
PRESS RELEASE

Mediaset Board of Directors' Meeting of 26 April 2021

EXTRAORDINARY SHAREHOLDERS' MEETING
CALLED FOR 27 MAY 2021 FOR THE REVOCATION
OF THE DUPLICATION OF THE VOTING RIGHTS

UNANIMOUS APPROVAL FOR THE PROPOSAL TO TRANSFER
THE REGISTERED HEADQUARTERS IN THE NETHERLANDS
WITH AN EXTRAORDINARY SHAREHOLDERS' MEETING
ON 23 JUNE 2021

BOARD APPROVES
2020 ANNUAL REPORT

**IN A YEAR CHARACTERISED BY A HIGHLY CRITICAL ECONOMIC
GENERAL SCENARIO, MEDIASET'S RESULTS ARE MUCH BETTER
THAN EXPECTED:**

- **SIGNIFICANT PROFIT FOR THE YEAR**
- **GOOD PERFORMANCE IN OPERATING PROFIT
AND CASH GENERATION**
- **STRONG REDUCTION IN TOTAL COSTS**

Key figures

Net revenues: €2,636.8 million

Total costs: €1,762.0 million (-6.8%)

Operating profit (EBIT): €269.7 million

Net profit: €139.3 million

Free cashflow: rises to €311.8 million

Ratings: in an increasingly competitive environment, the Mediaset channels managed to improve ratings compared with 2019 and to strengthen the Group's leadership in the premium target, both in Italy and Spain

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, began by examining the measures adopted to ensure total safety during the Covid emergency, while ensuring full productive efficiency. Subsequently, the Board called an extraordinary Shareholders' Meeting for the "Modification of Art. 7 of the Articles of

Association” to be held on 27 May 2021 and then resolved to propose to the Shareholders the transfer of the registered office of Mediaset SpA to the Netherlands.

The Board then approved the consolidated financial statements of the Mediaset Group on 31 December 2020, and the draft financial statements of the parent company Mediaset Spa.

CALLING OF AN EXTRAORDINARY SHAREHOLDERS’ MEETING FOR THE MODIFICATION OF ART. 7 OF THE ARTICLES OF ASSOCIATION

The Board of Directors holds that, in the interest of the Company, and to avoid further disputes and hopefully re-establish a constructive dialogue with all the Shareholders, the revocation of the duplication of the voting rights, pursuant to Article 127-*quinquies* of the TUF (Single Finance Act), referred to in Article 7 of the Articles of Association, and introduced by a resolution of the Extraordinary Shareholders’ Meeting of 18 April 2019 and subject to an appeal.

The Board today resolved to call an Extraordinary Shareholders’ Meeting for the approval of this statutory modification for 27 May 2021.

The proposed statutory modification does not foresee the right of withdrawal for Shareholders who do not vote in favour.

All documentation relating to the proposed statutory modification, will be provided to Mediaset shareholders in accordance with applicable laws and regulations, with notices published on the Company’s website, on the authorised storage mechanism Spafid Connect SpA and available at www.emarketstorage.com.

PROPOSAL TO TRANSFER THE REGISTERED HEADQUARTERS TO THE NETHERLANDS

With regard to the proposed transfer of the Company’s registered office to the Netherlands, the Board of Directors has determined that it is fundamental for the Group’s strategy to access an ecosystem - with a corporate governance model inspired by best international practice and in line with that adopted by Mediaset to date - and the capacity to generate the following benefits for Shareholders:

- to facilitate a more realistic appreciation of the Company by the stock market and the international business community more generally, which still continue to view broadcasters as “local” businesses and therefore closely linked and dependent on assessments of national economies;
- to reinforce Mediaset’s capacity to raise capital and financial resources necessary to support the development of new business projects and to facilitate operation aimed at integration with new partners;
- to have a legal system, recognised and appreciated by market operators and investors at an international level, that is capable of enhancing the pan-European dimension of the business to which Mediaset aspires, while preserving also its identity and historical presence in the current markets of reference;
- to ensure wide-ranging protections for investors, guarantee a high degree of legal certainty in contractual and commercial relations and, consequently, the feasibility of the internationalisation project.

Consequently, the Board of Directors of Mediaset S.p.A. resolved unanimously to submit to the Shareholders a proposal for the transfer of the Company’s registered office to Amsterdam, in the Netherlands, to be carried out through the adoption by the Company of

the legal form of a *naamloze vennootschap* governed by Dutch law, and the adoption of a new statute in accordance with Dutch law.

Following the Transfer, the Company's shares will remain listed on the *Mercato Telematico Azionario* organised and managed by Borsa Italiana. The Company's effective headquarters and tax residence will also remain in Italy. The Transfer will take place without the interruption of existing legal relationships.

The Board resolved to call an Extraordinary Shareholders' Meeting for the approval of the Transfer for 23 June 2021.

Should the relative resolution be approved, Mediaset shareholders who do not vote in favour of the Transfer will be entitled to exercise the right of withdrawal in line with current legislation. The price due to Shareholders who exercise this right shall be equal to €2.181 per share.

The effectiveness of the exercise of the right of withdrawal is conditional on the completion of the Transfer, which, in turn, is subject to certain pre-determined conditions, including the amount to be paid by Mediaset to the Shareholders who have exercised the right of withdrawal, which must not exceed a cap of €120,000,000.

All documentation relating to the Transfer, as well as all the necessary details on the exercise of the withdrawal right, will be provided to Mediaset shareholders in accordance with applicable laws and regulations, and notices published on the Company's website, on the authorised storage mechanism Spafid Connect SpA and available at www.emarketstorage.com, as well as in a designated newspaper.

Finally, it is reiterated that the tax residence of Mediaset SpA will remain in Italy. There will therefore be no change in fiscal residency. All of the operational activities of Mediaset SpA will also continue to be conducted in respective operative sites.

GROUP RESULTS FOR 2020

The Board of Directors also approved the Mediaset Group's consolidated financial statements of the Mediaset Group for the year to 31 December 2020 and the draft Annual Report of the parent company Mediaset SpA.

The year 2020 was decidedly better than the company had forecasted in three structural indicators: 'Operating profit' and 'Cash generation' which both showed significant growth, along with a marked reduction in 'Total costs'.

Here are the highlights from the Group's 2020 results approved today by the Board of Directors.

- **Consolidated net revenues** totalled **€2,636.8 million**, compared with €2,925.7 million in 2019. A performance which, as indicated, is the result of the new scope of the core business defined during 2019.
In particular, revenues in Italy amounted to **€1,800.5 million**, compared with €1,982.1 million in the previous year. In Spain, the figure was **€836.6 million**, compared with €946.2 million of 2019. Both figures reflect the downturn in the advertising market in both countries due to the economic and health crisis.

In Italy, Mediaset grew regardless, while also gaining advertising market share. In fact, in 2020 the Italian market ended the year with a 14.6% drop, while Mediaset's gross advertising revenues contained the fall to -10.5%, and totalled **€1,735.3 million**, compared with €1,939.0 million in 2019. Mediaset España's gross advertising revenues came to **€759.1 million**, compared with €916.5 million in the previous year, confirming the company's leadership in the country.

- **Total costs** (labour costs, other operating costs, amortisation and depreciations) fell in Italy to **€1,762.0 million**, compared with €1,890.8 million in 2019 (-6.8%). There was also an 11.0% fall in total costs in Spain (from €681.3 million in 2019 to **€606.1 million**).
- The Group's **consolidated operating profit (EBIT)** came to **€269.7 million**, compared with €354.6 in 2019. In Italy, the EBIT result was **€38.5 million**, compared with €91.3 million for the previous year. Meanwhile, in Spain the EBIT result was **€230.5 million**, compared with €264.9 million in 2019.
- The Group's **consolidated net profit** came to **€139.3 million**, compared with €190.3 million in 2019. A breakdown by geographic area shows that in Italy net profit came to **€39.2 million**, compared with the €76.3 million for 2019. In Spain the figure came to **€178.7 million**, compared with €211.7 million in the previous year.
- **Consolidated net financial debt**, excluding investments for the acquisition of a stake in the German broadcaster ProSiebenSat.1Media and losses attributed by IFRS 16, saw a decisive fall to **€473.6 million**, compared with €768.8 million on 31 December 2019. Given the aforementioned components, the net financial position improved and came to **-€1,064.4 million**, compared with -€1,348.3 million in 2019.

The Group's characteristic **cash generation** (free cash flow) in the period came to **€311.8 million**, a marked improvement compared with €265.9 million in 2019. Of note during the period was investments totalling €72.9 million to increase the company's stake in ProSiebenSat1.

- **TV ratings.** In an increasingly competitive scenario, in which OTT players are free from the limits placed on traditional television operators, the Mediaset channels managed to grow compared with 2019 and to reinforce their leadership in the premium targets, both in Italy and Spain.

In Italy, Mediaset is the leader in the commercial target with a **prime time share** of **36.0%** and **34.6%** in the **24 hours**. **Canale 5** was the most popular channel in the commercial target in both **prime time (16.7%)** and the **24 hours (15.8%)**. **Italia 1** was Italy's third channel in **prime time (6.9%)** and the **24 hours (6.6%)**; also of note was the solidity of the ratings of the new **Retequattro**, which, thanks to original content, with a strong news-based identity, gained a 4.7% **prime time** share of the total audience.

In Spain, the Mediaset España channels maintained their absolute leadership in the **24 hours** with a **29.6%** share in the commercial target. **Telecinco** confirmed its position as Spain's most popular channel across the **entire day (14.6%)** and in **prime time (13.8%)**.

RESULTS OF THE PARENT COMPANY MEDIASET S.P.A.

The performance of the parent company Mediaset Spa was also positive, ending 2020 with a **net profit** of **€17.0 million**, compared with €126.0 million in 2019.

The Board resolved to propose to the Annual General Meeting of the Shareholders the allocation of the profit for the year to the extraordinary reserve.

SUSTAINABILITY REPORT

The Board of Directors has approved the Sustainability Report (the so-called “Consolidated non-financial declaration”), pursuant to Legislative Decree 254/2016.

REPORT ON REMUNERATION AND REMUNERATION POLICY

The Shareholders’ Meeting will be called to deliberate on the Report on the remuneration policy and remuneration paid and approved today by the Board of Directors and drawn up pursuant to art. 123-ter of the Consolidated Finance Act and art. 84-*quater* of the Issuers’ Regulations. The resolution will be binding on the first section of the Report (remuneration policy) and not binding on the second section (remuneration paid).

MEDIUM-LONG-TERM INCENTIVE AND RETENTION PLAN

The Board of Directors will propose to the forthcoming Shareholders’ Meeting the creation of a medium to long-term incentive and retention plan (hereinafter the “Plan”) that, also based on the experience of previous plans, will be reserved for executives of Mediaset SpA and its subsidiaries with functions critical to the achievement of the Mediaset Group’s strategic objectives.

The plan, which will cover a period of three years (2021-2023), has been defined by the Board based on proposals by the Remuneration Committee and aims to promote the creation of value for shareholders in the medium-long term and incentivising the loyalty of the subjects for whom it is intended.

The plan foresees the attribution of rights for the allocation of a corresponding number of shares of the company, with regular dividend. Rights will be allocated to the recipients as a result of the destination by the same of a share of the reference target premium of the short-term incentive for the year of reference - in an amount equal to 25% or 50% of the same - to the medium-long term plan.

In this case, recipients, in addition to the rights attributed to the share of the reference target premium of the short-term incentive, will receive an equal number of free-of-charge rights. The matured rights and the subsequent free assignment of the underlying shares will be subject to the verification, by the Board of Directors, of the achievement of performance targets, defined by the Board, regarding the Group’s overall business results and the existence of an employment relationship at the date of expiry of the vesting period, as specified in the Regulations.

The shares to service the Plan will be made available using shares already issued by the company (treasury stock), to be purchased pursuant to Article 2357 ff. of the Civil Code, provided the company does not wish to or cannot draw on those already held as Treasury Stock.

FORECAST FOR THE YEAR

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

This result is much higher than expected and very positive in comparison with the first quarter of 2020 which was only marginally affected by the impact of the health emergency.

For the same reason, the second quarter of 2021 is expected to benefit from a very favourable comparison, with an increase in cumulative sales in the first six months of the year significantly higher than in the first quarter.

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

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

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

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

The executive responsible for the preparation of the Mediaset S.p.A. accounts, Luca Marconcini, declares that, as per para. 2 art. 154-bis, of the Single Finance Bill, that the accounting information contained in this press release corresponds to that contained in the company's books.

Cologno Monzese, 26 April 2020

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Disclaimer for American investors

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It may be difficult for you to exercise your rights and any judicial claims based on US federal securities laws, as the issuer is based in a foreign country and some or all of its managers and directors may be resident in a foreign country. You may be unable to sue a foreign company or its officers or directors in a foreign court for violating US laws on financial instruments. It may also be difficult to oblige a foreign company and its affiliates to comply with a decision issued by a US court.

You should be aware that the issuer may purchase financial instruments outwith the confines of the Merger, for example, on the market or in the form of private off-market purchases.

Highlights from the consolidated income statement
in €m

| | 2020 | 2019 |
|---|------------------|------------------|
| Consolidated net revenues | 2,636.8 | 2,925.7 |
| Labour costs | (470.1) | (498.2) |
| Procurement, services and other costs | (1,330.2) | (1,490.2) |
| Operating costs | (1,800.3) | (1,988.4) |
| Gross operating profit (EBITDA) | 836.4 | 937.3 |
| Amortisation of rights | (455.9) | (479.0) |
| Other amortisation and depreciations | (110.8) | (103.7) |
| Total amortisation and depreciations | (566.7) | (582.7) |
| Operating profit (EBIT) | 269.7 | 354.6 |
| Financial income /(charges) | (3.8) | 10.0 |
| Income/(charges) from investments | 20.0 | 17.1 |
| Profit before taxation | 285.9 | 381.7 |
| Income taxes | (66.6) | (93.9) |
| Net profit from operations | (80.0) | (97.5) |
| Net result from discontinued operations | 139.3 | 190.3 |
| Minority interest (profit)/loss | | |
| Profit/Loss for the Mediaset Group | 139.3 | 190.3 |

Highlights from the consolidated balance sheet
in €m

| | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Television and film rights | 932.7 | 974.7 |
| Goodwill | 803.2 | 796.7 |
| Other tangible/intangible assets | 869.9 | 968.8 |
| Financial assets | 1,159.8 | 1,026.6 |
| Net working capital & other assets/liabilities | 531.1 | 541.0 |
| Severance indemnity reserve | (66.7) | (69.2) |
| Net invested capital | 4,230.1 | 4,238.7 |
| Net Group assets | 2,668.3 | 2,477.9 |
| Shareholders' equity and minority interest | 497.3 | 412.5 |
| Net assets | 3,165.6 | 2,890.4 |
| Net financial position Debt/(Liquidity) | 1,064.4 | 1,348.3 |