>	<b>1,823,852</b>	<b>5,625,698</b>	<b>3,780,598</b>	<b>11,230,148</b>

The incentive plans are recognised in the financial statements at their fair value:

- ▢ Plan 2021: EUR 2.533 per option.
- ▢ Plan 2022: EUR 0.4154 per option: MFE A rights;
- ▢ Plan 2022: EUR 0.6074 per option: MFE B rights;

The fair value of the incentive plans was calculated based on the stock market price of MFE A-class and MFE B-class shares on the grant date.

## Tax consolidation

The following companies are consolidated for tax purposes under the tax consolidation regime adopted by MFE - MEDIAFOREUROPE N.V. in accordance with Articles 117 et seq. of the Consolidated Income Tax Act:

- ▢ For the three-year period 2020/2022: Elettronica Industriale S.p.A., Publitalia '80 S.p.A., Medusa Film S.p.A., Digitalia '08 S.r.l., Boing S.p.A. and R2 S.r.l.;
- ▢ For the three-year period 2021/2023: R.T.I. S.p.A., Tao Due S.r.l., Radio Aut S.r.l. and Radio Subasio S.r.l..

▢ for the three-year period 2022/2024: Monradio S.r.l., Mediaset Investment NV, Mediaset S.p.A., Radio Studio 105 S.p.A., RMC Italia S.p.A., Virgin Radio Italy S.p.A. and RadioMediaset S.p.A.;

## **Management and coordination activities**

MFE - MEDIAFOREUROPE N.V. is subject to the de facto control of Fininvest S.p.A., as the latter owns 47.91% of the Company's share capital. On 4 May 2004, Fininvest notified the Company that pursuant to Article 2497 et seq of the Italian Civil Code, it would not conduct the management and coordination of MFE - MEDIAFOREUROPE N.V. The Company acknowledged Fininvest's notification at the Board of Directors' meeting of 11 May 2004. The above notification from Fininvest is still applicable as MFE - MEDIAFOREUROPE N.V. defines its own strategies independently and has total organisational, operational and negotiating autonomy, because Fininvest does not oversee or coordinate its business operations. Specifically, Fininvest does not issue any directives to MFE - MEDIAFOREUROPE N.V. nor does it provide assistance or technical, administrative or financial coordination on behalf of MFE and its subsidiaries.

# NOTES ON MAIN ASSET ITEMS

(values in EUR thousand)

## 5. NON-CURRENT ASSETS

### 5.1 Property, plant and equipment

The changes for the year, historical cost, accumulated amortisation and depreciation and impairment and net carrying amount are shown below.

<b>Historical cost</b>	<b>IFRS 16 Right-of-use assets - Car Hire</b>	<b>Total</b>
<b>31/12/2021</b>	-	-
Additions	37	37
<b>31/12/2022</b>	<b>37</b>	<b>37</b>

	<b>IFRS 16 Right-of-use assets - Car Hire</b>	<b>Total</b>
<b>31/12/2021</b>	-	-
Personnel expenses	(10)	(10)
<b>31/12/2022</b>	<b>(10)</b>	<b>(10)</b>

<b>Net book value</b>	<b>IFRS 16 Right-of-use assets - Car Hire</b>	<b>Total</b>
<b>31/12/2021</b>	-	-
Additions	37	37
Personnel expenses	(10)	(10)
<b>31/12/2022</b>	<b>27</b>	<b>27</b>

This newly recognised item amounts to EUR 27 thousand and refers to IFRS 16 right-of-use assets in relation to car hires.

## 5.5 Equity investments

### Equity investments in direct and indirect subsidiaries

	31/12/2022				31/12/2021			
	Share capital interest	Shares	Stock option carrying amount	total	Share capital interest	Shares	Stock option carrying amount	total
Mediaset Espana Comunicacion S.A.	82.9166%	1,230,281	-	1,230,281	55.69%	868,975	-	868,975
R.T.I. - Reti Televisive Italiane S.p.A.	-	-	13,064	13,064	-	-	12,176	12,176
Medusa Film S.p.A.	-	-	1,738	1,738	-	-	1,620	1,620
Publitalia '80 S.p.A.	-	-	9,535	9,535	-	-	8,581	8,581
Digitalia '08 S.r.l.	-	-	88	88	-	-	58	58
Elettronica Industriale S.p.A.	-	-	111	111	-	-	111	111
RadioMediaset S.p.A.	-	-	293	293	-	-	246	246
Mediaset Investment N.V. in liquidatie	100%	245	-	245	100%	595,245	-	595,245
Mediaset S.p.A.	100%	1,330,000	2,940	1,332,940	100%	1,330,000	1,893	1,331,893
<b>Equity investments in subsidiaries</b>		<b>2,560,526</b>	<b>27,769</b>	<b>2,588,295</b>		<b>2,794,221</b>	<b>24,685</b>	<b>2,818,906</b>
<b>Total</b>			<b>27,769</b>	<b>2,588,295</b>			<b>24,685</b>	<b>2,818,906</b>

The item totals EUR 2,588,295 thousand, which is down EUR 230,611 thousand on the previous year. It is broken down as follow:

- ▢ decrease of EUR 595,000 thousand due to the pro-quota dividend paid out by subsidiary Mediaset Investment NV in liquidatie by resolution of the shareholders' meeting of 20 June 2022. The dividend relates to the share premium reserve created following the signing of the Share Premium Agreement;
- ▢ increase of EUR 356,058 thousand in subsidiary Mediaset Espana SA (with its shareholding increasing from 55.69% to 82.92%), of which EUR 184,170 thousand as the cash component of the Voluntary Public Purchase and Exchange Offer for Mediaset España SA shares (EUR 2.16 for each of the 85,263,873 Mediaset España SA shares whose holders, making up 61.45%, have endorsed the Offer) and EUR 171,888 thousand as the equity component (issue of 383,678,784 new MFE A-class shares with a nominal value of EUR 0.06 per share to be allocated to Mediaset España SA shareholders that have endorsed the Offer with an exchange ratio of 9 MFE A-class shares for every two Mediaset España SA shares);
- ▢ increase of EUR 5,247 thousand for transaction costs relating to the Voluntary Public Purchase and Exchange Offer for Mediaset España SA shares (the Offer);
- ▢ increase of EUR 3,084 thousand for the portion vested during the year under the Medium/Long-term Incentive Plan to some of the subsidiaries' employees in 2021 and 2022.

It bears noting that the subsidiary Mediaset Investment NV entered liquidation on 2 December 2022 and consequently changed its name to Mediaset Investment NV in liquidatie. The liquidation process ended on 30

December 2022 with the filing of the distribution plan with the Dutch Chamber of Commerce. The liquidation can only take effect once at least 60 days have elapsed since the completion of the liquidation process is made public.

The controlling equity investment in the company Mediaset España Comunicación S.A., corresponding to a portion of the share capital of 82.92% of the subsidiary, as at 31 December 2022 showed a carrying amount higher than the pro-quota share of the company's equity and the related market capitalisation. Finally, it should be noted that the ordinary shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and on the Spanish electronic market (SIB).

The recoverability of the consolidated carrying amount of the Mediaset España CGU was confirmed by estimating the equity value of the Group's interest (82.92%), carried out for testing the recoverability of the goodwill and other assets of the Mediaset España CGU at MFE consolidated level based on the value in use of those operating assets realisable based on the future cash flow of the CGU's operating activities prepared for the purposes of testing the recoverability of goodwill and of assets with an indefinite useful life as carried out when preparing the consolidated financial statements of Mediaset España approved on 22 February 2023 and of the current value attributable to equity investments, financial assets and liabilities and net cash and cash equivalents.

The expected future cash flows are based on the approved budget 2023 of the company and over the projection period assuming the advertising revenues trend based on external information on macroeconomic trends and the advertising market, assuming a market shares will largely remain stable. In the value in use calculation it has been applied a discount rate of 7.2% and a growth rate of 1.4% to extrapolate the financial flows beyond the explicit periods, in line with the most recent Prometeia medium/long-term inflation forecast for Spain.

In light of these analyses, no elements were identified from which it is possible to infer the existence of an impairment loss in the carrying amount of the investment in Mediaset España as at 31 December 2022.

Other than the above, no equity investments were identified for which the carrying amount would exceed the pro-rata amount of shareholders' equity and no other impairment indicators have been identified on the investments carrying amount.

## Equity investments in associates and joint ventures

	31/12/2022			Share capital interest	31/12/2021			
	Share capital interest	Shares	Stock option		Total	Shares	Stock option	total
Nessma S.A.	34.12%	-	-	-	34.12%	-	-	-
Nessma Broadcast S.a.r.l.	32.27%	468	-	468	32.27%	468	-	468
El Towers S.p.A.	40.00%	465,329	305	465,634	40.00%	465,329	305	465,634
<b>Equity investments in associates and joint ventures</b>		<b>465,797</b>	<b>305</b>	<b>466,102</b>		<b>465,797</b>	<b>305</b>	<b>466,102</b>
<b>Acc. impairment of equity investments in associates and joint ventures</b>				<b>(468)</b>				<b>(468)</b>
<b>Total</b>				<b>465,634</b>				<b>465,634</b>

This item totals EUR 465,634 thousand, which is unchanged compared to the previous year. The item includes both the 40% shareholding in the associate El Towers S.p.A. for a value of EUR 465,634 thousand, and the shareholdings



in the associates Nessma Broadcast S.a.r.l. (32.27%) and Nessma S.A. (34.12%) totalling EUR 468 thousand, with this amount having been totally impaired in previous years.

With reference to El Towers S.p.A., the recoverability of the carrying amount of the equity investment was confirmed by the value in use determined by the associate on the basis of the latest approved business plans.

## Equity investments in other companies

	31/12/2022		31/12/2021	
	Share capital interest	carrying amount	Share capital interest	carrying amount
Kirch Media GmbH & Co. KGaA (in administration)	2.28%		2.28%	
Nessma Entertainment S.a.r.l.	0.00016%		0.00016%	
ProSiebenSat.1 MEDIA SE	11,822%	229,998	10,714%	349,725
<b>Equity investments in other companies</b>		<b>229,998</b>		<b>349,725</b>
<b>Acc. impairment of equity investments in other companies</b>		<b>0</b>		<b>0</b>
<b>Total</b>		<b>229,998</b>		<b>349,725</b>

The item totals EUR 229,998 thousand, which is down by EUR 119,727 thousand on the previous year due to the following operations:

- ▢ decrease of further EUR 150,476 thousand from the shareholding in ProSiebenSat 1 – Media SE due to the effects of the fair value measurement, offset through equity in the line item Valuation reserve;
- ▢ increase of EUR 30,748 thousand for the equity investment in ProSiebenSat 1 - Media SE, which moved from 10.714% to 11.822% through the purchase of 2,582,079 shares.

Following this remeasurement, the fair value of the investment at 31 December 2022 was EUR 229,998 thousand. The company has a broad shareholder base and is listed on the Frankfurt Stock Exchange. It should be noted that, as the conditions do not exist, this equity investment does not qualify as an associate under IAS 28 (Investments in Associates and Joint Ventures); in other words, the investor cannot exercise significant influence by participating in its financial and operating policy decisions. The investment therefore recognised as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the carrying amount of the equity investment and the related fair value hedging derivatives are recognised through other comprehensive income and will not be reclassified to profit or loss, and in the caption Valuation reserve within equity.

This item also includes the 2.28% shareholding in the company Kirch Media GmbH & Co. and the 0.00016% shareholding in the company Nessma Entertainment S.a.r.l., which are unchanged compared to the previous year.

## 5.6 Receivables and other non-current financial assets

	31/12/2022				31/12/2021
	Total	Due			Total
In 1 year		From 1 to 5 years	More than 5 years		
Non-current receivables due from others	8,642	-	8,642	-	8,642
>12-month forward derivatives with third parties	9,291	-	9,291	-	7,235
>12-month forward derivatives with subsidiaries	23	-	23	-	16
>12-month IRS derivatives with third parties	19,343	-	19,343	-	708
>12-month put option derivatives on equity instruments	6,812	-	6,812	-	10,147
Share collar derivatives (Call) - non-current portion (due over 12 months)	7,709	-	7,709	-	-
<b>Total</b>	<b>51,820</b>	<b>-</b>	<b>51,820</b>	<b>-</b>	<b>26,748</b>

This item totals EUR 51,820 thousand, which is up EUR 25,072 thousand on the previous year.

The item comprises:

- EUR 8,642 thousand from non-current receivables due from others, of which EUR 8,500 thousand for receivables relating to two insurance policies with a minimum guaranteed return taken out in 2019 and EUR 142 thousand in receivables from security deposits;
- EUR 9,291 thousand from the non-current portion of the fair value of derivative contracts entered into with Intesa Sanpaolo S.p.A., Mediobanca S.p.A., B.B.V.A. and UniCredit S.p.A. to hedge risks resulting from fluctuations of foreign currencies in relation to highly probable future purchases, as well as payables for purchases already completed; the instruments have been entered into to hedge risks related to subsidiaries' operations;
- EUR 6,812 thousand from the non-current portion of the fair value concerning the put option taken out with Credit Suisse International to hedge fair value changes in the equity interest held in German broadcaster ProSiebenSat.1 – Media SE;

- EUR 7,709 thousand from the non-current portion of the fair value concerning the reverse collar (call option) taken out with BNP Paribas SA to hedge potential negotiations of shares in ProSiebenSat.1 Media SE.
- EUR 19,343 thousand from the non-current portion of fair value of nine interest rate derivative contracts (IRS) entered into with Intesa Sanpaolo S.p.A., Unicredit and BNP Paribas to hedge interest rate risk on the loans taken out in 2020 and during the reporting year;
- EUR 23 thousand from Derivatives for forward transactions with subsidiaries, which represent the non-current portion of the fair value of derivatives for forward contracts on foreign currencies that MFE-MEDIAFOREUROPE N.V., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly probable future purchases, as well as payables for purchases already made by its direct and indirect subsidiaries, transferred to the latter by entering into an intercompany mirror agreement at the same conditions.

## 5.9 Deferred tax assets

The amount shown in the table corresponds to the balance sheet amount for the credit from deferred tax assets calculated on the basis of temporary differences between the assets and liabilities carrying amounts and their corresponding tax base, as well as tax losses transferred from Group companies that participate to the national tax consolidation agreement.

Deferred tax assets are measured on the basis of the current tax rates applicable at the time the differences will reverse and are considered to be recoverable on the basis of taxable results that may be inferred from the Group's multi-year business plans for the Italian segment.

The following tables show the changes in the period and the break down of deferred tax assets at the end of the year:

	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Opening balance</b>	193,933	216,799
Deferred Tax charged to profit and loss	367	(64)
Deferred Tax charged to shareholders' equity	(56)	(700)
Other changes	2,406	(22,102)
<b>Closing balance</b>	<b>196,651</b>	<b>193,933</b>

	<b>31/12/2022</b>		<b>31/12/2021</b>	
	<b>Total of temporary differences</b>	<b>Tax effect</b>	<b>Total of temporary differences</b>	<b>Tax effect</b>
<b>Deferred tax assets for:</b>				
Directors' compensation	9,103	2,185	9,073	2,177
Taxes, charges and membership fees	79	19	88	21
Post-employment benefit plans	3	1	2	1
Provision for bad debts	6,897	1,655	5,388	1,293
IRS hedging reserve	-	-	234	56
Tax losses from tax consolidation	803,297	192,791	793,271	190,385
<b>Total deferred tax assets</b>	<b>819,379</b>	<b>196,651</b>	<b>808,056</b>	<b>193,933</b>

This item totals EUR 196,651 thousand, which is up EUR 2,718 thousand on the previous year.

The deferred tax asset recognised in the financial statements for the tax losses recognized under the Group's tax consolidation agreement increased by a total of EUR 2,406 thousand.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years. With particular reference to deferred tax assets recognised in relation to the tax losses that can be carried forward indefinitely accrued as part of the Group tax consolidation, the assessment of the eligibility and the recoverability period of the value at 31 December 2022 (equal to EUR 192,791 thousand, up EUR 2,406 thousand compared to the end of the previous year) was carried out by estimating the taxable IRES income of the tax consolidation on the basis of the following assumptions:

- ▢ pre-tax profit/loss of Italian operations following the tax consolidation in the 2023-2027 plans prepared on the basis of the assumptions approved by the Company's Board of Directors on 18 April 2023;
- ▢ estimates of tax changes, primarily relating to dividend income from subsidiaries and other investees, higher tax amortisation of pay broadcasting rights written down in 2018 and other tax-insignificant components of profit/loss;
- ▢ extrapolation of the taxable income over the period of the impairment plans, with hypotheses of growth and profit margins in line with the assumptions (long-term growth rate and cash flows used to terminate the terminal value) identified during impairment tests in the context of the Group's consolidated financial statements.

Based on this analysis, a recovery period in nearly a decade was determined and confirmed by applying specific discount factors, as recommended in the ESMA document dated 15 July 2019.

## 6. CURRENT ASSETS

### 6.2 Trade receivables

At the end of the year this item was broken down as follows:

	<b>Total</b>	<b>31/12/2022</b>			<b>31/12/2021</b>
		<b>In 1 year</b>	<b>Due From 1 to 5 years</b>	<b>More than 5 years</b>	
Receivables from customers	2	2		2	
Provision for expected credit loss	(1)	(1)		(1)	
<b>Total net receivables from customers</b>	<b>1</b>	<b>1</b>	-	<b>1</b>	
Receivables from subsidiaries	337	337		364	
<b>Total</b>	<b>338</b>	<b>338</b>	-	<b>365</b>	

#### Receivables from customers

The item, net of the provision for bad debts, totals EUR 1 thousand, which is largely unchanged compared to the previous year.

#### Trade receivables from subsidiaries

Trade receivables from subsidiaries amount to EUR 337 thousand and mainly consisted of:

- EUR 266 thousand (of which EUR 110 thousand from Publitalia '80 S.p.A. and EUR 69 thousand from R.T.I. S.p.A.) for the supply of intercompany treasury and finance services;
- EUR 39 thousand for fees on bank sureties and guarantees granted in favour of subsidiaries;
- EUR 32 thousand in other receivables.

### 6.3 Tax receivables

This item was broken down as follows:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Receivables from tax authorities for IRES tax from tax consolidation	12,926	11,783
Receivables from tax authorities for IRAP	627	1,074
Other receivables from tax authorities	6,436	905
<b>Total</b>	<b>19,989</b>	<b>13,762</b>

The item amounts to a total of EUR 19,989 thousand, increasing by EUR 6,227 thousand compared to the previous year.

Details of the items are provided below:

### **Receivables from tax authorities for IRES from tax consolidation**

The item amounts to a total of EUR 12,926 thousand and is made up as follows:

- ▣ EUR 12,920 thousand in tax receivables carried forward, recognised in the Group national tax consolidation scheme;
- ▣ a residual value of EUR 6 thousand in receivables due as a result of the application for an IRES tax refund submitted in a capacity as consolidating entity for the deductibility of IRAP tax due on employee expenses and other staff for the five-year period 2007-2011 (Article 2, Paragraph 1-quater of Decree Law 201 of 6 December 2011).

### **Receivables from tax authorities for IRAP**

The item amounts to EUR 627 thousand, which is down by EUR 447 thousand on the previous year.

### **Other receivables from tax authorities**

The item totals EUR 6,436 thousand, which is up by EUR 5,531 thousand on the previous year.

This item refers to a tax receivable from the German financial authority for the withholding effected by investee ProSiebenSat.1 Media SA upon payment of the 2020 and 2021 dividend (specifically EUR 905 thousand for 2021 and EUR 5,531 for 2022); applications for reimbursement were filed with the relevant authorities.

## **6.4 Other receivables and current assets**

Below is a breakdown of the item:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Receivables from employees	-	28
Advances	21	5
Receivables from social security institutions	35	65
Receivables from others	20	24
Other receivables from subsidiaries	19,128	30,797
Other receivables from affiliates	-	267
Accrued income	-	1
Prepaid expenses	610	908
<b>Total</b>	<b>19,813</b>	<b>32,095</b>

The item totals EUR 19,813 thousand, which is down by EUR 12,282 thousand on the previous year.

The item includes receivables falling due beyond 12 months for EUR 165 thousand.

The fair value of the receivables approximates their carrying amount.

Details of the main items are provided below.

## Other receivables from subsidiaries

The item amounts to a total of EUR 19,128 thousand and is made up as follows:

- ▣ EUR 14,494 thousand for the IRES tax receivable resulting from tax consolidation in relation to subsidiaries that participate in the Group's tax burden pursuant to the agreement to exercise the option to use the national tax consolidation scheme, including EUR 10,717 thousand from Publitalia 80 S.p.A., EUR 1,827 thousand from Radio Studio 105 S.p.A and EUR 1,127 thousand from Digitalia '08 S.r.l.;
- ▣ EUR 4,634 thousand for the receivable related to the Group VAT consolidation, EUR 4,001 thousand from RTI S.p.A., EUR 175 thousand from Medusa Film S.p.A. and for EUR 129 thousand from RMC Italia S.p.A..

## Prepaid expenses

This item totals EUR 610 thousand and is made up as follows:

- ▣ EUR 340 thousand in costs incurred to secure medium/long-term loans;
- ▣ EUR 11 thousand in fees on bank guarantees paid in advance;
- ▣ another EUR 258 thousand in miscellaneous expenses, mainly consisting of costs for insurance premiums.

## 6.5 Intercompany financial receivables

### Intercompany financial receivables from subsidiaries

These concerned cash-poolings in place with other Group companies as detailed below:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Tao Due S.r.l.	7,377	6,486
R.T.I. S.p.A.	512,385	510,498
Beintoo S.p.A.	1,439	393
Monradio S.r.l.	30,064	26,779
RadioMediaset S.p.A.	71,198	69,250
RMC Italia S.p.A.	4,430	2,504
<b>Total</b>	<b>624,961</b>	<b>615,910</b>

The cash-poolings with subsidiaries, associates and joint ventures are governed by a master agreement entered into on 18 December 1995 and its subsequent amendments, which provide for the application of interest rates by MFE-Mediaforeurope N.V. for the year 2022 calculated on the basis of the average Euribor 1-month plus a spread. The counterparties calculate the interest expense by adding a spread of 1.5%, while interest income is calculated only if the sum of the average 1-month Euribor plus a spread (of 0.2%) is higher than zero. From 2017, interest is paid to MFE-Mediaforeurope N.V. on 31 December of each year, while interest expense is charged on 1 March of the year following the year to which it relates.

On 1 January 2023, the spreads applicable to intercompany cash pooling will change. Interest expense will be calculated as the sum of the average 1-month Euribor plus a 2.25% spread, whereas interest income will be calculated as the sum of the average 1-month Euribor minus a -0.75% spread. If this latter rate turns out to be negative, a zero rate will be applied.

On December 2022 the cash pooling headed by R2 S.r.l. is ended as a result of its merger by incorporation into the subsidiary RTI S.p.A. (which for statutory effects took place on 13 December 2022 and for accounting and tax effects was backdated to 1 January 2022) and the cash pool headed by Mediaset Investment NV in liquidatie as a result of the liquidation process commencing 2 December 2022 and concluding on 30 December 2022.

The final negative balance under the intercompany cash pool headed by subsidiary Mediaset Investment NV in liquidatie was reclassified under the item *10.6 Other financial liabilities* pending the execution of the final liquidation distribution plan, which will take place at least 60 days after its publication.

## **Intercompany financial receivables from associates and joint ventures**

This item includes cash-pooling in place with associates and joint ventures as detailed below:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Boing S.p.A.	1,795	2,705
<b>Total</b>	<b>1,795</b>	<b>2,705</b>

## **6.6 Other current financial assets**



This item breaks down as follows:

	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Financial assets for non-hedging derivatives</b>		
Third party forward derivatives	7,622	8,201
Forward derivatives with subsidiaries	3,428	317
Forward derivatives with associates	-	1
<b>Total</b>	<b>11,050</b>	<b>8,518</b>
<b>Financial assets for hedging derivatives</b>		
IRS derivatives with third parties	13,794	-
Derivatives on equity instruments (Put options)	-	354
Collars on equity instruments (Call options)	2,784	-
<b>Total</b>	<b>16,578</b>	<b>354</b>
<b>Total</b>	<b>27,628</b>	<b>8,873</b>

The item amounts to a total of EUR 27,628 thousand, increasing by EUR 18,755 thousand compared to the previous year.

This item was broken down as follows:

### **Financial assets for non-hedging derivatives**

The item totals EUR 11,050 thousand, which is up by EUR 2,532 thousand on the previous year.

This is the fair value of derivatives, represented by forward currency contracts, purchased by MFE-Mediaforeurope N.V. on the market to hedge risks resulting from fluctuations of foreign currencies in relation to highly probable future purchases, as well as payables for purchases already completed to hedge risks related to subsidiaries' operations.

The fair value of forwards is measured by discounting the difference between the notional amount translated at the forward rate of the contract, and the notional amount translated at the fair forward rate (the forward exchange rate measured at the reporting date).

In particular, MFE-Mediaforeurope N.V. gathers information concerning positions subject to exchange risk from subsidiary R.T.I. S.p.A. and from the joint venture Boing S.p.A. and, once the derivative contract has been entered into on the market, it transfers it to these subsidiaries by entering into an intercompany mirror agreement under the same terms and conditions.

These contracts in the financial statements of the Company do not qualify as hedging instruments pursuant to IFRS 9 and are accounted for by recognizing the changes in fair value in the income statement, under the items "Financial expenses and financial income".

## Financial assets for hedging derivatives

The item totals EUR 16,578 thousand, which is down by EUR 16,224 thousand on the previous year. The item comprises:

- EUR 13,794 thousand from the current portion of fair value of 11 interest rate derivative contracts (IRS) entered into with Intesa Sanpaolo S.p.A., Unicredit, BPER Banca and BNP Paribas to hedge interest rate risk on the loans taken out in 2020 and during the reporting year;
- EUR 2,784 thousand from the current portion of the fair value concerning the reverse collar (call option) taken out with BNP Paribas SA to hedge the risk of potential negotiations of shares in ProSiebenSat.1 Media SE.

The item *Derivatives on equity instruments (Put options)*, refers to the current portion of the derivative taken out in 2019 with Credit Suisse International to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebenSat.1 Media. This item was zeroed during the year.

## 6.6 Other current financial assets

The item also includes EUR 4,960 thousand in current financial receivables due from joint ventures Nessma S.A. and Nessma Broadcast S.a.r.l. These receivables have been entirely written down.

## 6.7 Cash and Cash Equivalents

This item breaks down as follows:

	31/12/2022	31/12/2021
Bank and postal deposits	20,044	24,771
<b>Total</b>	<b>20,044</b>	<b>24,771</b>

The item amounts to EUR 20,044 thousand, which is down by EUR 4,727 thousand on the previous year. The item Current accounts and demand deposits includes current accounts held at primary banks.

For more details on the changes that occurred during the year, please refer to the Cash Flow Statement and the comment on the Net Financial Position.

# NOTES ON MAIN SHAREHOLDER' EQUITY AND LIABILITY ITEMS

(values in EUR thousand)

## 8. SHAREHOLDERS' EQUITY

Due to the relocation to the Netherlands and the consequent conversion into a Dutch N.V. in 2021, Shareholders' Equity items have been renamed or aligned to the Dutch Civil Law requirements.

The main items composing the Shareholders' Equity and relevant changes are:

### 8.1 Share capital

At 31 December 2022 the fully subscribed and paid-up share capital was up from EUR 777,186 thousand to EUR 800,313 thousand due to:

- ▢ an increase of EUR 23,021 million following the issue of 383,678,784 MFE A-class shares each with a par value of EUR 0.06 on 12 July 2022 for allocation to the shareholders of subsidiary Mediaset España who endorsed the Offer;
- ▢ an increase of EUR 106 thousand following the issue of 1,771,602 MFE A-class shares each with a par value of EUR 0.06 on 18 July 2022 for allocation to the beneficiaries of the Incentive Plan 2019.

As a result of these changes, share is formed by 1,526,279,035 ordinary A-class shares each with a par value of EUR 0.06 and carrying 1 voting right per share, and 1,181,227,564 ordinary B-class shares each with a par value of EUR 0.60 and carrying 10 voting rights per share..

Both classes of share have the same equity rights and remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.

### 8.2 Share premium reserve

At 31 December 2022, the **Share premium reserve** moved from EUR 275,237 thousand to EUR 423,998 thousand. The total increase of EUR 148,761 thousand is due to a combination of:

- ▢ an increase of EUR 148,867 thousand due to the difference between the market value of EUR 0.45 per share and the par value of EUR 0.06 per share for each of the 383,678,784 MFE A-class shares issued on 12 July 2022 for allocation to the shareholders of subsidiary Mediaset España who endorsed the Offer;
- ▢ a decrease of EUR 106 thousand following the issue of 1,771,602 MFE A-class shares each with a par value of EUR 0.06 on 18 July 2022 for allocation to the beneficiaries of the Incentive Plan 2019.

### 8.3 Treasury shares

The item *Treasury shares* includes the MFE-MEDIAFOREUROPE N.V. B-class shares that were purchased pursuant to resolutions of ordinary shareholders' meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007, and the MFE-MEDIAFOREUROPE N.V. A-Class Shares acquired during 2022 by resolution of the ordinary shareholders' meeting of 29 June 2022.

The table below shows the changes in these reserves over the year for both classes:

	31/12/2022				31/12/2021	
	No. of MFE A-class shares	Carrying Amount	No. of MFE B-class shares	Carrying Amount	No. of MFE B-class shares	Carrying Amount
Treasury shares - opening balance	-	-	40,398,915	374,521	42,034,775	389,702
Increase for share acquisitions	88,707,693	32,636	-	-	3,881	7
Decrease for assignment under incentive plan	-	-	(1,771,602)	(16,424)	(1,639,741)	(15,188)
Treasury shares - final balance	88,707,693	32,636	38,627,313	358,097	40,398,915	374,521
Total treasury shares - final balance				390,733		374,521

At 31 December 2022, the carrying amount of shares in the portfolio totalled EUR 390,733 thousand, of which EUR 358,097 thousand attributable to the 38,627,313 MFE B-class shares and EUR 32,636 thousand attributable to the 88,707,693 MFE A-class shares. The total increase of EUR 16,212 thousand comprised:

- an increase of EUR 32,636 thousand as consideration for the acquisition of 88,707,693 MFE A-Class shares representing 5.81% of nominal share capital;
- a decrease of EUR 16,424 thousand following the transfer of treasury shares to all entitled participants under the Incentive Plan 2019 under the conditions set forth in the plan regulations.

At 31 December 2022, there were no treasury shares used to stabilise market value.

## 8.4 Legal reserves

This item breaks down as follows:

	31/12/2022	31/12/2021
IRS Hedging reserve	24,676	(178)
Time value on options reserves	(3,516)	(12,682)
Intrinsic value on options reserves	5,092	(2,518)
Equity investment fair value reserve	(154,718)	(4,242)
<b>Total</b>	<b>(128,466)</b>	<b>(19,620)</b>

The item *IRS Hedging reserve* has a positive balance of EUR 24,676 thousand (negative balance of - EUR 177 thousand at 31 December 2021) and states the changes in fair value recognised at 31 December 2022, net of the tax effect, in relation to 11 interest rate swaps, of which four entered into in 2020 and seven in 2022, to hedge the interest rate risk on four loans taken out in 2020 and in the reporting year, respectively, with Intesa Sanpaolo, BNP Paribas, BPER Banca and Unicredit, as reported in the item 9.3 Non-current financial payables and liabilities.

The item *Time value and intrinsic value on options reserves* shows a positive balance of EUR 1,576 (compared to a negative balance of - EUR 15,200 thousand at 31 December 2021) and include both the changes in fair value of the put and call options entered into under a collar agreement with Credit Suisse International in 2019 to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebeSat.1 Media SE, and the

reclassifications (noted in 8.6 Retained earnings (losses)) due to the early closure or expiry of those derivatives. In addition, the item includes EUR 941 thousand for the change in fair value in relation to a reverse collar taken out during the year with BNP Paribas SA. The changes in the fair value of these instruments are accounted for in the other items of the Statement of Comprehensive Income, without recycling to profit and loss, consistently with the accounting methods adopted for the purpose of the hedge.

The item *Equity investment fair value reserve* shows a negative balance of - EUR 154,718 thousand (negative balance of EUR 4,242 thousand at 31 December 2021). The item includes the fair value changes in equity investments recorded in non-current assets under the item Equity investments in other companies and valued in accordance with IFRS 9 as "FVTOCI financial assets". This valuation is entered with changes recognised in the other items of the Statement of Comprehensive Income, without recycling to profit and loss.

The table below shows the changes in these reserves over the year.

	Balance at 01/01/2022	Reversed to profit and loss	Fair value changes	Other changes	Deferred tax liabilities	Balance at 31/12/2022
IRS hedging reserve	(178)	(313)	33,015	-	(7,849)	24,676
Hedging reserve time value	(11,248)	2,231	2,520	3,327	-	(3,170)
Hedging reserve intrinsic value	(2,518)	-	6,351	1,259	-	5,092
Fair value reserve - Equity Investments	(4,242)	-	(150,476)	-	-	(154,718)
Collar Hedging Reserve - Time Value (shares)	-	-	941	-	-	941
Amortisation Hedging Reserve - Time Value	(1,434)	(2,230)	-	2,377	-	(1,287)
<b>Total</b>	<b>(19,620)</b>	<b>(312)</b>	<b>(107,649)</b>	<b>6,963</b>	<b>(7,849)</b>	<b>(128,466)</b>

## 8.5 RETAINED EARNINGS/(LOSSES) AND OTHER RESERVES

This item breaks down as follows:

	31/12/2022	31/12/2021
Treasury share gains/(losses) reserve	(51,286)	(39,860)
M/L-term incentive plan reserve	-	510
M/L-term incentive plan reserve	4,624	6,028
Reserve from actuarial gains/(losses)	(945)	(944)
Retained earnings/(losses)	1,114,170	1,042,030
<b>Total</b>	<b>1,066,564</b>	<b>1,007,764</b>

The item *Treasury share gains/losses reserve* went from negative EUR 39,860 thousand in 2021 to negative EUR 51,286 thousand in 2022. This change of EUR 11,426 thousand was due to the negative effects on changes during the year, already commented on in the item *Treasury shares*.

The item **Medium/long-term Incentive Plans reserves** totalled EUR 4,624 thousand, which is down by EUR 1,914 thousand on the previous year. The items include the offsetting entry of the amount accrued at 31 December 2022, determined based on the stock market price at the grant date, for the 2021 and 2022 plans allocated by the Company to employees of direct and indirect subsidiaries.

The item **Reserve for actuarial gains (losses)**, which had a negative balance of (-) EUR 945 thousand, which is largely unchanged compared to 31 December 2021 and includes actuarial components (after deferred taxes) related to the valuation of defined benefit plans. These components are allocated directly to shareholders' equity.

The item **Retained Earning (losses)** went from EUR 1,042,030 thousand to EUR 1,114,170 thousand. The increase of EUR 72,140 was due to:

- ▢ an increase of EUR 82,245 thousand due to the 2021 profits being allocated in accordance with the shareholders' resolution of 29 June 2022;
- ▢ a decrease of EUR 3,225 thousand in creating the Transaction Costs Reserve, with this item comprising the costs incurred during the year for the voluntary public purchase for transaction costs relating to the Voluntary Public Purchase and Exchange Offer for the subsidiary Mediaset España SA.
- ▢ a net decrease of EUR 6,880 thousand due to the early settlement of tranche one for half of the outstanding derivative contracts (call sales and put purchases) renegotiated with CREDIT SUISSE in September 2020, the contracts for which were scheduled to expire in November 2024. The change is stated net of the related tax effects.

As the Company is tax resident in Italy, the following table shows the origin, possible use and availability of equity items in respect to Italian tax rules:

	Amount	Possibility of utilisation	Summary of utilisation in the previous three years	
			To cover losses	For other reasons
Share	800,313	=	-	-
Treasury shares	(390,734)	=	-	-
Share premium reserve	423,998	A B C	-	-
Merger reserve	621,642	A B C	-	-
Legal reserve	122,848	B	-	-
Extraordinary reserve	1,075,450	A B C	-	-
Treasury share gains/losses reserve	(51,286)	=	-	-
Other available reserves	16,324	A B C	-	-
Valuation reserves	(124,786)	=	-	-
Previous year gains/(losses) IAS/IFRS	(722,093)	=	-	-
<b>Total</b>	<b>1,771,676</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>	<b>27,416</b>		<b>-</b>	<b>-</b>
<b>Distributable portion</b>	<b>875,931</b>		<b>-</b>	<b>-</b>

Key:

A - for an increase in share capital

B - to cover losses

C - for distributions to shareholders

Article 1, Paragraph 33, Letter q) of the 2008 Finance Law abolished Paragraph 4, Letter b) of Article 109 of the TUIR, which had made it possible to deduct certain income components not recognised in the income statement on an off-record basis.

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

	Shareholders' equity at 31/12/2022	Net result 2022	Shareholders' equity at 31/12/2021	Net result 2021
<b>As per balance sheet and income statement of MFE-MEDIAFOREUROPE N.V.</b>	1,799.1	27.4	1,880.2	214.1
Excess of shareholders' equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	1,065.5	249.9	1,412.7	334.4
Consolidation adjustments arising from:				
<i>Eliminations of unrealised intra-group gains/losses</i>	74.4	16.4	(69.7)	6.1
<i>Dividend eliminations</i>		(47.6)		(96.1)
<i>Other consolidation adjustments</i>	(48.8)	(16.2)	7.2	(3.7)
<b>Total</b>	<b>2,890.2</b>	<b>275.0</b>	<b>3,230.3</b>	<b>454.8</b>
Minority interest	225.7	58.1	(568.5)	(80.7)
<b>As per the consolidated financial statements</b>	<b>2,664.5</b>	<b>216.9</b>	<b>2,661.8</b>	<b>374.1</b>

### 8.6 NET RESULT FOR THE YEAR

This item reflects the profit for the year of EUR 27,415,953.46 (profit of EUR 214,116,516.86 at 31 December 2021).

The Company will propose to distribute a dividend of EUR 0.05 per ordinary share outstanding, except for own shares held by the Company at the coupon detachment date.

Article 1, Paragraph 33, Letter q) of the 2008 Finance Law abolished Paragraph 4, Letter b) of Article 109 of the TUIR, which had made it possible to deduct certain income components not recognised in the income statement on an off-record basis.

## 9. NON-CURRENT LIABILITIES

### 9.1 Post-employment benefits plans

Employee benefits, which by Italian law are classified as leaving entitlements (TFR), are considered by IAS 19 to be "post-employment benefits" of the "defined benefit" type (for the portion accrued up to 31 December 2006), and are therefore valued using the actuarial "Projected Unit Credit Method".

The valuation of the obligations of MFE – Mediaforeurope N.V. to its employees was carried out by an independent actuary, according to the following steps:

- ▢ Projected estimate of the cost of employee leaving entitlements already accrued at the valuation date and amounts that will accrue up to the future point in time when employment contracts terminate or when the accrued amounts are paid in part as advances on entitlements;

- ▢ discounting, at the valuation date, of the expected cash flows MFE – Mediaforeurope N.V. will have pay to its employees in the future;
- ▢ re-proportioning of the accrued benefits discounted based on length of service at the valuation date compared to the length of service expected at the hypothetical date of payment by MFE – Mediaforeurope N.V..

The actuarial valuation of employee leaving entitlements in accordance with IAS 19 was conducted specifically for the closed population of current employees, i.e. detailed calculations were made for each MFE – Mediaforeurope N.V. employee, without taking into account any future hires.

The actuarial valuation model is based on “technical bases” consisting of demographic, economic and financial assumptions relating to the valuation parameters.

The assumptions adopted for the year 2021, are summarised below:



## Demographic assumptions

Probability of death	<p>The life expectancy table published by ISTAT was used, broken down by age and sex, current as at 2021</p>
Probability of employees leaving the company	<p>Percentages of retirement, resignation/dismissal and contract termination were taken from observation of the Company's historical data.</p> <p>The employee-leaving probabilities used were broken down by age, gender and contractual job title (office workers, managers and executives/journalists).</p> <p>For personnel with a fixed-term contract, the time horizon was moved to the expected end of the contract (since there was no contractual guarantee over an contract extension) and it was assumed that no employees on these contracts would leave before the end of the contract. The actuarial valuations took account of start dates for pension benefits specified by Decree Law 201 of 6 December 2011 "Urgent Provisions for the Growth, Fairness and Consolidation of the State Budget," (converted with amendments by Law 214 of 22 December 2011) and the regulations governing adjustment of requirements to access the pension system for increases in life expectancy pursuant to Article 12 of Decree Law 78 of 31 May 2010 converted, with amendments, by Law 122 of 30 July 2010.</p>
TFR advances	<p>To factor in the effects of advances on the timing of post-employment benefit payments and, therefore, on the discounting of the company's payables, the exit probabilities of employees who have accrued post-employment benefits were calculated.</p> <p>After consulting data within the company, an annual advance probability of 1.0% was used, and the average percentage of accrued post-employment benefits requestable as an advance was 70.0%;</p>
Supplementary pensions	<p>Employees that have paid their entire post-employment benefits into a supplementary pension scheme have released the Company of any commitments regarding said benefits, and were not therefore considered in the assessments. For other employees, valuations were made taking into account the decisions actually made by employees, updated to 31/12/2022, as communicated to the Company.</p>

## Economic/financial assumptions

Inflation rate	<p>Reference was made to the macroeconomic overview contained in the most recent "Economy and Finance Document and Notes" as at the reporting date, using an inflation rate of 3.0% for 2023, 2.5% for 2024 and 2.0% from 2025 onwards.</p>
Discounting rates	<p>Pursuant to IAS 19R, the discount rate used to measure the Post-Employment Benefit Provision was determined in relation to market returns on prime corporate bonds on the valuation date. In this regard, the Composite AA rate curve (source: Bloomberg) as at 30 December 2022.</p>

During the year, the item changed as follows:

<b>Post-employment benefits plans at 01/01/2022</b>	<b>51</b>
Amount accrued and charged to profit and loss	-
Actuarial gains/(losses)	1
Other changes	-
<b>Post-employment benefits plans at 31/12/2022</b>	<b>52</b>

The table below shows the effects on the TFR liability of the sensitivity analysis of the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

### Sensitivity analysis

<b>Economic/financial assumptions</b>		<b>DBO</b>
Discount rate curve	+50 bps	51
	-50 bps	52
Inflation rate	+50 bps	52
	-50 bps	51
<b>Demographic assumptions - actuarial</b>		<b>DBO</b>
Salary increases	+50 bps	52
	-50 bps	52
Probability of termination of employment	+50%	52
	-50%	51
Change in advanced portion of severance	+50%	52
	-50%	52

## 9.2 Deferred tax liabilities

The amount shown in the table corresponds to the balance sheet amount for the debit from deferred tax liabilities calculated on the basis of temporary differences between the assets and liabilities carrying amounts and their corresponding tax base, as well as tax losses transferred from Group companies that participate to the national tax consolidation agreement.

The following tables show the changes in the period and the breakdown of deferred tax liabilities at the end of the year:

	31/12/2022	31/12/2021
Opening balance	-	-
Deferred Tax charged to profit and loss	1	-
Deferred Tax charged to shareholders' equity	7,792	-
<b>Closing balance</b>	<b>7,793</b>	-

	31/12/2022		31/12/2021	
	Total of temporary differences	Tax effect	Total of temporary differences	Tax effect
Deferred tax liabilities for:				
IRS hedging reserve	32,468	7,793	-	-
<b>Total deferred tax liabilities</b>	<b>32,468</b>	<b>7,793</b>	-	-

This item totals EUR 7,793 thousand and arises from the fair value changes of IRS Hedging reserve.

## 9.3 Financial payables and liabilities

This item breaks down as follows:

		<b>Balance at 31/12/2022</b>	<b>Due</b>		<b>Balance at 31/12/2021</b>
	<b>Total</b>		<b>From 1 to 5 years</b>	<b>More than 5 years</b>	
<b>Unsecured loans</b>					
Credit Suisse - 04/06/2019	28,020	28,020	-		56,429
Intesa San Paolo - 30/03/2020	145,524	145,524	-		149,076
BNL - 17/04/2020	-	-	-		99,746
BPER Banca - 28/04/2020	-	-	-		99,830
BPM - 19/01/2021	54,828	54,828	-		80,768
Mediobanca - 19/01/2021	72,537	72,537	-		74,329
Intesa Sanpaolo - 29/03/2021	96,924	96,924	-		98,795
UniCredit - 19/01/2022	97,233	97,233	-		-
UniCredit - 12/05/2022	97,390	97,390	-		-
UniCredit - 07/07/2022	188,474	188,474	-		-
UniCredit - 08/09/2022	96,061	96,061	-		-
BNL - 03/10/2022	96,646	96,646	-		-
Financial liabilities IFRS16 (non- current portion)	20	20	-		-
<b>Other derivatives</b>					
Forward derivatives with third parties	22	22	-		16
Forward derivatives with subsidiaries	9,291	9,291	-		6,756
Derivatives for call options on shares	1,204	1,204	-		18,350
Collars on equity instruments (Put options)	6,930	6,930	-		-
IRS to third parties	-	-	-		51
<b>Total</b>	<b>991,104</b>	<b>991,104</b>	<b>-</b>		<b>684,146</b>

This item totals EUR 991,104 thousand, which is up EUR 306,958 thousand on the previous year.

Some loans are subject to financial covenants calculated on a consolidated basis as shown in the table below. This table also indicates the dates on which the waivers negotiated by the Company during the month of December 2019 were accepted by the various lenders, as reported in the Annual Report for the year ending 31 December 2019. As a result of these acceptances, the Company requested and obtained confirmation from lenders that, for the purpose of calculating the indices stipulated in the covenants, the Net Financial Indebtness in accordance with Consob Communication 6064293 would be determined on the basis of the IAS/IFRS Accounting Standards in force on 31 December 2018, not including the following:

- ▢ Liabilities recognised from 1 January 2019 in accordance with IFRS 16 (lease);
- ▢ Payables relating to the loans entered into by MFE – Mediaforeurope N.V. with Credit Suisse for the acquisition of the equity interest in ProsiebenSat1.

For the purposes of calculating the indices provided for covenants, the agreements entered into in 2021 report the net financial debt reported based on the IAS/IFRS accounting standards in force at 31 December 2018.

<b>financing counterpart</b>	<b>covenant</b>	<b>checking period</b>	<b>waiver acceptance date</b>
BPM - 12/03/2019	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
Intesa Sanpaolo - 25/02/2019	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
BBVA - 25/02/2019	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	14/07/2022
	months Net Financial Position/Equity less than 2		
UniCredit - 19/01/2022	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
UniCredit - 12/05/2022	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	12/05/2022
	Net Financial Position/Equity less than 2		
UniCredit - 08/09/2022	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	
	Net Financial Position/Equity less than 2		
BPM - 19/01/2021	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
Mediobanca - 19/01/2021	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	25/07/2022
	EBITDA/Net Financial Charges equal or more than 10		
BNL - 17/04/2020	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	months Net Financial Position/Equity less than 2		
BNL - 26/02/2019	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	months Net Financial Position/Equity less than 2		
BNL - 17/12/2021	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	months Net Financial Position/Equity less than 2		
BPER - 28/04/2020	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	01/09/2022
	Net Financial Position/Equity less than 2		
Intesa Sanpaolo - 30/03/2020	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	
UniCredit - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022

	Net Financial Position/Equity less than 2		
BNP Paribas - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
Banco BPM - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
Banco BPM - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
Intesa Sanpaolo - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
Caixa Bank - 07/07/2022 (Club Deal)	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	30/03/2022
	Net Financial Position/Equity less than 2		
BNL - 03/10/2022	Net Financial Position/EBITDA less than 2.25 (until 30 June 2023)	months	
	Net Financial Debt/EBITDA less than 2.25 (until 31 June 2023)		
Mediobanca - 22/12/2022		months	
	EBITDA/Net Financial Charges equal or more than 10		

If any financial covenants are breached, both for the loans and credit facilities, MFE – Mediaforeurope N.V. could be called upon to repay all amounts drawn. These parameters were met as at the reference date of these financial statements. Based on the current forecasts, it is expected that these parameters will also be complied with at the next calculation date.

It also bears noting that during the year, for all contracts outstanding as at 31 December 2021 and all contract entered into by that date whose financial covenants stipulated na *"NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of the consolidated data of MFE-Mediaforeurope N.V."*, this value was modified to *less than 2.25* up to the recognition date of 30 June 2023.

Payables and financial liabilities are broken down in detail below.

On 17 April 2020, a loan agreement was entered into with Banca Nazionale del Lavoro S.p.A, for a notional amount of EUR 100,000 thousand as an amortised cost term loan. As at 31 December 2022, its carrying amount was EUR 100,526 thousand as reported in section **10.1 Payables to banks**,, relating to the non-current portion repayable by 17 April 2023.

For this agreement the following financial covenants are applicable:

- ▢ NFP / PN ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

On 28 April 2020, a loan agreement was entered into with BPER Banca S.p.A., for a total amount of EUR 100,000 thousand, recognised at amortised cost. As of 31 December 2022, the carrying amount was EUR 100,484 thousand for the non-current portion as reported in section **10.1 Payables to banks**, repayable by 30 April 2023.

For this agreement the following financial covenants are applicable:

- ▢ NFP/Equity ratio of less than 2, to be monitored annually on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP/EBITDA ratio of less than 2, to be monitored annually on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

A loan agreement is in place, entered into with Intesa Sanpaolo S.p.A. on 30 March 2020 and repayable by 28 March 2025, for a total amount of EUR 250,000 thousand, of which EUR 150,000 thousand granted as an amortised cost term loan, and EUR 100 thousand granted as a revolving credit facility. As of 31 December 2022, the carrying amount of the term loan was EUR 145,524 thousand (of which EUR 4,686 thousand related to the current portion).

With reference to the same contract, in a letter dated 17 March 2021 and effective from 29 March 2021, a request was made for the disbursement of EUR 100,000 thousand, which modified the utilisation of the revolving in-term loan portion. This loan, repayable by 28 March 2025 and recognised in accounts using the amortised cost method, had a carrying amount of EUR 96,924 thousand at 31 December 2022 (of which EUR 3,113 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

On 19 January 2021, a loan agreement was entered into with Banca BPM S.p.A. for a notional amount of EUR 100,000 thousand and repayable by 09 February 2026. In addition to the payment of the interest expense, three capital repayments of EUR 6,250 each were made in 2022 pursuant to the loan agreement. As of 31 December 2022, the carrying amount was EUR 54,828 thousand (of which EUR 26,940 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated data.

For the loan agreement of 19 January 2021 entered into with Mediobanca S.p.A. for a notional amount of EUR 75,000 thousand and repayable by 28 June 2024, the carrying amount as at 31 December 2022 was EUR 72,537 thousand (of which EUR 2,617 thousand related to the current portion). This loan has been utilised as an amortised cost term loan.

For this agreement the following financial covenants are applicable:

- ▢ EBITDA / Net Financial Expenses ratio equal to or greater than 10, to be monitored every six months on the basis of MFE-Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio of less than 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated data.

On 19 January 2022, a loan agreement was entered into with Unicredit S.p.A. for a notional amount of EUR 100,000 thousand and repayable by 20 February 2025. As of 31 December 2022, the carrying amount was EUR 97,233 thousand (of which EUR 2,929 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / PN ratio (Debt Equity Ratio) of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio (Debt Cover Ratio) of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;

On 12 May 2022, a loan agreement was entered into with Unicredit S.p.A, for a notional amount of EUR 100,000 thousand and repayable by 13 May 2024. As of 31 December 2022, the carrying amount was EUR 97,390 thousand (of which EUR 2,784 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / Equity ratio (Debt Equity Ratio) of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio (Debt Cover Ratio) of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;

On 8 September 2022, a loan agreement was entered into with Unicredit S.p.A, for a notional amount of EUR 100,000 thousand and repayable by 8 September 2026. As of 31 December 2022, the carrying amount was EUR 96,061 thousand (of which EUR 3,985 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / PN ratio (Debt Equity Ratio) of less than to 2, to be monitored annually on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio (Debt Cover Ratio) of less than to 2.25, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated data (until 30 June 2023);

On 3 January 2022, a loan agreement was entered into with Banca Nazionale del Lavoro S.p.A. for a notional amount of EUR 100,000 thousand and repayable by 5 October 2026. As of 31 December 2022, the carrying amount was EUR 96,646 thousand (of which EUR 3,809 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than to 2.25, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated data (until 30 June 2023); This ratio will change to less than 2 when carrying out testing as at 31 December 2023

A loan agreement is in place, entered into with Credit Suisse International for an initial loan of EUR 295,106 thousand notional on 4 June 2019, entered into in the context of the equity investment in ProSiebenSat.1 Media SA. This loan was recognised at amortised cost but, unlike those mentioned above, all interest expense was paid upfront.

Part of the portion due on 28 October 2024 was repaid early, with a value date of 26 January 2022. As of 31 December 2022, the carrying amount was EUR 28,020 thousand.

For this agreement, financial covenants are not applicable.

It should be noted that on 30 March a club deal credit line of EUR 300,000 thousand was stipulated with Unicredit, Intesa Sanpaolo, Bnp Paribas, Banco Bpm and Caixa Bank to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicacion shares. Under this agreement, a EUR 184,174 loan was taken out on 7 July 2022, with this amount subsequently increased by 11,744 thousand on 21 July 2022. This loan, repayable by 12 July 2027, has been recognised in accounts using the amortised cost method. As at 31 December 2022, its carrying amount was EUR 188,474 thousand (of which EUR 7,165 thousand related to the current portion). In addition to the quarterly payment of the interest expense, capital repayments will be due under this agreement from 13 January 2025.



On 12 December 2022, a loan agreement was entered into with Mediobanca S.p.A, for a notional amount of EUR 50,000 thousand, repayable by 22 December 2027. As at 31 December 2022, this loan was unutilised as it was due to take effect on 12 January 2023.

The first dates for revision of the rate during 2023 for the various loans will be the following:

- ▢ 31 March 2023 for the Intesa Sanpaolo loan of 28 March 2020;
- ▢ 20 January 2023 for the Banca Nazionale del Lavoro loan of 17 April 2020.
- ▢ 31 January 2023 for the BPER Banca S.p.A. loan of 28 April 2020.
- ▢ 28 January 2023 for the Banco BPM loan of 19 January 2021;
- ▢ 31 March 2023 for the Mediobanca loan of 19 January 2021;
- ▢ 29 March 2023 for the Intesa Sanpaolo loan of 29 March 2021;
- ▢ 31 March 2023 for the Unicredit loan of 19 January 2022;
- ▢ 31 March 2023 for the Unicredit loan of 12 May 2022;
- ▢ 12 January 2023 for the UniCredit loan of 8 September 2022;
- ▢ 17 January 2023 for the Banca Nazionale del Lavoro loan of 3 October 2022.
- ▢ 10 January 2023 for the Club Deal (UniCredit) loan of 7 July 2022;

The table below shows the effective interest rates (IRR) and financial charges recognised in the income statement for the loans, and the fair value of the loans calculated using the actual market rates at the year end.

	IRR	Financial expenses	Fair value
Intesa Sanpaolo loan - 30/03/2020	3.12%	1,981	152,193
Intesa Sanpaolo loan - 29/03/2021	3.16%	1,504	101,461
UniCredit loan - 18/07/2017	0.00%	443	-
UniCredit loan - 14/05/2020	0.00%	75	-
UniCredit loan - 19/01/2022	2.90%	1,096	100,945
UniCredit loan - 12/05/2022	2.70%	882	100,301
UniCredit loan - 07/07/2022	3.39%	2,397	200,384
UniCredit loan - 08/09/2022	3.94%	992	105,976
Mediobanca loan - 19/01/2021	3.43%	1,250	76,059
Mediobanca loan - 22/12/2022	0.00%	-	-
Banca Nazionale del Lavoro loan - 17/04/2020	2.47%	949	100,655
Banca Nazionale del Lavoro loan - 03/10/2022	3.39%	655	103,221
BPER Banca loan - 28/04/2020	2.37%	893	100,593
Credit Suisse loan - 04/06/2019	0.84%	241	26,602
Banco BPM loan - 19/01/2021	3.26%	1,278	82,102

The newly-created item *Financial liabilities IFRS16* amounts to EUR 20 thousand and comprises the non-current portion of the financial liabilities recorded as a contra entry for the employee car hire recognised within property, plant and equipment following the application of IFRS16.

The items *Forward derivatives with subsidiaries* and *Forward derivatives with third parties* total to EUR 9,314 thousand and refer to the non-current portion of the negative fair value of derivatives for forward contracts on foreign currencies that MFE-Mediaforeurope N.V., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly probable future purchases, as well as payables for purchases already made by its direct and indirect subsidiaries, transfers to the latter by entering into an intercompany mirror agreement at the same conditions.

The item *Derivatives for call options on equity instruments*, amounting to EUR 1,204 thousand (EUR 18,350 thousand in 2021), is down EUR 17,146 thousand on the previous year and refers to the non-current portion of the fair value concerning the call option taken out with Credit Suisse International to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebenSat.1 Media SA SE.

The newly-created item *Collars on equity instruments (Put options)* amounts to EUR 6,930 and refers to the non-current portion of a reverse collar on equity instruments (put option) entered into with BNP Paribas SA to hedge potential share deals with ProSiebenSat 1 Media SE.

*IRS to third parties*, amounting to EUR 51 thousand in 2021, was zeroed during the year because the fair value of IRS derivatives entered into with various banking institutions in the reporting year was positive.

In particular, in accordance with IAS 7.50, in addition to the financial liabilities related to the investment in ProSiebenSat1, the Company reports of having EUR 1,700,621 thousand in total committed credit facilities lines at 31 December 2022, of which EUR 470,000 thousand unutilised and readily available.

As at the approval date of these Financial Statements, the committed credit lines available to MFE are equal to EUR 1,700,621 thousand, including EUR 325,000 thousand falling due within the next 12 months.

## 10. CURRENT LIABILITIES

### 10.1 Payables to banks

Payables to banks are broken down as follows:

	Total	Balance at 31/12/2022			Balance at 31/12/2021
		In 1 year	Due From 1 to 5 years	More than 5 years	
<b>Credit facilities</b>					
Short-term loans	6,000	6,000	-	-	141,000
Interest expense on short-term loans	2	2	-	-	-
<b>Unsecured loans</b>					
UniCredit - 18/07/2017	-	-	-	-	100,081
Intesa Sanpaolo - 30/03/2020	4,686	4,686	-	-	649
BNL - 17/04/2020	100,526	100,526	-	-	205
BPER - 28/04/2020	100,484	100,484	-	-	143
UniCredit - 14/05/2020	-	-	-	-	99,979
BPM - 19/01/2021	26,940	26,940	-	-	19,314
Mediobanca - 19/01/2021	2,617	2,617	-	-	606
Intesa Sanpaolo - 29/03/2021	3,113	3,113	-	-	1,007
UniCredit - 19/01/2022	2,929	2,929	-	-	-
UniCredit - 12/05/2022	2,784	2,784	-	-	-
UniCredit - 07/07/2022	7,165	7,165	-	-	-
UniCredit - 08/09/2022	3,985	3,985	-	-	-
BNL	3,809	3,809	-	-	-
<b>Total</b>	<b>265,040</b>	<b>265,040</b>	<b>-</b>	<b>-</b>	<b>362,984</b>

This item totals EUR 265,040 thousand, which is down by EUR 97,944 thousand on the previous year, and mainly includes the current portion of loans recognised at amortised cost.

In 2022, the loans taken out with Unicredit, the first agreed on 18 July 2017 and recognised at EUR 100,081 thousand as at 2021 and the second agreed on 14 May 2020 and recognised at EUR 99,979 thousand as at 2021, were repaid on their due date.

The carrying amounts shown in the table for the loans taken out with BPER Bank on 28 April 2020 and with BNL on 17 April 2020 indicate their current portion and are commented in Section 9.3 Financial payables and liabilities.

Five new loan agreements were entered into during the year with Unicredit and BNL, with a total value of EUR 575,804 thousand notional. The amounts recognised refer to the current portions of these loans, as already commented in the note 9.3 Payables and financial liabilities.

As at 31 December 2022, the short-term credit facilities used amounted to EUR 6,000 thousand (at 31 December 2021, the short-term credit facilities were EUR 141,000 thousand).

As at 31 December 2022, 76.3% of the credit facilities available were committed.

## 10.2 Trade payables

	<b>Total</b>	<b>31/12/2022</b>			<b>31/12/2021</b>
		<b>In 1 year</b>	<b>Due From 1 to 5 years</b>	<b>More than 5 years</b>	
Payables to suppliers	2,505	2,505			2,764
Payables due to subsidiaries	554	554			579
Payables due to parent companies	20	20			65
<b>Total</b>	<b>3,079</b>	<b>3,079</b>	<b>-</b>	<b>-</b>	<b>3,408</b>

This item totals EUR 3,079 thousand, which is down by EUR 329 thousand on the previous year.

Details of the main items are provided below.

### Payables to suppliers

The item totals EUR 2,505 thousand, which is down EUR 259 thousand on the previous year. The item refers to supplies relating to:

- ▢ EUR 1,745 thousand for consultants and external staff;
- ▢ EUR 760 thousand for other costs.

### Payables due to subsidiaries

This item, which amounts to EUR 554 thousand, is down by EUR 25 thousand on the previous year and refers to the payable for the provision of staff services due to indirect subsidiary R.T.I. S.p.A., amounting to EUR 348 thousand, and to subsidiary Mediaset S.p.A, amounting to 202 thousand.

## Payables due to parent companies

This item, which amounts to EUR 20 thousand, is down by EUR 45 thousand on the previous year and refers to the payable due to parent Fininvest S.p.A. for waived directors' remuneration.

There were no payables due beyond 12 months.

The carrying amount of trade payables approximates its fair value.

## 10.5 Intercompany financial payables

This item reflects cash-poolings with subsidiaries, associates and joint ventures.

For the conditions that apply to intercompany loans issued, see the comments reported in the explanatory note 6.5 Intercompany financial receivables.

### Intercompany financial payables to subsidiaries

	31/12/2022	31/12/2021
Medusa Film S.p.A.	104,573	111,852
Mediaset Investment N.V.	-	276,368
Mediaset S.p.A.	31,214	5,849
Publieurope Ltd.	17,965	16,359
Publitalia '80 S.p.A.	329,799	210,008
Digitalia '08 S.r.l.	2,066	2,017
Elettronica Industriale S.p.A.	388,621	356,419
R2 S.r.l.	-	8,304
Radio Studio 105 S.p.A.	20,099	19,105
Virgin Radio Italy S.p.A.	9,957	9,329
Radio Subasio S.r.l.	5,008	4,613
Radio Aut S.r.l.	1,222	1,556
<b>Total</b>	<b>910,524</b>	<b>1,021,779</b>

## Intercompany financial payables to associates and joint ventures

	31/12/2022	31/12/2021
Fascino Prod. Gest. Teatro S.r.l.	37,352	35,073
Adtech Ventures S.p.A.	54	63
Mediamond S.p.A.	9,985	14,137
<b>Total</b>	<b>47,391</b>	<b>49,273</b>

## Net Financial Indebtedness

At 31 December 2022, the net financial indebtedness of MFE – Mediaforeurope N.V. compared to the previous year was as follows:

	31/12/2022	31/12/2021
Bank and postal deposits	20,044	24,771
Securities and other current financial assets	13,794	-
<b>Total liquidity</b>	<b>33,838</b>	<b>24,771</b>
Financial receivables from subsidiaries	624,961	615,910
Financial receivables from associates	1,795	2,705
<b>Total current financial receivables</b>	<b>626,756</b>	<b>618,615</b>
Payables to: banks	(265,040)	(362,984)
Payables and current financial liabilities	(876)	(322,442)
Financial payables to subsidiaries	(910,524)	(1,021,779)
Financial payables to associates	(47,391)	(49,273)
<b>Current financial debt</b>	<b>(1,223,830)</b>	<b>(1,756,478)</b>
<b>Net current financial indebtedness</b>	<b>(563,236)</b>	<b>(1,113,092)</b>
Receivables and other non-current financial assets	19,343	708
Non-current financial payables and liabilities	(973,656)	(659,024)
<b>Non-current portion of net financial debt</b>	<b>(954,314)</b>	<b>(658,315)</b>
<b>Net Financial Indebtedness</b>	<b>(1,517,550)</b>	<b>(1,771,408)</b>

The Net Financial Indebtedness, amounting to EUR 1,571,550 thousand, decreased by EUR 253,858 thousand on the previous year.

The item *Securities and other current financial assets* refers to the current portion of the positive fair value of IRS derivatives, as reported in *6.6 Other current financial assets*.

The item *Non-current financial payables and liabilities* mainly includes the non-current portion of loans payable to third parties, as reported in *Note 9.3 Payables and financial liabilities*.

The item *Receivables and other non-current financial assets* refers to the non-current portion of the positive fair value of IRS derivatives, as reported in *Note 5.6 Receivables and other non-current financial assets*.

In 2022, the Company paid out dividends for a total EUR 131,872 thousand, of which EUR 58,144 thousand to the parent company Fininvest S.p.A.

In June 2022, the loan to subsidiary Mediaset Investment NV was repaid for a value of EUR 322,943 thousand.

In addition, in 2022 the Company received dividends of EUR 597,377 thousand from subsidiary Mediaset Investment NV, EUR 24,000 thousand from associate El Towers S.p.A and EUR 21,864 thousand from ProSiebenSat.1 Media SA.

During 2022, an additional stake was acquired in ProSiebenSat.1 Media SE for EUR 30,748 thousand.

In July 2022, the Company, following the acceptance of the voluntary public purchase and exchange offer over shares of its subsidiary Mediaset Espana Communication SA, issued 383,678,784 new MFE A-class shares, for allocation to shareholders of the subsidiary. This transaction also included a cash component amounting to EUR 184,170.

To reduce its share capital, the Company resolved to initiate a share buyback program, which involved payment of consideration of EUR 32,636 thousand.

Also in 2022, EUR 385,690 thousand in loans and short-term credit facilities were repaid and nine medium/long-term loan agreements were entered into with various credit institutions worth a total of EUR 595,268 thousand.

Further details of these changes are reported in the cash flow statement.

In compliance with IAS 7, the changes in financial assets and liabilities are shown below:

	Opening balance 01/01/2022	Cash flow	Non-cash flow		Final balance 31/12/2022
			Fair value changes	Other changes	
Non-current financial liabilities:					
Payables and financial liabilities	658,973	595,268		(280,604)	973,636
Hedging derivatives - interest rate risk	51		(51)		
Financial liabilities IFRS16		-		20	20
Current financial liabilities:					
Credit facilities	141,000	(135,000)			6,000
Payables and financial liabilities	221,984	(250,690)	-	287,744	259,038
Hedging derivatives - interest rate risk	1,005	1,653	(2,634)		24
Financial liabilities IFRS16				10	10
Non-current financial assets:					
Hedging derivatives - interest rate risk	(708)		(18,634)		(19,343)
Current financial assets:					
Hedging derivatives - interest rate risk			(13,794)		(13,794)
Intercompany financial payables	1,071,052	(113,138)		-	957,914
Short-term financial payables to subsidiaries	321,437	(318,965)	-	(1,631)	842
Intercompany financial receivables from:	(618,615)	804	-	(8,945)	(626,756)
<b>Net liabilities from lending activities</b>	<b>1,796,178</b>	<b>(220,068)</b>	<b>(35,113)</b>	<b>(3,406)</b>	<b>1,537,592</b>
Cash and cash equivalents	(24,771)	4,728			(20,043)
<b>Net financial debt</b>	<b>1,771,407</b>	<b>(215,340)</b>	<b>(35,113)</b>	<b>(3,406)</b>	<b>1,517,549</b>
Non-current financial liabilities:					
Non-hedging derivatives	6,772		2,541		9,314
Hedging derivatives - call options on shares	18,350	-	(17,146)	-	1,204
Hedging derivatives - put collar on shares			6,930		6,930
Current financial liabilities:					
Non-hedging derivatives	8,995	60,544	(58,478)		11,061
Hedging derivatives - put collar on shares			2,622	-	2,622
Non-current financial assets:					
Non-hedging derivatives	(7,252)		(2,062)		(9,314)
Hedging derivatives - put options on shares	(10,146)	-	3,334	-	(6,812)
Hedging derivatives - call collar on shares			(7,709)		(7,709)
Current financial assets:					
Non-hedging derivatives	(8,518)	(60,597)	80,165		11,050
Hedging derivatives - call collar on shares			(2,784)	-	(2,784)
Hedging derivatives - put options on shares	(354)	-	354	-	
<b>Net liabilities not from lending activities</b>	<b>7,847</b>	<b>(53)</b>	<b>7,768</b>	<b>-</b>	<b>15,562</b>

## 10.6 Other financial liabilities

	31/12/2022	31/12/2021
<b>Financial liabilities for non-hedging derivatives</b>		
Forward derivatives with third parties	3,439	318
Forward derivatives with subsidiaries	7,622	8,676
Forward derivatives with associates	-	1
<b>Total</b>	<b>11,061</b>	<b>8,995</b>
<b>Financial liabilities for hedging derivatives</b>		
IRS derivatives with third parties	24	1,005
Collars on equity instruments (Put options)	2,622	-
<b>Total</b>	<b>2,646</b>	<b>1,005</b>
<b>Other short-term financial debt</b>		
Financial liabilities IFRS16 (current portion)	10	-
<b>Total</b>	<b>10</b>	<b>-</b>
Financial payables to subsidiaries	842	321,437
<b>Total</b>	<b>842</b>	<b>321,437</b>
<b>Total</b>	<b>14,559</b>	<b>331,437</b>

The item amounts to a total of EUR 14,559 thousand (EUR 331,437 thousand at 31 December 2021), decreasing by EUR 316,878 thousand mainly due to the item *Financial payables to subsidiaries*.

On the maturity date of 30 June 2022, the company repaid the EUR 315,000 thousand debt taken out with subsidiary Mediaset Investment N.V., which had been completed for the purpose of increasing the equity resources of the subsidiary under a Share Premium Agreement. Also on the maturity date, interest expense of EUR 7,943 thousand was paid.

On 2 December 2022, subsidiary Mediaset Investment NV entered liquidation proceedings, which then concluded on 30 December 2022. This transaction led to recognition of a payable of EUR 842 thousand following the closure of an intercompany cash-pooling liability of EUR 1,186 thousand, net of sundry tax credits totalling EUR 344 thousand.

*Financial liabilities for non-hedging derivatives*, amounting to EUR 11,061 thousand (compared to EUR 8,995 thousand at 31 December 2021), refer to the negative fair value on the foreign exchange derivatives entered into as part of the risk hedging strategy of associates and joint ventures;

The newly-created item *Financial liabilities IFRS16* amounts to EUR 10 thousand and refers to the current portion of the financial liabilities recorded as a contra entry for the employee car hire recognised within property, plant and equipment following the application of IFRS16.

*Financial liabilities for hedging derivatives* totalling EUR 2,646 thousand (EUR 1,005 thousand at 31 December 2021), comprises the current portion of the negative fair value of six interest rate swaps entered into in 2022 with various credit institutions and the non-current portion of the negative fair value concerning the share collar (put) entered into with BNP Paribas SA to hedge potential share negotiations with ProSiebenSat 1 Media SE.



## 10.7 Other current liabilities

This item breaks down as follows:

	31/12/2022	31/12/2021
Payables to employees for wages and salaries, accrued holiday pay and expenses	81	52
Payables to insurance companies	1	1
Payables to shareholders for dividends approved	13	1,180
Payables to social security institutions	18	6
Payables to tax authorities	2,665	8,941
Payables to Directors	9,083	9,073
Other payables to third parties	121	116
Sundry payables to subsidiaries	196,316	200,314
Sundry payables to affiliates and joint ventures	59	147
Accrued liabilities	3	3
Deferred income	-	354
<b>Total</b>	<b>208,360</b>	<b>220,187</b>

This item totals EUR 208,360 thousand, which is down by EUR 11,827 thousand on the previous year.

Details of the main items are provided below.

### Sundry payables to subsidiaries, affiliates, and joint ventures

This item, totalling EUR 196,375 thousand, was down by EUR 4,086 thousand, broken down as follows:

- ▢ the IRES payable under the national tax consolidation scheme of EUR 194,355 thousand from subsidiaries and of EUR 12 thousand from joint ventures that participate in the Group's national tax consolidation scheme;
- ▢ the VAT payable transferred to MFE Mediaforeurope NV as part of the Group's VAT procedure, both by subsidiaries for EUR 1,961 thousand and by joint ventures for EUR 47 thousand.

### Payables to Directors

This item, which amounts to EUR 9,083 thousand, which is up by EUR 10 thousand on the previous year, mainly includes the payables recognised in previous years for the EUR 8,500 thousand severance indemnity to the Chairman of the Company, payable at the end of his term in office.

### Payables to tax authorities

This item breaks down as follows:

	<b>31/12/2022</b>	<b>31/12/2021</b>
Group VAT	2,602	8,879
Tax withholdings on salaries	9	7
Tax withholdings on self-employed income	10	11
Tax withholdings on income similar to employees' salaries	44	44
<b>Total</b>	<b>2,665</b>	<b>8,941</b>

This item totals EUR 2,665 thousand, which is down by EUR 6,276 thousand on last year, mainly attributable to the item *Group VAT*.

## Deferred income

This item, which in the previous year was EUR 354 thousand, was zeroed during the reporting year and referred to financial income associated with the equity investment in ProSebienSat 1 Media SE.

## Payables to shareholders for dividends approved

This item, which totals EUR 13 thousand, is down by EUR 1,167 thousand on the previous year, and refers to the payable to shareholders for the dividends resolved by the shareholders' meeting on 23 June 2021 and 29 June 2022, which as at 31 December 2022 is pending payment.

## Payables to employees for wages and salaries, accrued holiday pay and expenses

The item, amounting to EUR 81 thousand, increased by EUR 29 thousand compared to the end of the previous year. This item refers to payables of EUR 74 thousand for salaries and contributions and EUR 7 thousand for 14th-month bonus salary payments.

## Payables to social security institutions

This item, which amounts to EUR 18 thousand (EUR 6 thousand at 31 December 2021), relates to payables to pension institutions for amounts owed by both the company and employees in relation to December salaries.

This item is broken down as follows:

	<b>31/12/2022</b>	<b>31/12/2021</b>
INPS	9	5
INAIL	-	1
FPDAC	7	-
Other organisations	2	-
<b>Total</b>	<b>18</b>	<b>6</b>

# NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

(values in EUR thousand)

## 12. REVENUES

### 12.1 Revenues from sales and services

This line item, which changed from a total of EUR 1,163 thousand in 2021 to EUR 1,068 thousand in 2022, shows a total decrease of EUR 95 thousand.

The revenue categories are as follows:

	2022	2021
Other services	873	861
Commissions and fees	195	302
<b>Total</b>	<b>1,068</b>	<b>1,163</b>

#### Other services

This item amounts to EUR 873 thousand and mainly consists of revenues for the supply of intercompany financial services. Of particular note were the revenues for staff services to indirect subsidiaries Publitalia '80 S.p.A. for EUR 364 thousand and R.T.I. S.p.A. for EUR 400 thousand.

#### Commissions and fees

This item includes EUR 195 thousand in revenues for fees on bank sureties and guarantees granted in favour of subsidiaries (EUR 302 thousand in 2021), of which EUR 174 thousand to indirect subsidiary R.T.I. S.p.A.

All revenues were generated within Italy.

### 12.2 Other revenues and income

This item breaks down as follows:

	2022	2021
Prior year income	150	30
Other proceeds	5	1,273
<b>Total</b>	<b>155</b>	<b>1,303</b>

The item amounts to a total of EUR 155 thousand, decreasing by EUR 1,148 thousand compared to the previous year.

Details of the main items are provided below.

### **Prior year income**

This item amounts to EUR 150 thousand and mainly consists of the collection of a reimbursement for corporate income tax (IRPEG) of Mediaset Investment S.a.r.l., which was liquidated in 2018.

### **Other proceeds**

This item amounts to EUR 5 thousand (compared to EUR 1,273 in 2021) and refers to a collection ensuing from a legal judgment.

## 13. COSTS

### 13.1 Personnel expenses

The following table provides a comparison of the number of employees at 31 December 2022, at 31 December 2021 and the average for 2022:

	<b>Employees at 31/12/2022</b>	<b>Average 2022</b>	<b>Employees at 31/12/2021</b>
Executives	2	1	1
	<b>2</b>	<b>1</b>	<b>1</b>

Personnel expenses are broken down in the table below:

	<b>2022</b>	<b>2021</b>
Wages and salaries	295	183
Social security contributions	71	61
Other personnel expenses	14	13
Ancillary personnel expenses	16	17
Out-of-period personnel expenses	75	2
Recovery of personnel expenses	(1)	(1)
<b>Total</b>	<b>470</b>	<b>275</b>

The item amounts to a total of EUR 470 thousand, increasing by EUR 195 thousand compared to the previous year, mainly due to the increase in headcount.

Details of the main items are provided below.

#### Wages and salaries

This item totals EUR 295 thousand, of which:

- ▢ EUR 273 thousand in ordinary and extraordinary remuneration;
- ▢ EUR 21 thousand in other costs for allocations of 13th month and 14th month bonuses;

#### Social security contributions

This item totals EUR 71 thousand, of which:

- ▢ EUR 64 thousand in contributions accrued on salaries and wages;

▣ EUR 7 thousand in other costs for contributions accrued on 13th-month and 14th-month bonuses, and INAIL (National Institute for Insurance against Accidents at Work).

## Other personnel expenses

This item amounts to EUR 14 thousand and relates to employee leaving entitlement expenses due to realignment of uses;

## Out-of-period personnel expenses

This item amounts to EUR 75 thousand (compared to EUR 2 in 2021) and mainly comprises personnel costs relating to previous years which were recognised after settling positions with social security institutions.

### 13.2 Purchases

This item breaks down as follows:

	2022	2021
Miscellaneous consumables	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

### 13.5 Services

This item breaks down as follows:

	2022	2021
Maintenance and repairs	-	21
Consultants and external staff	3,598	6,360
Utilities and logistics	4	3
Advertising, public relations and entertainment	82	68
Costs for insurance services	445	432
Travel and expense accounts	1	1
EDP and administrative service costs	2,025	2,240
Fees to Directors and Statutory Auditors	1,911	2,991
Bank charges and commissions	671	400
Other services	159	166
Out-of-period services	2	23
<b>Total</b>	<b>8,898</b>	<b>12,705</b>

The item totals EUR 8,898 thousand, which is down EUR 3,807 thousand on the previous year.

Details of the main items are provided below.

## Consultants and external staff

This item amounts to EUR 3,598 thousand (compared to EUR 6,360 in 2021) and mainly refers to the following costs:

- ▢ EUR 1,524 thousand for legal and litigation assistance costs;
- ▢ EUR 1,346 thousand for other professional and consultancy services;
- ▢ EUR 619 thousand for expert appraisals and certifications;
- ▢ EUR 551 thousand for auditing services; The cost for certification services for non-financial statements amounted to EUR 68 thousand. It should be noted that other services totalling EUR 115 thousand were provided by the Independent Auditors.

The following table describes auditor fees charged to the Company and its subsidiaries: (values in EUR thousand):

	Deloitte Accountants B.V.		Other Deloitte member firms and affiliates		Total	
	2022	2021	2022	2021	2022	2021
Audit of the financial statements	551	312	1,795	1,436	2,346	1,748
Other audit engagements	-	-	171	120	171	120
Advisory services in respect of tax matters Other non-audit services	-	-	115	30	115	30
<b>Total</b>	<b>551</b>	<b>312</b>	<b>2,081</b>	<b>1,586</b>	<b>2,632</b>	<b>1,898</b>

## EDP and administrative service costs

This item amounts to EUR 2,025 thousand (compared to EUR 2,240 in 2021) and mainly refers to the following costs:

- ▢ EUR 1,791 thousand for staff services governed by intercompany contracts, of which EUR 1,129 thousand to R.T.I. S.p.A. and EUR 662 thousand to Mediaset S.p.A.;
- ▢ EUR 174 thousand for EDP services;

## Fees to Directors and Statutory Auditors

The item totals EUR 1,910 thousand, which is down by EUR 1,080 thousand on the previous year. The item comprises only Directors' fees of EUR 1,910 thousand (EUR 2,827 thousand in 2021). No Statutory Auditors' costs were recognised because the Board of Statutory Auditors resigned in September 2021 following the transfer of the headquarters to the Netherlands.

For more details related to Directors' Fees, refer to section Other Information-Dealings with: subsidiaries, associates, holding companies, affiliates and other related parties. The difference between the cost indicated above for Fees to Directors and the costs for key management personnel indicated in the table of that section is explained by payments made in favor of other related parties and membership fees due by the Company on behalf of some Directors.

## 13.6 Royalties

The item breaks down as follows:

	2022	2021
Leases and rentals	16	15
Royalties	465	465
Contingent leases and rentals	(1)	
<b>Total</b>	<b>480</b>	<b>480</b>

This item, which totals EUR 480 thousand, was unchanged on the previous year and mainly relates to the EUR 465 thousand expenditure on royalties for using the Fininvest brand.

## 13.8 Other operating expenses

The item breaks down as follows:

	2022	2021
Sundry tax charges	2,371	2,110
Prior year expenses	-	100
Other operating expenses	212	1,322
Out-of-period other operating expenses	(4)	8
<b>Total</b>	<b>2,579</b>	<b>3,540</b>

This item totals EUR 2,579 thousand (compared to EUR 3,540 in 2021). Details of the main items are provided below.

*Sundry tax charges* of EUR 2,371 thousand, mainly referring to EUR 2,185 thousand in VAT that is non-deductible on a pro rata basis pursuant to Article 19-bis of Presidential Decree 633/72.

*Other operating expenses* of EUR 212 thousand, which includes the following expenses:

- ▣ EUR 148 thousand in membership fees;
- ▣ EUR 32 thousand in fines and penalties;
- ▣ EUR 32 thousand in other operating costs.



## 13.9 Amortisation, depreciation and impairments

This item refers to the impairment of receivables carried out during the year.

	2022	2021
Impairment of receivables	1,509	(270)
<b>Total</b>	<b>1,509</b>	<b>(270)</b>

The item *Impairment of receivables* reports a balance of EUR 1,509 thousand (- EUR 270 thousand in 2021), comprising the addition of EUR 1,584 thousand to the bad debts provision, net of an adjustment of EUR 75 thousand. The addition relates to financial receivables due from the indirect subsidiary R.T.I. S.p.A., was carried out by applying the expected credit loss estimated based on the requirements of IFRS 9.

## 15. (EXPENSES)/INCOME FROM FINANCIAL ASSETS

### 15.1 Financial expenses

This item is broken down as follows:

	2022	2021
Interest expense in MFE cash-pooling with subsidiaries	5,300	3,021
Interest expense in MFE cash-pooling with affiliates and joint ventures	176	-
Interest expense on current accounts		12
Interest expense on short-term loans	176	(20)
Interest expense on IRS	1,653	1,437
Interest expense on loans	14,635	5,478
Ancillary costs on loans	1,991	2,309
Financial expenses on collar for hedging of equity instruments	1,526	5,994
Exchange losses realised	60,607	41,413
Exchange losses unrealised	35,223	32,646
Other charges	-	20
Out-of-period financial expenses	8	-
<b>Total</b>	<b>121,295</b>	<b>92,310</b>

The item totals EUR 121,295 thousand, which is increased by EUR 28,985 thousand on the previous year.

Details of the main items are provided below.

## Interest expense in MFE cash-pooling with subsidiaries and affiliates and joint ventures

This item totalled EUR 5,476 thousand (EUR 3,021 thousand in 2021) and includes the interest accrued in 2022 on the intercompany cash pools opened by the subsidiaries, affiliates and joint ventures with MFE. The criteria and methods of settlement have already been commented under the item *Intercompany financial receivables*.

## Financial expenses on collar for hedging of equity instruments

This item amounts to EUR 1,526 thousand (EUR 5,994 in 2021) and reports the pro-quota part of the *Dividend income* received from ProSiebenSat.1 Media SA.; as a result of the contractual agreements relating to the collar, the company pays this amount to the financial counterparty to the transaction, which is recognised in *Financial expenses*.

## Interest expense on loans

The item amounts to EUR 14,635 thousand, increasing by EUR 9,157 thousand compared to the previous year. This item comprises interest on loans calculated at amortised cost, and is broken down as follows:

- ▢ EUR 1,250 thousand due to Mediobanca;
- ▢ EUR 3,485 thousand due to Intesa Sanpaolo;
- ▢ EUR 5,885 thousand due to UniCredit;
- ▢ EUR 893 thousand due to BPER Banca;
- ▢ EUR 241 thousand due to Credit Suisse International;
- ▢ EUR 1,603 thousand due to BNL;
- ▢ EUR 1,278 thousand due to BPM.

## Ancillary costs on loans

The item amounts to EUR 1,991 thousand, decreasing EUR 318 thousand compared to the previous year. This item represents the fees both for the utilisation and non-utilisation of the medium/long-term credit facilities.

The most significant amounts are as follows:

- ▢ EUR 406 thousand with Intesa Sanpaolo;
- ▢ EUR 209 thousand with Mediobanca;
- ▢ EUR 804 thousand with BNL;
- ▢ EUR 406 thousand with BPM;
- ▢ EUR 166 thousand with BBVA;

## Interest expense on IRS

This item amounts to EUR 1,653 thousand (EUR 1,437 thousand in 2021) and refers to the expenses for the year relating to four IRS contracts entered into in 2020 and seven IRS contract entered into in 2022 with various credit institutions.

## Interest expense on short-term loans

This item reports a balance of EUR 176 thousand (Negative for EUR 20 thousand in 2021).

The item mainly consists of interest accrued on short-term loans with:

- ▢ EUR 88 thousand with BPER Banca;
- ▢ EUR 44 thousand with Banca Nazionale del Lavoro;
- ▢ EUR 34 thousand with Unicredit;
- ▢ EUR 9 thousand with Intesa Sanpaolo.

## 15.2 Financial income

This item is broken down as follows:

	2022	2021
Interest income on cash-pooling with subsidiaries	8,922	7,085
Interest income on cash-pooling with associates and joint ventures	22	60
Interest income on current accounts	30	9
Financial income from lending	354	868
Exchange gains realised	60,629	41,414
Exchange gains unrealised	35,212	32,648
Other financial income	764	21,001
<b>Total</b>	<b>105,933</b>	<b>103,086</b>

The item totals EUR 105,933 thousand, which is up EUR 2,847 thousand on the previous year.

## Foreign exchange gains and losses

The overall balance for the year from foreign exchange gains and losses (realized and unrealized) was a gain of EUR 11 thousand (a gain of EUR 3 thousand at 31 December 2021). This reflects the gain from foreign exchange hedging with the conclusion of trading contracts with third parties in favour of subsidiary R.T.I. S.p.A. and the joint venture company Boeing S.p.A., which give rise to the risk hedged. Pursuant to IFRS 9, these contracts cannot be classified as hedging contracts and therefore the related changes in fair value are recognised in the income statement.

## Interest income on cash-pooling with subsidiaries, associates and joint ventures

This item totalled EUR 8,944 thousand (EUR 7,145 thousand in 2021) and includes the interest accrued in 2022 on the intercompany cash pools opened by subsidiaries, affiliates and joint ventures with MFE. The recognition

criteria and methods of settlement have already been commented under the item *Intercompany financial receivables*.

## Financial income from lending

The item amounting to EUR 354 thousand (EUR 868 thousand in 2021) represents the pro-rata value relating to the income related to the collar financing contract entered into in 2019 with Credit Suisse International to hedge the risk from changes in the fair value of the investment in ProSiebenSat.1 Media SE, for the shares lent to the counterparty.

The table below shows financial income and expenses broken down into the categories required by IFRS 9 and other categories not required, both for the current and previous year.

<b>IFRS 9 categories</b>	<b>2022</b>	<b>2021</b>
Liabilities at amortised cost	(25,496)	(18,221)
Assets at amortised cost	9,329	28,425
FVTPL Assets/(Liabilities)	801	274
	<b>(15,367)</b>	<b>10,478</b>
Other financial income and charges	5	298
<b>Total</b>	<b>(15,362)</b>	<b>10,776</b>

## 15.3 Income (expenses) from equity investments

### Dividends from subsidiaries

This item includes the dividends received from subsidiary Mediaset S.p.A., as shown below:

	<b>2022</b>	<b>2021</b>
Mediaset Investment N.V.	2,377	-
Mediaset S.p.A.	-	60,000
<b>Total dividends from subsidiaries</b>	<b>2,377</b>	<b>60,000</b>
<b>Total</b>	<b>2,377</b>	<b>60,000</b>

## Dividends from associates

Dividends from associates This item includes the dividends received from associate El Towers S.p.A., as shown below:

	2022	2021
El Towers S.p.A.	24,000	149,930
<b>Total</b>	<b>24,000</b>	<b>149,930</b>

These dividends were fully collected during the year.

## Dividends from other companies

The item includes dividends received from the German broadcaster ProSiebenSat.1 Media SE. Due to the derivatives taken out as part of the share purchase transaction, a EUR 1,526 thousand portion of those derivatives, due to the financial counterparty of the transaction, was recognised in the income statement as *Financial expenses*.

Details are shown in the table below:

	2022	2021
ProSiebenSat.1 Media SA	21,864	11,238
<b>Total</b>	<b>21,864</b>	<b>11,238</b>

## 16. INCOME TAX FOR THE YEAR

	2022	2021
IRES expense/(income) from tax consolidation	(6,888)	1,009
Substitute tax	-	2,487
<b>Total current taxes</b>	<b>(6,888)</b>	<b>3,496</b>
Provision for deferred tax liabilities	1	-
<b>Total deferred tax liabilities</b>	<b>1</b>	<b>-</b>
Utilisations of credit from deferred tax assets	177	225
Accruals of deferred tax assets	(544)	(161)
<b>Total deferred tax assets</b>	<b>(367)</b>	<b>64</b>
<b>Total</b>	<b>(7,254)</b>	<b>3,560</b>

The item Income taxes for the year is broken down as follows:

- ▣ EUR 6,888 thousand in IRES tax income from tax consolidation, made up of EUR 5,517 thousand in IRES tax expense for the year and EUR 1,371 thousand in IRES tax income for previous years;
- ▣ net additions to advances of EUR 367 thousand, made up of additions of EUR 544 thousand, net of utilisations of EUR 177 thousand.

During the period under review, the company had no tax base for IRAP purposes.

# NOTES ON THE MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

(values in EUR thousand)

## 17. STATEMENT OF CASH FLOWS

### 17.1 CHANGES IN CURRENT ASSETS/LIABILITIES

The item mainly includes the change in other receivable and current asset and other current liabilities and the exchange differences in the cash settlement of the derivative instruments hedging the exchange rate risk for the ineffective portion of the hedge relationship.

### 17.2 DIVIDENDS RECEIVED

The item include the pro-quota part of the dividends collected from Mediaset Investment NV (EUR 2,377 thousand) and the total dividends collected by associate El Towers S.p.A (EUR 24,000 thousand) and from ProSiebenSat.1 Media SA (EUR 21,864 thousand), net of financial charges for EUR 1,526 thousands.

### 17.3 PAYMENTS/COLLECTIONS FOR EQUITY INVESTMENTS

This item includes the EUR 189,417 thousand increase in the equity investment in direct subsidiary Mediaset Espana Communication SA, of which EUR 184,170 thousand was the increase in equity investment resulting from the acceptance of the voluntary public purchase and exchange offer over Mediaset Espana shares and EUR 5,247 thousand was the adjustment in the costs incurred in connection with this transaction. There was also an increase of EUR 30,748 thousand relating to the additional shareholding in ProSiebenSat.1 Media SE. As regards divestments, EUR 595,000 thousand was collected from Mediaset Investment NV for the pro-quota part of the dividends paid out by resolution of the shareholders' meeting of 20 June 2022. The pay-out related to the share premium reserve created following the signing of the Share Premium Agreement;

### 17.4 CASH POOLING

The line item refers to the net change in the balance of the cash-pooling held with subsidiaries, associates and joint ventures for centralised treasury management purposes.

### 17.5 PURCHASE OF TREASURY SHARES

This item records the purchases of MFE A-class treasury shares made during the year for the purpose of reducing share capital. At the end of the year, a total of 88,707,693 MFE A-Class treasury shares, representing 5.81% of nominal share capital, had been purchased.

### 17.6 DIVIDENDS PAID

This line item mainly refers to dividends paid out dividends for a total EUR 131,872 thousand, of which EUR 58,144 thousand to the parent company Fininvest S.p.A.

## **17.7 OTHER FINANCIAL ASSETS/LIABILITIES PAID**

This item refers to repaid loans and credit facilities.

## **17.8 OTHER FINANCIAL ASSETS/LIABILITIES RECEIVED**

This item refers to new medium/long-term loans taken out with various credit institutions.



# COMMITMENTS AND GUARANTEES

## Bank guarantees given

The Company took out bank guarantees on behalf of subsidiaries and associates. In particular, MFE – MEDIAFOEUROPE N.V. guaranteed a total amount of EUR 3,029 thousand (EUR 3,279 thousand at 31 December 2021). Among the most significant bank guarantees issued are the EUR 1,434 thousand guarantee stipulated in favour of the subsidiary R.T.I. S.p.A., with Generali Real Estate S.p.A. SGR as beneficiary.

## Forward financial transactions

MFE - MEDIAFOEUROPE N.V. operates directly with financial counterparties to hedge the exchange rate risk of subsidiaries, associates and joint ventures.

The Group's business structure clearly highlights the central role of commercial television operations. This results in the need to deal with the leading international producers of films and sporting events to purchase television broadcasting rights (negotiated mainly in foreign currency such as USD), consequently exposing the Group to risks associated with fluctuations in exchange rates.

Financial derivative instruments are used to reduce these risks, as illustrated below.

Group treasury activities are essentially centralised within MFE - MEDIAFOREUROPE N.V., which operates with Italian and foreign financial counterparties.

The Board of Directors of MFE - MEDIAFOREUROPE N.V. has approved a financial risks policy which establishes that the Finance Division shall quantify the maximum limits of exchange rate and interest rate risk that may be taken on, and defines the characteristics of suitable counterparties.

The EUR 409,591 thousand in commitments (EUR 548,019 thousand at 31 December 2021) refer to exchange rate-hedging currency transactions.

Lastly, derivatives entered into with third parties to hedge exchange rate risk are to be considered mirroring those entered into with indirect subsidiary R.T.I. S.p.A. and joint venture Boing S.p.A.

## Other information

Interest rate hedging derivatives (IRS) include the three existing contracts entered into in 2020, as well as another eight contracts entered into during the reporting year to hedge four medium/long-term loans taken out with Banca Intesa Sanpaolo, UniCredit, BNP Paribas and BPER Banca.

On 9 May 2022 and 27 June 2022, two new IRS contracts were entered into with Unicredit S.p.A. and Banca Intesa Sanpaolo, respectively, to hedge two separate medium/long-term loans taken out with them, maturing in 2025.

In July 2022, six IRS contracts were entered into, for a total amount of EUR 184,174 thousand notional, with Banca Intesa Sanpaolo, Unicredit and BNP Paribas, maturing in 2027. These contracts were entered into following the request, made in the same month, to utilise the credit line signed for in March and disbursed to fund the cash component of the voluntary public purchase and exchange offer over Mediaset España Comunicación shares.

On 1 November 2022, a new reverse collar agreement was entered into (for the purchase of call options and the sale of put options on shares) with the counterparty BNP Paribas SA, terminating in 2024. Shares in investee ProSiebenSat.1 Media SE form the underlying for this agreement.

# DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

## Classes of financial instruments

The breakdown of financial assets and liabilities required by IFRS 7 in the categories established by IFRS 9 are illustrated below, both for the current and previous years.

FY 2022

BALANCE SHEET ITEM	IFRS 9 categories			Carrying amount	Explanatory notes
	Derivative assets	FVTOCI financial assets	Financial assets at amortised cost		
<b>Other non-current financial assets</b>					
Other equity investments	-	229,998	-	229,998	5.5
Hedging derivatives	33,864	-	-	33,864	5.6
Non-hedging derivatives with subsidiaries	23	-	-	23	5.6
Non-hedging derivatives with third parties	9,291	-	-	9,291	5.6
Financial receivables	-	-	8,642	8,642	5.6
<b>Current assets</b>					
<b>Trade receivables from:</b>					
From customers	-	-	1	1	6.2
To MFE Group companies	-	-	337	337	6.2
<b>Current financial assets</b>					
Hedging derivatives with third parties	16,578	-	-	16,578	6.6
Non-hedging derivatives with third parties	7,622	-	-	7,622	6.6
Non-hedging derivatives - subsidiaries	3,428	-	-	3,428	6.6
Non-hedging derivatives - joint ventures	-	-	-	-	6.6
<b>Cash and cash equivalents</b>					
Bank and postal deposits	-	-	20,044	20,044	6.7
Intercompany financial receivables - subsidiaries	-	-	624,962	624,962	6.5
Intercompany financial receivables - associates and joint ventures	-	-	1,795	1,795	6.5
<b>TOTAL FINANCIAL ASSETS</b>	<b>70,806</b>	<b>229,998</b>	<b>655,781</b>	<b>956,584</b>	

BALANCE SHEET ITEM	IFRS 9 categories			Explanatory notes
	Derivative liabilities	Financial liabilities at amortised cost	Carrying amount	
<b>Non-current financial payables and liabilities</b>				
Payables to: banks	-	973,637	973,637	9.3
Hedging derivatives	8,134	-	8,134	9.3
Non-hedging derivatives with third parties	23	-	23	9.3
Non-hedging derivatives with subsidiaries	9,291	-	9,291	9.3
<b>Current liabilities</b>				
<b>Payables to: banks</b>				
Payables to: banks	-	259,039	259,039	10.1
Credit facilities	-	6,002	6,002	10.1
<b>Trade payables</b>				
To suppliers	-	2,505	2,505	10.2
To MFE Group companies	-	554	554	10.2
To Fininvest Group and Mediolanum Group companies	-	20	20	10.2
<b>Other financial liabilities</b>				
Hedging derivatives - third parties	2,646	-	2,646	10.6
Non-hedging derivatives with third parties	3,439	-	3,439	10.6
Non-hedging derivatives - subsidiaries	7,622	-	7,622	10.6
Non-hedging derivatives - joint ventures	-	-	-	10.6
Short-term financial payables - subsidiaries	-	842	842	10.6
Intercompany financial payables - subsidiaries	-	910,524	910,524	10.5
Intercompany financial payables - associates and joint ventures	-	47,391	47,391	10.5
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>31,155</b>	<b>2,200,513</b>	<b>2,231,667</b>	

BALANCE SHEET ITEM	IFRS 9 categories			Carrying amount	Explanatory notes
	Derivative assets	FVTOCI financial assets	Financial assets at amortised cost		
<b>Other financial assets</b>					
Other equity investments	-	349,725	-	349,725	5.5
Hedging derivatives	10,855	-	-	10,855	5.6
Non-hedging derivatives with subsidiaries	16	-	-	16	5.6
Non-hedging derivatives with third parties	7,235	-	-	7,235	5.6
Financial receivables	-	-	8,642	8,642	5.6
<b>CURRENT ASSETS</b>					
<b>Trade receivables from:</b>					
From customers	-	-	1	1	6.2
To MFE Group companies	-	-	364	364	6.2
<b>Current financial assets</b>					
Hedging derivatives with third parties	354	-	-	354	6.6
Non-hedging derivatives with third parties	8,201	-	-	8,201	6.6
Non-hedging derivatives - subsidiaries	317	-	-	317	6.6
Non-hedging derivatives joint ventures	1	-	-	1	6.6
<b>Cash and cash equivalents</b>					
Bank and postal deposits	-	-	24,771	24,771	6.7
Intercompany financial receivables - subsidiaries	-	-	615,910	615,910	6.5
Intercompany financial receivables - associates and joint ventures	-	-	2,705	2,705	6.5
<b>TOTAL FINANCIAL ASSETS</b>	<b>26,979</b>	<b>349,725</b>	<b>652,394</b>	<b>1,029,099</b>	

BALANCE SHEET ITEM	IFRS 9 categories			Explanatory notes
	Derivative liabilities	Financial liabilities at amortised cost	Carrying amount	
<b>Payables and financial liabilities</b>				
Payables to: banks	-	658,973	658,973	9.3
Hedging derivatives	18,401	-	18,401	9.3
Non-hedging derivatives with third parties	16	-	16	9.3
Non-hedging derivatives with subsidiaries	6,756	-	6,756	9.3
<b>CURRENT LIABILITIES</b>				
<b>Payables to: banks</b>				
Payables to: banks	-	221,984	221,984	10.1
<b>Trade payables</b>				
To suppliers	-	2,764	2,764	10.2
To MFE Group companies	-	579	579	10.2
To Fininvest Group and Mediolanum Group companies	-	65	65	10.2
<b>Other financial liabilities</b>				
Hedging derivatives - third parties	1,005	-	1,005	10.6
Non-hedging derivatives with third parties	319	-	319	10.6
Non-hedging derivatives - subsidiaries	8,676	-	8,676	10.6
Non-hedging derivatives - joint ventures	1	-	1	10.6
Short-term financial payables - subsidiaries	-	321,437	321,437	10.6
Intercompany financial payables - subsidiaries	-	1,021,779	1,021,779	10.5
Intercompany financial payables - associates and joint ventures	-	49,273	49,273	10.5
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>35,173</b>	<b>2,417,855</b>	<b>2,453,028</b>	

## Fair value of financial assets and liabilities, and calculation models and input data used

Please see below an analysis of the fair value measurement of financial instrument classes, broken down based on the methodologies and the models used to calculate them, both for the current and previous years.

Note that the tables do not show the financial assets and liabilities recognized at amortised cost whose fair value is approximate to their carrying amount, and that the fair value of derivatives represents the net position between assets and liabilities.

The input data used to measure fair value at the reporting date, obtained from Bloomberg provider, were as follows:

- ▣ euro curves for estimating forward rates and discount factors;
- ▣ ECB spot exchange rates;
- ▣ forward rates calculated by Bloomberg;
- ▣ Euribor fixings;
- ▣ quoted CDS (credit default swap) mid spreads of the various counterparties (if available);
- ▣ MFE - MEDIAFOREUROPE N.V. credit spread.

FY 2022

	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory notes
			Black & Scholes model	Binomial model	DCF model		
<b>Payables to: banks</b>	(1,232,675)	-	-	-	(1,250,492)	(1,250,492)	9.3/10.1
<b>Other equity investments</b>	229,998	229,998	-	-	-	229,998	6
<b>Non-Hedging derivatives</b>							
Forward contracts with third parties	13,451	-	-	-	13,451	13,451	6.6/10.6
Forward contracts with subsidiaries/associates and joint ventures	(13,463)	-	-	-	(13,463)	(13,463)	6.6/10.6
<b>Cash flow hedging derivatives</b>							
Interest Rate Swap	33,113	-	-	-	33,113	33,113	9.3/10.6
<b>Equity instrument hedges</b>							
Call options on shares	9,289	-	9,289	-	-	9,289	9.3/10.6
Put options on shares	(2,740)	-	(2,740)	-	-	(2,740)	5.6/6.6

	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory notes
			Black & Scholes model	Binomial model	DCF model		
<b>Payables to banks</b>	<b>(880,957)</b>	-	-	-	<b>(892,785)</b>	<b>(892,785)</b>	9.3/10.1
<b>Other equity investments</b>	<b>349,725</b>	<b>349,725</b>	-	-	-	<b>349,725</b>	6
<b>Non-Hedging derivatives</b>							
Forward contracts with third parties	15,101	-	-	-	15,101	15,101	6.6/10.6
Forward contracts with subsidiaries/associates and joint ventures	(15,098)	-	-	-	(15,098)	(15,098)	6.6/10.6
<b>Cash flow hedging derivatives</b>							
Interest Rate Swap	(347)	-	-	-	(347)	(347)	9.3/10.6
<b>Equity instrument hedges</b>							
Call options on shares	(18,350)	-	(18,350)	-	-	(18,350)	9.3/10.6
Put options on shares	10,501	-	10,501	-	-	10,501	5.6/6.6

The fair value of payables due to banks was calculated considering the credit spread of MFE – MEDIAFOREUROPE N.V., which also included the short-term portion of medium/long-term loans.

The fair value of trade receivables and payables due within the financial year was not calculated, since their carrying amount approximate their fair value.

The fair value of trade receivables and payables due within the financial year was not calculated, since their carrying amount is approximate to their fair value. As a result, the carrying amount stated for the receivables and payables for which the fair value was calculated also includes the portion due within 12 months of the reporting date. The calculation of the fair value of trade receivables only takes into account the creditworthiness of the counterparty when there is market information that can be used to determine it. For trade payables, fair value has been adjusted by taking into account the creditworthiness of MFE – MEDIAFOREUROPE N.V.

The fair value of financial payables due within the financial year has not been calculated, since their carrying amount is approximate to their fair value. The fair value calculation for financial payables due in subsequent financial years also includes the portion due within 12 months from the reporting date.

In addition, the table does not include financial assets and liabilities for which the fair value cannot be objectively calculated.

The financial assets and liabilities recognized in the financial statements at fair value have also been classified based on the fair value hierarchy established by the accounting standard:

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

Balance sheet item	Carrying Amount	level I	level II	level III	Total Fair Value	Explanatory notes
<b>Other equity investments</b>	<b>229,998</b>	<b>229,998</b>	-	-	<b>229,998</b>	6
<b>Non-cash flow hedging derivatives:</b>						
- Forward contracts with third parties	13,451	-	13,451	-	13,451	6.6/10.6
- Forward contracts with subsidiaries/associates and joint ventures	(13,463)	-	(13,463)	-	(13,463)	6.6/10.6
<b>Cash flow hedging derivatives:</b>						
- Interest Rate Swap	33,113	-	33,113	-	33,113	9.3/10.6
<b>Equity instrument hedges</b>						
- Call options on shares	9,289	-	9,289	-	9,289	9.3/10.6
- Put options on shares	(2,740)	-	(2,740)	-	(2,740)	5.6/6.6

The Company has identified only two hierarchical levels for instruments measured at fair value (net of the fair value relating to equity investments in listed companies), as it uses valuation models that are based on observable market values.

## Financial expenses and income recognised in compliance with IFRS 9

The financial expenses and income figures are shown below, broken down according to the categories established by IFRS 9.

FY 2022

IFRS 9 categories	From interest	At fair value	Exchange gains/(losses)	Net gains/(losses)
FVTPL Assets/(Liabilities)	-	758	42	800
Liabilities at amortised cost	(25,465)	-	(31)	(25,496)
Assets at amortised cost	9,329	-	-	9,329
<b>Total IFRS 9 categories</b>				<b>(15,367)</b>

FY 2021

IFRS 9 categories	From interest	At fair value	Exchange gains/(losses)	Net gains/(losses)
FVTPL Assets/(Liabilities)	-	281	(7)	274
Liabilities at amortised cost	(18,232)	-	10	(18,222)
Assets at amortised cost	28,425	-	-	28,425
<b>Total IFRS 9 categories</b>				<b>10,477</b>

## Capital management

The capital management objectives of MFE – MEDIAFOREUROPE N.V. are to protect the Group's ability to continue to, firstly, guarantee profitability for its shareholders, its stakeholders' interests and compliance with covenants and, secondly, to maintain an optimal capital structure.



## Types of financial risks and related hedging

The Executive Committee of MFE – MEDIAFOREUROPE N.V. has developed specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks, price risks and liquidity risks the Group is exposed to: to optimise the structure of operating costs and resources, this activity is centralised within the group parent MFE – MEDIAFOREUROPE N.V., which has been entrusted with the task of collecting the information regarding the positions exposed to risk and hedging them, where necessary.

To this end, MFE – MEDIAFOREUROPE N.V. acts directly on the market and performs control and coordination of financial risks for Group companies. The selection of the financial counterparts focuses on those with a high credit standing while also ensuring a limited concentration of exposures towards them.

### Foreign exchange risk

MFE – MEDIAFOREUROPE N.V. acts as an intermediary in managing exchange rate risk for the purpose of eliminating the effects of exchange rate fluctuations which mainly impact the indirect subsidiary R.T.I. S.p.A. as a result of purchases of television broadcasting rights that are mainly negotiated in US dollars.

MFE – MEDIAFOREUROPE N.V. collects information pertaining to the positions of the indirect subsidiary R.T.I. S.p.A. which are subject to exchange rate risk and, once the derivatives are entered into on the market, transfers them to R.T.I. S.p.A. by entering into a mirror intercompany contract under identical terms and conditions.

The type of derivatives mainly used are forward purchases.

MFE – MEDIAFOREUROPE N.V. establishes the accounting treatment for these contracts (with the market and, for example, with the indirect subsidiary R.T.I. S.p.A.), classifying them as intermediation contracts. Accordingly, these contracts are reported by recording the changes in fair value in the income statement as "forex gains and losses realised and forex gains and losses from valuation", under financial (expenses)/income.

The fair value of currency forward contracts is determined as the discounted difference between the notional amount calculated using the contractual forward rate and the notional amount calculated using the forward exchange rate at the reporting date.

No sensitivity analysis has been conducted on exchange rates, as the relevant activities do not have significant impacts, given that they derive exclusively from intermediation, as shown above.

A table of financial derivatives is attached which shows the notional amount of the related contracts.

### Interest rate risk

The structure of the Group involves all financial resources being centralised within the parent company MFE – MEDIAFOREUROPE N.V., by means of automated daily cash-pooling operations in which all Group companies participate. The parent company is fully entrusted with obtaining funding from the market by entering into medium/long term loans and formalising committed and uncommitted credit facilities.

The interest rate risk exposure of MFE – MEDIAFOREUROPE N.V. mainly originates from variable-rate financial payables, which expose the company to a cash flow risk. The company's objective is to limit the fluctuation of financial expenses that impact the financial result, thus limiting the risk of a potential rise in interest rates.

MFE – MEDIAFOREUROPE N.V. manages this risk by entering into financial derivatives contracts with third parties, aimed at setting in advance or reducing the variation in cash flows due to the market change in interest rates on medium/long-term debt. The time-frame considered significant for managing interest rate risk has been set at a minimum term of 18 months.

MFE – MEDIAFOREUROPE N.V. adopts hedge accounting from the date the derivative contract is entered into until the date of its extinction or expiry, documenting, by way of the "hedging relationship", the risk hedged and the purposes of the hedging, which it does by periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IFRS 9 is used. According to this method, either the absolute change in the clean fair value of derivatives - that is, the fair value less accrued interest - or the fair value of the underlying, whichever is smaller, is charged to an equity reserve. The difference between that value and the total fair value is then charged to profit or loss at each reporting date. Both the fair value and the clean fair value are adjusted to take account of creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The fair value of derivatives (IRS) is calculated by discounting future cash flows and adjusting the value for creditworthiness.

The existing derivative product portfolio is made up of 11 IRSs, whose fixed rates, floors (if any) and maturity are shown below.

	<b>Fixed rate</b>	<b>Variable rate</b>	<b>Floor</b>	<b>Validity</b>	<b>Maturity</b>
Interest Rate Swap - INTESA SANPAOLO - EUR 150 million notional	-0.18%	Euribor 3M/360	-1.00%		
trade date 20/04/2020				31/03/2020	28/03/2025
Interest Rate Swap - BNP PARIBAS SA - EUR 100 million notional	-0.28%	Euribor 3M/360	-0.75%		
trade date 21/04/2020				21/04/2020	17/04/2023
Interest Rate Swap - BPER Banca - EUR 100 million notional	-0.34%	Euribor 3M/360	-0.70%		
trade date 15/06/2020				31/07/2020	30/04/2023
Interest Rate Swap - INTESA SANPAOLO - EUR 100 million notional	1.69%	Euribor 3M/360	-1.00%		
trade date 27/06/2022				30/06/2022	28/03/2025
Interest Rate Swap - UniCredit - EUR 100 million notional	1.35%	Euribor 3M/360	-0.80%		
trade date 09/05/2022				30/06/2022	20/01/2025
Interest Rate Swap - UNICREDIT - EUR 30.7 million notional	1.33%	Euribor 3M/360			
amortised					
trade date 27/07/2022				08/07/2022	12/07/2027
Interest Rate Swap - UNICREDIT - EUR 30.7 million notional	1.26%	Euribor 3M/360			
amortised					
trade date 28/07/2022				08/07/2022	12/07/2027
Interest Rate Swap - INTESA SANPAOLO - EUR 30.7 million notional	1.330%	Euribor 3M/360			
amortised					
trade date 27/07/2022				08/07/2022	12/07/2027
Interest Rate Swap - INTESA SANPAOLO - EUR 30.7 million notional	1.260%	Euribor 3M/360			

amortised		
trade date 28/07/2022		08/07/2022 12/07/2027
Interest Rate Swap - BNP PARIBAS SA - EUR 30.7 million notional	1.340%	Euribor 3M/360
amortised		
trade date 27/07/2022		08/07/2022 12/07/2027
Interest Rate Swap - BNP PARIBAS SA - EUR 30.7 million notional	1.260%	Euribor 3M/360
amortised		
trade date 28/07/2022		08/07/2022 12/07/2027

## Interest rate risk sensitivity analysis

Financial instruments exposed to interest rate risk were subjected to a sensitivity analysis at the reporting date. The assumptions upon which the model is based are illustrated below:

- ▣ Medium/long-term payables underwent a symmetric fluctuation of 100 bps upwards and 100 bps downwards at the re-fixing date of the internal rate of return posted during the year.
- ▣ For short and medium/long-term revolving payables and other current financial items, the financial expenses were recalculated by applying a symmetric change of 100 bps upwards and 100 bps downwards to the values posted to the financial statements.
- ▣ For interest rate swaps, fair value was recalculated by applying an asymmetric shift of 100 bps upwards and 100 bps downwards to the interest rate curve at the reporting date. The ineffective portion was calculated based on the fair value restated using the adjusted interest rate curve;

The table below summarises the changes in profit or loss for the year and in shareholders' equity, following the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at 31 December 2022:

Years	Change in bps	Profit/Loss	Shareholders' Equity Reserve	Total Shareholders' Equity
2022	100.0	-5,133.5	-10,188.9	<b>-15,322.5</b>
	-100.0	4,758.9	10,604.9	<b>15,363.8</b>
2021	50.0	-11.0	183.0	<b>172.0</b>
	-20.0	-843.8	190.5	<b>-653.3</b>

## Price risk sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of Prosieben, the Company has agreed put and call options (collars), which enable share price fluctuations to be contained within a corridor of 90%-120% of their initial value.

The economic effect of the hedge is, first of all, to set a maximum level based on the strike price of the call options sold and, secondly, to set a minimum value based on the strike price of the put options bought.

As at 31 December 2022, only around half of the first tranche of options over a total of 2,797,752 shares, expiring in November 2024, was outstanding. ProsiebenSat's share price was EUR 8.35 and, therefore, the put options acquired with a strike price of EUR 10.17 were "in the money", with an intrinsic value of EUR 5.1 million.

However, if we imagine a price per share of EUR 14.13 (+125% of the initial share price of EUR 11.3), the call options sold at a strike rate of EUR 13.56 would now be “in the money” and would therefore have an intrinsic value of - EUR 1.59 million and 100% effectiveness.

This change in intrinsic value would have an impact on the shareholders’ equity reserve but would not impact profit or loss.

## Liquidity risk

Liquidity risk relates to the difficulty in finding funds to meet commitments.

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

As already mentioned, the Group’s treasury activities are centralised within MFE – Mediaforeurope N.V., operating with domestic and financial counterparties, through the use of automatic daily cash pooling transactions.

The management of liquidity risk involves:

- ▢ maintaining an essential balance between the committed and uncommitted credit facilities to avoid a strain on liquidity if creditors request repayment;
- ▢ keeping average financial exposure during the year to substantially within 80% of the total value issued by lenders;
- ▢ the availability of short-term readily negotiable assets to cover any cash requirement.

Based on specific orders from MFE – Mediaforeurope N.V., and in order to optimise the liquidity management, Group companies align the dates on which payments are due to almost all suppliers with the dates on which they will receive their most significant cash inflows.

The tables below show the Company's financial obligations, by contract maturity date considering the worst case scenario and at undiscounted values, considering the nearest date when the Company will be asked to make payment and showing the related explanatory notes for each class, for both the reporting year and the previous year.

Balance sheet items	Carrying amount	Time band					Total financial flows	Explanatory notes
		From 0 to 3 months	From 4 to 6 months	From 7 to 12 months	From 1 to 5 years	More than 5 years		
<b>Financial liabilities</b>								
Non-current loans and payables due to banks	1,031,665	7,591	8,222	16,569	1,066,274	-	1,098,655	9.3/10.1
Credit facilities and payables due to banks	207,012	13,640	207,795	12,660	-	-	234,095	10.1
Financial liabilities IFRS16	30	2	2	5	-	-	10	10.2
Payables to other suppliers	2,505	2,505	-	-	-	-	2,505	10.2
Payables to MFE Group companies	554	554	-	-	-	-	554	10.2
Payables to Fininvest and Mediolanum Group companies	20	20	-	-	-	-	20	10.2
Intercompany financial payables - subsidiaries/associates and joint ventures	957,914	957,914	-	-	-	-	957,914	10.5
Short-term financial payables to subsidiaries	842	842	-	-	-	-	842	10.6
<b>Total</b>	<b>2,200,542</b>	<b>983,069</b>	<b>216,019</b>	<b>29,234</b>	<b>1,066,274</b>	<b>-</b>	<b>2,294,595</b>	
<b>Derivatives</b>								
Non-hedging derivatives with third parties (currency acquisitions)	measured at contract exchange rate	(13,451)	127,168	-	76,393	-	203,562	6.6-10.6
Non-hedging derivatives with third parties (currency availability)	measured at year-end exchange rate	-	(131,974)	-	(89,181)	-	(221,155)	
Non-hedging derivatives with subsidiaries/joint ventures (currency sales)	measured at contract exchange rate	13,463	(127,646)	-	(76,393)	-	(204,039)	6.6-10.6
Non-hedging derivatives with subsidiaries/joint ventures (currency transfers)	measured at year-end exchange rate	-	132,464	-	89,181	-	221,645	
Interest rate hedging derivatives with third parties		(33,113)	22	-	-	-	22	10.6
<b>Total</b>		<b>(33,102)</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	

Balance sheet items	Carrying amount	Time band					More than 5 years	Total financial flows	Explanatory notes
		From 0 to 3 months	From 4 to 6 months	From 7 to 12 months	From 1 to 5 years				
<b>Financial liabilities</b>									
Non-current loans and payables due to banks	658,973	1,169	1,162	2,338	671,471	-	676,140	9.3/10.1	
Credit facilities and payables due to banks	362,984	141,282	106,522	112,771	-	-	360,575	10.1	
Payables to other suppliers	2,764	2,764	-	-	-	-	2,764	10.2	
Payables to MFE Group companies	579	579	-	-	-	-	579	10.2	
Payables to Fininvest and Mediolanum Group companies	65	65	-	-	-	-	65	10.2	
Intercompany financial payables - subsidiaries/associates and joint ventures	1,071,052	1,071,052	-	-	-	-	1,071,052	10.5	
Short-term financial payables to subsidiaries	321,437	-	321,437	-	-	-	321,437	10.6	
<b>Total</b>	<b>2,417,855</b>	<b>1,216,912</b>	<b>429,121</b>	<b>115,109</b>	<b>671,471</b>	<b>-</b>	<b>2,432,612</b>		
<b>Derivatives</b>									
Non-hedging derivatives with third parties (currency acquisitions)	measured at contract exchange rate (15,101)	140,189	56	56	129,685	-	269,986	6.6-10.6	
Non-hedging derivatives with third parties (currency availability)	measured at year-end exchange rate -	(148,271)	(56)	(56)	(141,322)	-	(289,705)		
Non-hedging derivatives with subsidiaries/joint ventures (currency sales)	measured at contract exchange rate 15,098	(140,196)	(56)	(56)	(129,685)	-	(269,994)	6.6-10.6	
Non-hedging derivatives with subsidiaries/joint ventures (currency transfers)	measured at year-end exchange rate -	148,276	56	56	141,322	-	289,710		
Interest rate hedging derivatives with third parties	347	322	331	562	1,591	-	2,806	10.6	
<b>Total</b>	<b>345</b>	<b>320</b>	<b>331</b>	<b>562</b>	<b>1,591</b>	<b>-</b>	<b>2,804</b>		

The difference between the carrying amounts and the total of the financial flows is mainly due to the interest calculated on the contractual duration of the amounts due to banks. In addition, for loans measured at amortised cost, interest is calculated using the nominal rate instead of the effective interest rate.

With reference to the section relating to financial derivatives, the contractual exchange rate means the forward exchange rate set at the date of entry into the contract, whereas the year end rate means the spot rate at the reporting date.

To allow for a better understanding of this table, and to factor in the exchange rate risk management activities performed by MFE – Mediaforeurope N.V., the positive cash flows from currency sales to subsidiaries and joint ventures have also been included.

## Credit risk

In relation to financial counterparties other than Group companies, MFE – Mediaforeurope N.V. does not have significant concentrations of credit risk or solvency risk.

The tables below show that, when we analyse counterparty type, the trade and financial receivables due from non-Group parties and the related impairments recorded during the year are of an immaterial amount.

FY 2022

RISK CLASSES	Total receivables	SITUATION OF RECEIVABLES				Total	Receivables impairment
		Due within 0-30 days	30-60 days	60-90 days	+90 days		
<b>Trade receivables from:</b>							
Other receivables	2	-	-	-	-	-	-
Receivables from MFE Group	337	-	-	-	32	32	-
<b>Total</b>	<b>339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>32</b>	<b>-</b>
<b>Financial receivables</b>							
Other financial assets	8,642						
Bank deposits	20,044						
Hedging derivatives with third parties	50,442						
Non-hedging derivatives with third parties	16,913						
Non-Hedging derivatives - subsidiaries, associates and joint ventures	3,450						
Intercompany financial receivables - associates and joint ventures	1,795						
Intercompany financial receivables from subsidiaries	624,962						
<b>Total</b>	<b>726,248</b>						

RISK CLASSES	Total receivables	SITUATION OF RECEIVABLES				Total	Receivables impairment
		Due within 0-30 days	30-60 days	60-90 days	+90 days		
<b>Trade receivables from:</b>							
Other receivables	2	-	-	-	-	-	
Receivables from MFE Group	364	-	-	-	32	32	
<b>Total</b>	<b>366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>32</b>	<b>-</b>
<b>Financial receivables</b>							
Other financial assets	8,642						
Bank deposits	24,771						
Hedging derivatives with third parties	11,209						
Non-hedging derivatives with third parties	15,436						
Non-Hedging derivatives - subsidiaries, associates and joint ventures	334						
Intercompany financial receivables - associates and joint ventures	2,705						
Intercompany financial receivables from subsidiaries	615,910						
<b>Total</b>	<b>679,008</b>						

The table below shows changes in the provision for bad debts for both the current and previous years.

Provision for bad debts	31/12/2022	31/12/2021
Opening balance	5,388	5,658
Accruals for the year	1,584	11
Utilizations for the year	(75)	(281)
<b>Closing balance</b>	<b>6,897</b>	<b>5,388</b>



## SUBSEQUENT EVENTS AFTER 31 DECEMBER 2022

On **30 January 2023**, the boards of directors of MFE and of subsidiary Mediaset España Comunicación, S.A. ("MES") approved, and agreed to sign, the **joint cross-border merger project for the cross-border merger by incorporation of MES (the mergee company) into MFE (the merger company) (the "Merger")**.

On **15 March 2023**, the shareholders' meetings of MFE and MES were held.

The Shareholders' Meeting resolved to approve the following:

- the proposal to, simultaneously with the Merger, cancel all 88,707,693 ordinary MFE A-class shares (representing 0.66% of nominal issued share capital and 5.81% of all MFE A-class shares issued to date) and to reduce the issued share capital accordingly. Undertake all activities and steps to cancel and simultaneously reduce MFE's issued share capital are to be completed before the effective date of the Merger;
- the proposal to effect the cross-border merger takeover of Mediaset España Comunicación, S.A. ("MES") (as the mergee company) into MFE (as the merger company) (the "Merger") in accordance with the terms and conditions set forth in the joint cross-border merger project prepared and signed on 30 January 2023 by the boards of directors of both companies participating in the Merger (the "Joint Cross-border Merger Project") and, therefore, to authorise the Board of Directors of MFE – in accordance with the terms and subject to the fulfilment of (or waiver of) the conditions precedent described in the Joint Cross-border Merger Project – to execute, or cause to be executed, the related Merger Project, including amendments to the Bylaws of MFE.

The Extraordinary Shareholders' Meeting of MES resolved, among other things, to approve the following:

- the transfer (segregation) from MES to fully-owned subsidiary Audiovisual Mediaset España Comunicación S.A.U. in accordance with the terms and conditions of the transfer project dated 30 January 2023;
- the Merger, according to the terms and conditions of the Joint Cross-border Merger Project.

## Table of derivative instruments at 31 December 2022

(values in EUR thousand)

Underlyings Transaction type	Interest rates and debt securities			Exchange rates			Equity		
	Carrying amount	Fair Value		Carrying amount	Fair Value		Notional value	Fair Value	
		Pos.	Neg.		Pos.	Neg.		Pos.	Neg.
<b>Non-listed OTC derivatives</b>									
Financial derivatives:									
- forward contracts with third parties									
USD purchases	-	-	-	236,413	16,911	3,462	-	-	-
USD sales	-	-	-	(549)	2	-	-	-	-
- intercompany forward contracts									
USD purchases	-	-	-	2,043	-	1	-	-	-
USD sales	-	-	-	(330,169)	334	15,432	-	-	-
- IRS on interest rates	450,000	169	516	-	-	-	-	-	-
- Share derivatives - Reverse Collar									
PUT purchases	-	-	-	-	-	-	(92,127)	-	9,553
CALL sales	-	-	-	-	-	-	96,857	10,493	-
- Share options									
PUT purchases	-	-	-	-	-	-	28,453	10,501	-
CALL sales	-	-	-	-	-	-	(37,938)	-	18,350
<b>Total</b>	<b>450,000</b>	<b>169</b>	<b>516</b>	<b>(92,262)</b>	<b>17,247</b>	<b>18,895</b>	<b>(4,755)</b>	<b>20,994</b>	<b>27,903</b>

## List of equity investments in subsidiaries and associates at 31 December 2020 (Art. 2427(5) of the Civil Code)

(values in EUR thousand)

Name	Registered office	Share capital	Carrying share shares	Shareholders' equity		Profit/Loss for the year		Share capital interest	Number of price held	Carrying amount	Value per sect. 2426(4) C.C. C	Differences		
				Total value	Total value A	Total value	Total value					B-A	B-C	
				(A)				(B)	(C)					
<b>Subsidiaries</b>														
Mediaset S.p.A.	Milan	Euro	600,000	1.0	1,364,188	1,364,188	24,804	24,804	100.00%	600,000,000	1,330,000	-	(34,188)	-
Mediaset España Comunicación S.A.	Madrid	Euro	156,583	0.5	1,085,767	900,281	129,542	107,412	82.92%	259,666,591	1,230,281	-	330,000	-
Mediaset Investment NV in liquidatie	Amsterdam	Euro	90	1.0	1,554	1,554	1,309	1,309	100.00%	90,000	245	-	(1,309)	-
<b>Associates and joint ventures</b>														
Nessma S.A. (*)	Luxembourg	Euro	14,194	100.0	-11,019	-3,746	-245	-83	34.00%	48,435	-	-	3,746	-
Nessma Broadcast S.a.r.l. (*)	Tunis	Euro	998	100.0	3,133	1,003	2,182	698	32.00%	9,490	468	-	(535)	-
El Towers S.p.A.	Milan	Euro	2,826	0.1	932,873	373,149	25,642	10,257	40.00%	11,304,951	465,329	-	92,180	-

(\*) The data refer to the latest approved financial statements

# HUMAN RESOURCES (MFE- MEDIAFOREUROPE)

## STAFF COMPOSITION

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

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

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

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

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

## Staff numbers and geographical distribution

At the end of 2022, Mediaset's headcount was 2 permanent employees, which was up on the headcount at the end of 2021 due to the hiring of one Manager.

100% of the workforce operates in the Milan area.

## Selection

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

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

## Training

During 2022, skills and language training continued, with additional training in sustainability issues.

## Occupational health and safety and prevention

The occupational health and safety (OHS) initiatives carried out in 2022 were still heavily influenced by the Coronavirus (COVID-19) public health emergency.

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

- we have prepared specific protocols, instructions, procedures and guidelines to better manage the Coronavirus emergency;
- we have activated Covid Committees at all levels of the company to define the measures that should be adopted and to verify their application in the field;
- we have setup body temperature checks at the entrance to the Company's offices;
- we have made articles of PPE (e.g. masks) and hand disinfectant available to all employees, externals and other persons entering the Company's offices;
- we have ensured that our premises are healthy places to work by increasing cleaning and by disinfecting spaces regularly;
- we have made it possible for employees and externals to be vaccinated against flu and pneumonia free of charge on the Company's premises and to undergo regular testing for SARS-CoV-2 virus (antibody, antigen and molecular tests);
- we have extended our smart working regime to a large number of employees/externals so as to limit attendance at the Company's offices;
- we have re-planned the walkways and work spaces inside our offices to ensure social distancing;
- we have also adapted our Supplier relationships to the Covid-19 environment by introducing specific protocols and by permitting access only when strictly necessary, subject to testing;
- we have reworked our television productions and schedules in line with the measures established in the Prime Ministerial Decrees and protocols, including restricting studio audiences/guests and testing everyone accessing our production sites;
- we have carefully managed the reintegration of employees/externals after sick leave, including doctor referrals where appropriate;
- we have set up a "Health and Safety" section on our intranet site, with a substantial chapter on the Coronavirus Emergency, compiling all relevant legislation, as well as all announcements, instructions, procedures and provisions prepared by the Company.

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

- consolidation of the **HSE (Health, Safety and Environment) role**, which integrates the existing Occupational Health and Safety Protection areas with the new **Environmental Protection** area, with a service deliverable to all MFE Group companies;
- adoption of the **Occupational Health and Safety Management System**, updated according to new European standard UNI ISO 45001:2018 and obtaining the related certification at Corporate level, issued by certification body DNV-GL (Det Norske Veritas);
- use of an IT system to support the "Management of Occupational Health and Safety Obligations" for the "Accident Management" and "Health Surveillance" systems and to manage other activities such as those for "Non-compliance", "Audits", "Legal obligations", etc., and the updating of the Health & Safety section on the Company's intranet site;

- ▣ use of a digital platform to specifically manage OHS compliance for “tender contracts” and the preparation of interference risk assessment reports;
- ▣ maintained a **European Certification for “Workplace that Promotes Health”** awarded by the European Network for Workplace Health Promotion (ENWHP), as well as having a Senior Management issued **“Workplace Health and Wellbeing Promotion Policy”** in place containing the Sustainability Guidelines and macro-objectives defined by parent company MFE;
- ▣ activation of a "psychological listening and support desk" for employees, which is part of a series of sustainability initiatives implemented by the MFE Group for the wellbeing of employees;
- ▣ received a special mention as part of the "Virtuous Equality - Sharing to Reconcile" award, sponsored by the Equal Opportunities Council of the Lombardy Region, for supporting Arché Foundation's "ComHousing" programme for women in need and their children;
- ▣ updated its Risk Assessment Documents and the Work-Related Stress Risk Assessment;
- ▣ holding regular safety meetings (Article 35), consulting and engaging workers' representatives regarding the assessment of risks and the update of the related document, identifying, planning, implementing and verifying prevention within the company;
- ▣ on-site and employee equipment inspections carried out by the Group's OHS Officers and occupational medicine specialists;
- ▣ a continuing focus on worker health and safety, applicable legislation, emergency management and similar aspects across all workplaces;
- ▣ fire drills/evacuation exercises at the Group's offices;
- ▣ analyses of the quality of work premises, measuring levels of chemical and biological pollutants and physical agents such as: electromagnetic fields, radon gas, noise, microclimate, etc.



**IMFE**  
MEDIAFOREUROPE

*Other Information*





## **DISCLOSURE ON COMPANY'S BRANCH**

On 18 September 2021, the Board of Directors of MFE resolved the opening, effectively from the date of resolution, of an Italian branch (sede secondaria, pursuant to Italian law) and that all of the Company's assets and liabilities were allocated to this Italian branch. This Italian Branch is domiciled in Viale Europa 46 – 20093 Cologno Monzese, Milan, Italy and registered in the Italian companies' register, maintaining the Italian tax code and VAT number that the Company had before the conversion into Dutch NV.

Mr Marco Giordani has been appointed as the legal representative (legale rappresentante, pursuant to Italian law) and Branch Manager of the Italian Branch, with the broadest powers of ordinary and extraordinary management of the Italian Branch and the power to represent the Italian Branch vis-à-vis third parties.

## **DISTRIBUTION OF EARNINGS OF THE PARENT COMPANY**

The Board of Directors has resolved to submit to the Shareholders' Meeting, to be held on 7 June 2023, the proposal for the distribution, in compliance with Articles 27 and 28 of the Articles of Association, of a gross ordinary dividend, relating to the fiscal year 2022, equal to 0.05 for each ordinary class A and class B share.

The aggregate amount of the proposed dividend, which will be paid using the profit for the year and available reserves, will vary depending on the actual number of outstanding shares on the ex-dividend date (thus excluding the treasury shares held at that date).

Indicatively, based on what can be assumed to date, it is expected that the dividend will be paid the 26 July 2023 (with ex-dividend date on 24 July 2023 and record date 25 July 2023).





*Independent Auditors'  
Report*

# **INDEPENDENT AUDITOR'S REPORT**

To: the shareholders and MFE-MediaForEurope N.V.

## **Report on the audit of the financial statements 2022 included in the Annual Report**

### **Our opinion**

We have audited the financial statements for 2022 of MFE-MediaForEurope N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of MFE-MediaForEurope N.V. as at 31 December 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company statement of financial position as at 31 December 2022.
2. The following statements for 2022: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the accounting policies and other explanatory information.

### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of MFE-MediaForEurope N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Information in support of our opinion**

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### **Materiality**

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 35 million. The materiality is based on Profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group audit team, taking into account the materiality of the financial statements

as a whole and the reporting structure within the group. Component materiality did not exceed € 20 million.

We agreed with the Board of Directors that misstatements in excess of € 1.75 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### **Scope of the group audit**

MFE-MediaForEurope N.V. is the head of a group of entities. The financial information of this group is included in the consolidated financial statements of MFE-MediaForEurope N.V.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the group entities (components). Decisive were size and/or risk profile of the components. On this basis, we selected components for which an audit had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant entities within the group. Our assessment of entities that are significant to the Group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for the significant account balances, classes of transactions and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. We have identified two significant components comprising of the Company's operations in Italy and Spain. No other components have been identified.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the group financial statements as a whole. The group audit team provided detailed instructions to all component auditors, directed the planning, visited the components several times, reviewed the component audit team deliverables and audit files and the results of the work undertaken by component auditors. For both components a full scope audit was instructed.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

### **Audit approach fraud risks**

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often has a more in-dept character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the

components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how oversight is exercised, as well as the outcomes. We refer to section "Disclosure of the Main Risks and Uncertainties to which the Group is Exposed" of the "Directors' Report on Operations" for management's (fraud) risk assessment. We note that management regularly updates on its risk assessment including fraud and updates its risk and control framework.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

In connection with the presumed risk of financial statement fraud, we considered such risk in relation to management override of controls, including evaluating whether there was evidence of bias by the Board and other members of management. Additionally, we performed further procedures including, among others, the following:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We considered available information and made inquiries with management (including Legal Counsel, Internal Audit, the Compliance Department and Financial Reporting and Accounting) and those charged with governance. We have obtained written representations that all known instances of (suspected) fraud and other irregularities have been disclosed to us.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2 of the financial statements.
- We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

### **Audit approach related to risks of compliance with laws and regulations**

We assessed the laws and regulations relevant to the Company through discussion with amongst others management, the Legal Counsel and those charged with governance and by reading minutes of the board meetings and reports of internal audit. We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the MFE-MediaForEurope N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of MFE-MediaForEurope N.V.'s business and the complexity of MFE's business, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to MFE-MediaForEurope N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of Board of Directors, the Legal Counsel and others within MFE-MediaForEurope N.V.'s as to whether MFE-MediaForEurope N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

#### **Audit approach going concern**

The financial statements have been prepared in accordance with the going concern assumption. The appropriateness of the going concern assumption depends on management's assessment of the expected company performance within its future economic environment. The Board of Directors believes that no events or conditions, give rise to doubt the ability of the group to continue in operation during at least twelve months after the adoption of the financial statements.

We have obtained management's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

#### **Our focus on climate-related risks and the energy transition**

Climate-related risk and the energy transition are currently high on the public agenda. The board of Directors summarized their commitments and obligations, and reported in the Consolidated Non-Financial Disclosure section of the Directors' report on Operations how the company is addressing climate-related and environmental risks. In this section the Board of directors discloses its assessment and implementation plans in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition, as well as the company's commitments and obligations, are taken into account in estimates and significant assumptions. We also read the Directors' report on operations to ensure that there is no material inconsistency between the non-financial information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### **International group structure and coordination of the group audit**

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#### **Description**

As described in the "scope of the group audit" paragraph, MFE-MediaForEurope N.V. is primarily operating in two countries and consequently, in order to be able to conclude on the audit of the consolidated statements, we are overseeing the work performed by component auditors. The Spanish component is separately listed on the Madrid Stock exchange. The Dutch NV is a holding entity overseeing the two components without conducting other operations. The coordination of the global audit procedures is the most significant part of our group audit engagement and therefore we have identified this as a key audit matter.

#### **How the key audit matter was addressed in the audit**

Our audit procedures to address the key audit matter identified started with, among others, obtaining an understanding of the Group, including inquiries with the Board of Directors regarding risks of material misstatements due to error, fraud or non-compliance with laws and regulations. We also obtained an understanding of the process for identifying and responding to these risks, including the relevant group-wide policies and procedures.

Our response furthermore comprised of a risk assessment, the determination of the group audit scope and instructions to component auditor focusing specifically on risks of material misstatements due to error, fraud or non-compliance with laws and regulations. Following the foregoing, at group and component level we:

- Held periodic meetings with component audit teams and management of the Company and other key employees;
- Instructed the component teams on the audit procedures to be performed



- Were involved in the planning and execution of the audit procedures (both IT and financial audit procedures)
- Evaluated the Company's internal control environment, including entity level controls and monitoring controls at group, business teams and operating level;
- Conducted file reviews (at location and remotely) and reviewed submitted interoffice reporting.

#### **Our observation**

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

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### **Revenue recognition**

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#### **Description**

The consolidated statement of income includes Television Advertising Revenues amounting to EUR 2.285 million. As reported in the explanatory notes, Television Advertising Revenues are recognized at a point in time, when the advertisement is broadcasted.

Given the significance of the amount, the high number and variety of contractual conditions applied to the customers and the complexity of the IT systems we concluded this to be a key audit matter.

#### **How the key audit matter was addressed in the audit**

In order to evaluate the correct recognition and measurement of Television Advertising Revenues, the main procedures we performed were:

- Understanding of the relevant controls adopted by the Group on Television Advertising Revenues recognition;
- Verification of the operating effectiveness of relevant controls related to the billing and advertising tracking process, also with the assistance of IT specialists of the Deloitte Network;
- Reconciliation of total advertisements broadcasted during 2022, extracted from the advertising tracking IT system, with the total revenues accounted and billed/to be billed to customers in order to verify recognition in the correct reporting period;
- Test of details, on a sample basis, of sales transactions by verifying supporting documentation (for example contracts, invoices and collections);
- Trend analysis on the main components (volume and discounts) for Television Advertising Revenues accounted for in 2022 and in the first months of 2023;
- Assessment of compliance of the revenue recognition disclosure compared to the applicable accounting standards requirements.

#### **Our observation**

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

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## **Impairment of non-current assets related to the Radio Cash-Generating-Unit ("CGU")**

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### **Description**

Under EU-IFRS, the Company is required to perform an impairment test, annually or when there is an indication of impairment. The impairment test typically involves management judgement and is based on assumptions that are affected by expected future market and economic conditions.

There were indications that the headroom (the difference between the carrying value of the non-current assets and the recoverable value) was limited at the Radio CGU. This could result in an impairment (as a result of a change in the valuation assumptions or estimated cash flows).

The Company's impairment test resulted in an impairment amounting to EUR 21.5 million for 2022.

For this reason we have considered this as a key audit matter.

### **How the key audit matter was addressed in the audit**

In order to assess the value of the non-current assets related to the Radio CGU, the main procedures we performed were:

- We obtained an understanding of management's process over the impairment trigger tests and the resulting impairment tests;
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts and comparing the assumptions to future outlooks, analyst reports and considering the effects of the current global macro-economic and geopolitical developments, if any;
- We evaluated the sensitivity of changes to the respective assumptions on the outcome of the impairment assessment.
- We challenged management's assumptions that were most sensitive including projected revenue growth and EBITDA over the forecasted period.
- We involved our valuation experts to assist us in:
  - Evaluating the valuation assumptions (WACC and long-term growth rate) and methodologies used in the impairment tests prepared by the company;
  - Evaluating the reasonableness of discount rates, including testing the source information underlying the determination of the discount rates;
  - Testing the mathematical accuracy of the calculation;
  - Developing a range of independent estimates and comparing those to the discount rates selected by management;
- We have assessed whether the disclosure is in line with the disclosure requirements set out in IAS 36.

### **Our observation**

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

### **Report on the other information included in the Annual Report**

The Annual Report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Report of the Board of Directors.
- Corporate Governance report.
- Remuneration report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

### **Engagement**

We were engaged by the Shareholders, as auditor of MFE-MediaForEurope N.V. on June 23, 2021, as of the audit for year 2021 and have operated as statutory auditor ever since that financial year.

### **No prohibited non-audit services**

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

### **European Single Electronic Format (ESEF)**

MFE-MediaForEurope N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by MFE-MediaForEurope N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures

responsive to those risks to provide a basis for our opinion, including:

- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## **Description of responsibilities regarding the financial statements**

### **Responsibilities of the Board for the financial statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Concluding on the appropriateness of the Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 18, 2023

Deloitte Accountants B.V.

M.R. van Leeuwen