



Separate
and Consolidated
Interim Financial
Statements
as at 30 June
2020

The Rai logo consists of the word "Rai" in a bold, white, sans-serif font, centered within a solid blue square.

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and Consolidated
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Introduction

Corporate Officers

Board of Directors

Chairman	Marcello Foa
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Chief Executive Officer	Fabrizio Salini
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Directors	Rita Borioni Beatrice Coletti Igor De Biasio Riccardo Laganà Giampaolo Rossi
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Secretary	Anna Rita Fortuna
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Board of Statutory Auditors

Chairman	Carmine di Nuzzo
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Standing auditors	Giovanni Ciuffarella Maria Teresa Mazzitelli
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Alternative auditors	Pietro Contaldi Antonella Damiotti
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Independent Auditor

PricewaterhouseCoopers

Organisational Structure

(short form)



Introduction from the Chairman of the Board of Directors

In the first half of 2020, the Rai Group posted a slight profit (€4.8 million), improving slightly on the loss of just under €3.3 million in the same period of the previous year.

In terms of revenues, in a context considerably influenced by the effects of the health emergency, an overall reduction of approximately €120 million was recorded, due in part to lower revenues from licence fees and in part to lower advertising revenues, which were down by 15% for the Rai Group.

Against a significant decrease in revenues, an equally strong reduction in costs was recorded, resulting from actions taken to combat the risk of Covid-19, at the price of heavy repercussions on production activities with costs being deferred to and having an impact on the second half of 2020, and even more so on 2021.

The trend of these variables has resulted in an improved EBIT close to €10 million, along with a slight increase in amortisation, depreciation and write-downs.

At 30 June 2020, the net financial position was negative by €275.9 million (€-239.1 million at 30 June 2019), an improvement of €265.4 million compared to 31 December 2019. The reduction in net debt compared to 31 December 2019 is due to cash flows in the first half of the year, characterised by ordinary instalments on account equal to approximately 70% of the annual value, and was also positively affected by some events:

- the postponement, as a result of the pandemic, of 2020 sports events and consequent renegotiation of the payment instalments still due, relating to the European Football Championship, the Summer Olympics, national football matches and cycling events;
- a reduction in personnel disbursements and lower payments for operating expenses and travel costs, due to production activities being stopped during the lockdown period.

2020 will unfortunately be remembered as the year of Covid-19, the pandemic that is scourging the whole world and – due to the ramifications of its implications – it will be a watershed in transforming how our societies are organised, our personal and social relationships, guiding habits and behaviour to a considerable extent, also on a structural level.

During the most acute phase of the crisis, Rai developed an intense information campaign, also acknowledging the indications and requests of the Government, which was distributed on all public service platforms and assisted institutions in raising awareness among citizens of the importance of adopting precautionary measures prescribed from time to time to counter and mitigate the spread of infection, also meeting the urgent and pressing need for knowledge, reflection and in-depth analysis, that everyone felt, faced with an unknown and unforeseeable phenomenon.

The fundamental role of the Public Service, perfectly aligned with the mission and commitments entrusted to Rai, involved a radical rethinking of the schedule forma to fully respond to these requests, not forgetting the increase in viewing time and restriction measures they would inevitably entail, leaving room for reviewing entertainment-oriented programmes with a different logic and languages.

We will not be able to forget the footage from the cameras of the film crews, videomakers, reporters and journalists of Rai productions, who delivered snapshots of a collective pain that we did not imagine we would have to witness in our times.

The many initiatives in the educational field were strong and significant, deserving considerable appreciation for the articulation and breadth of the topics covered and the scientific validity of proposals.

Initiatives and results on the digital front were also highly important. In this regard, there was the #ilcinemanonsiferma initiative, with the exclusive showing on our platform of 8 films co-produced or acquired by Rai Cinema, 4 of which had never been distributed in cinemas but were aired for the first time directly on RaiPlay. The aim of the initiative was to reflect the Rai Group's dedication, even when all venues were closed, to a sector – the cinema – which is vital for the national economy and for the collective imagination.

So these troubled times highlighted even more clearly what the nature of the mission of the public service should be, in which areas our efforts should focus and which principles our activities should be inspired by, legitimizing the irreplaceable value of a public broadcasting service.

Like the vast majority of economic sectors, the pandemic has certainly altered, in a non-cyclical way, the dynamics of the business, and so it will be fundamental to take steps together with the Government to revise the medium/long term compatibility framework, at different levels, to preserve and consolidate this wealth of experience and expertise.

Our focus on the future, that guides us as Directors, must not forget the past, especially our most glorious past, with a moving and dutiful tribute to Sergio Zavoli, the great master of Italian journalism, radio and television, author of memorable investigations, superb reports, interviews and TV series.

The memory of Zavoli must spur on the entire Company to honour the Public Service with wisdom and rigour.

Marcello Foa

Financial Highlights

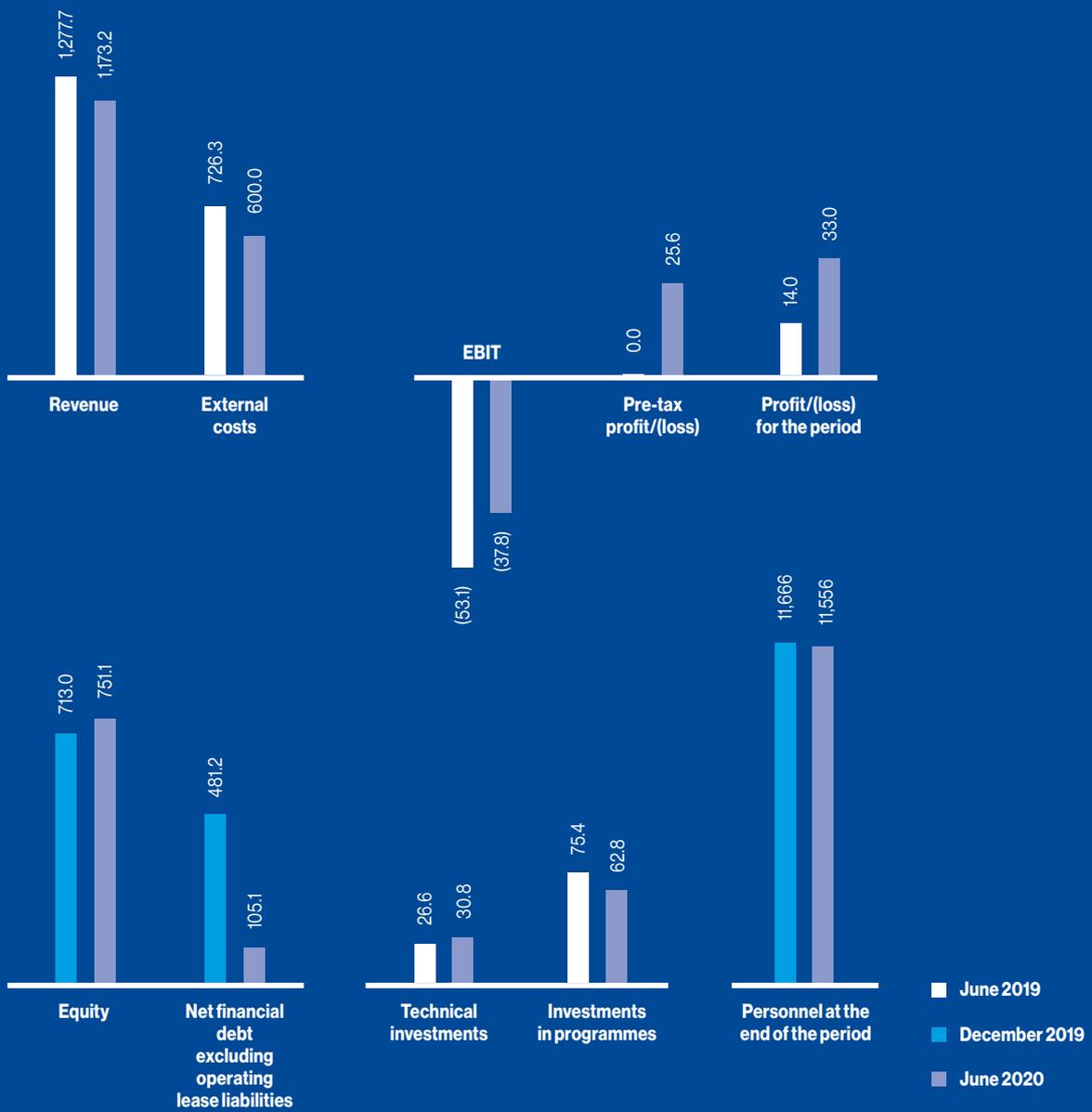
Rai SpA

(€/million)	June 2020	June 2019	Change
Revenue	1,173.2	1,277.7	(104.5)
External costs	(600.0)	(726.3)	126.3
HR expenses	(464.1)	(472.4)	8.3
Total operating costs	(1,064.1)	(1,198.7)	134.6
EBITDA	109.1	79.0	30.1
EBIT	(37.8)	(53.1)	15.3
Pre-tax profit/(loss)	25.6	0.0	25.6
Profit/(loss) for the year	33.0	14.0	19.0

Investments in programmes	62.8	75.4	(12.6)
Technical investments	30.8	26.6	4.2
Investments in lease rights of use	14.3	5.5	8.8
Total investments	107.9	107.5	0.4

(€/million)	30 June 2020	31 December 2019	Change
Equity	751.1	713.0	38.1
Net financial debt excluding operating lease liabilities	105.1	481.2	(376.1)

(units)	30 June 2020	31 December 2019	Change
Permanent personnel at the end of the period	11,504	11,527	(23)
Temporary personnel at the end of the period	52	139	(87)
Personnel at the end of the period (Permanent and temporary)	11,556	11,666	(110)



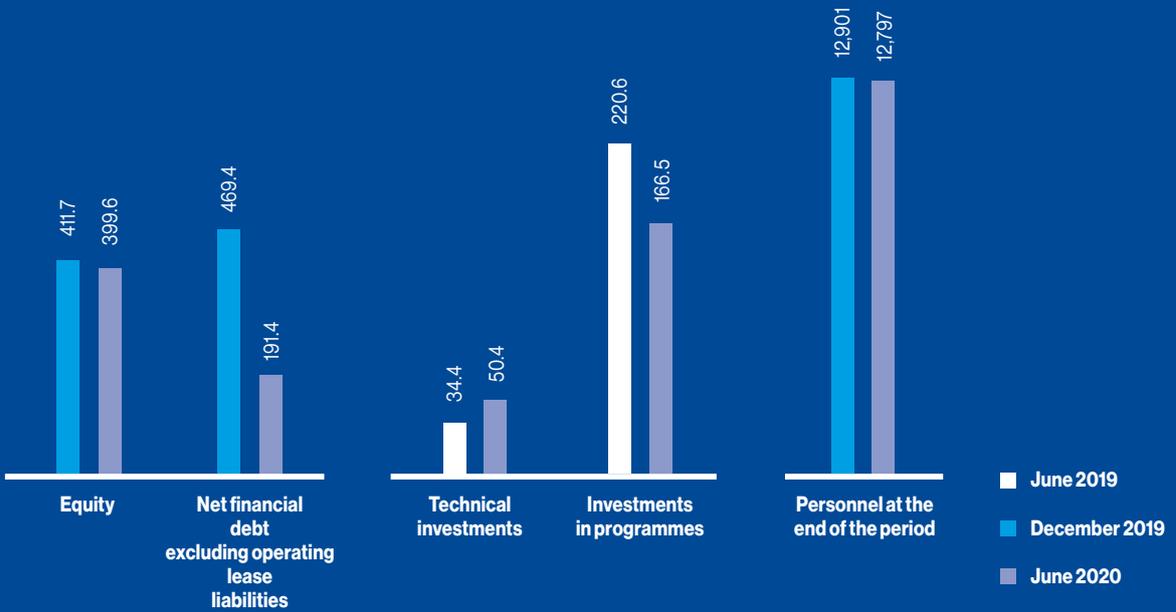
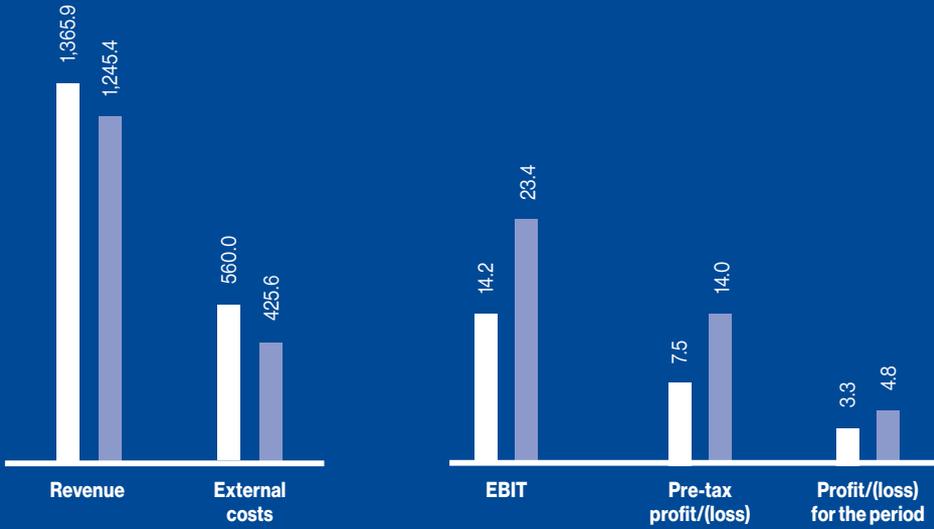
Rai Group

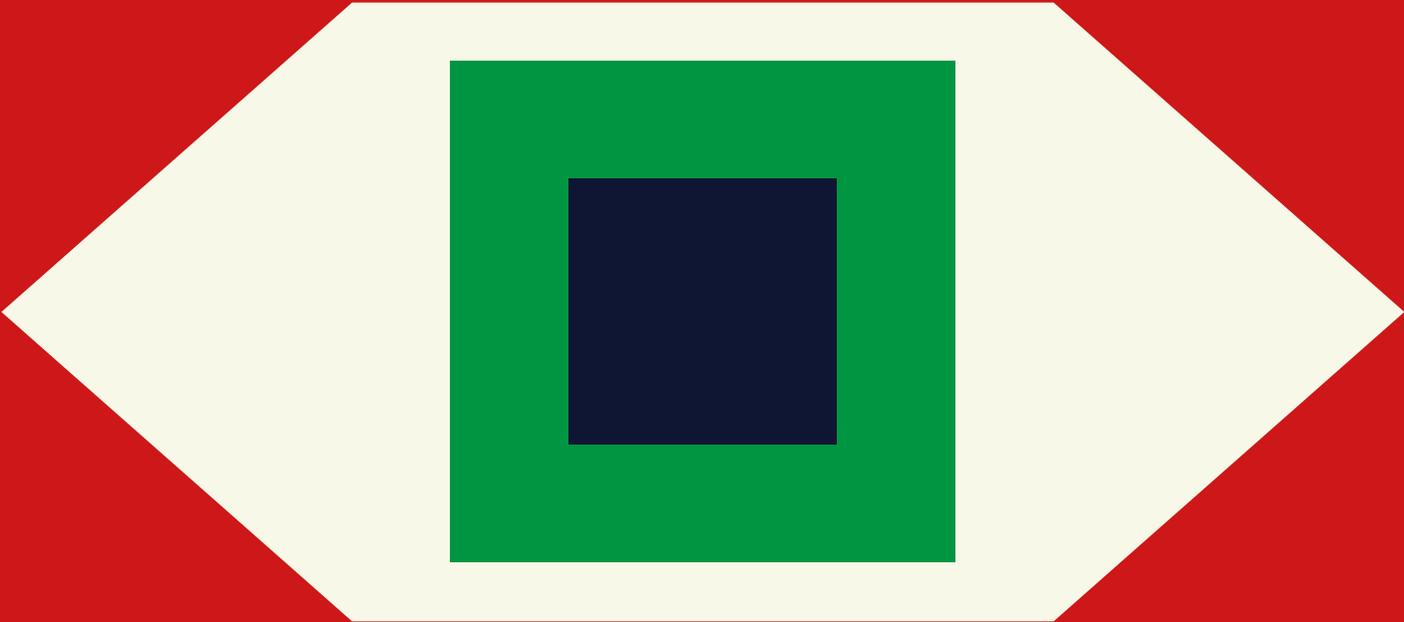
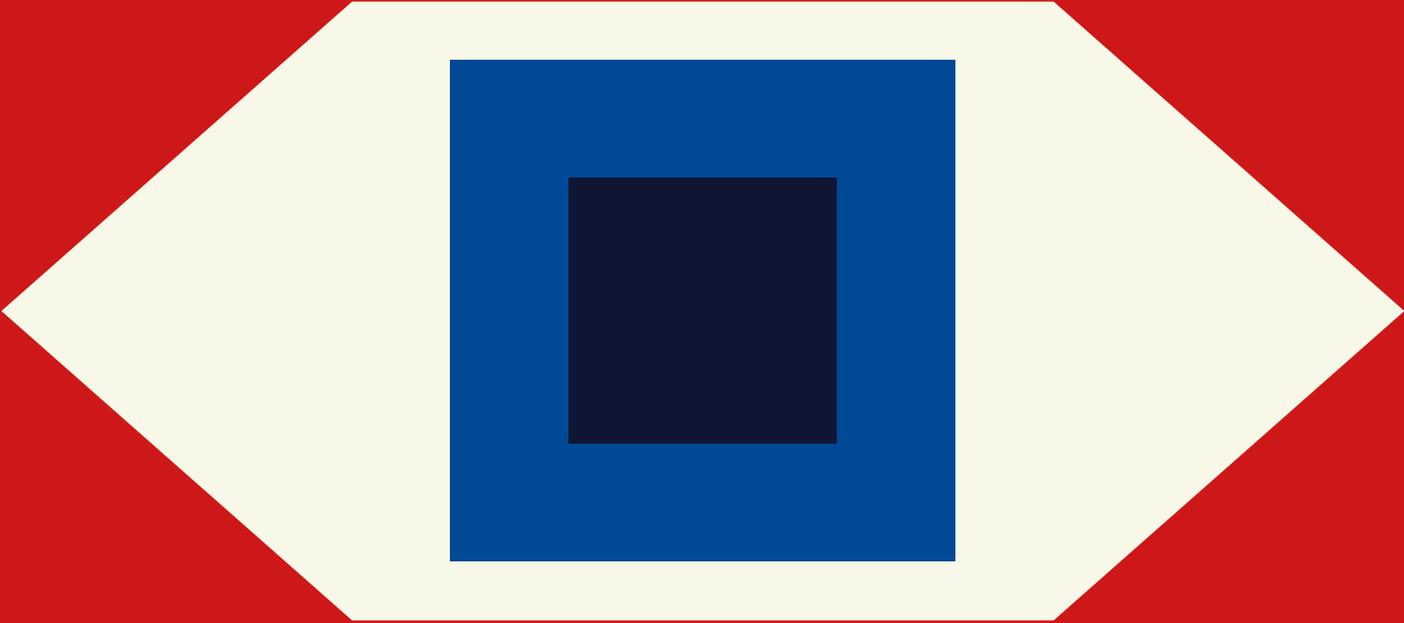
(€/million)	June 2020	June 2019	Change
Revenue	1,245.4	1,365.9	(120.5)
External costs	(425.6)	(560.0)	134.4
HR expenses	(513.1)	(521.1)	8.0
Total operating costs	(938.7)	(1,081.1)	142.4
EBITDA	306.7	284.8	21.9
EBIT	23.4	14.2	9.2
Pre-tax profit/(loss)	14.0	7.5	6.5
Profit/(loss) for the period	4.8	3.3	1.5

Investments in programmes	166.5	220.6	(54.1)
Technical investments	50.4	34.4	16.0
Investments in lease rights of use	24.4	6.0	18.4
Total investments	241.3	261.0	(19.7)

(€/million)	30 June 2020	31 December 2019	Change
Equity	399.6	411.7	(12.1)
Net financial debt excluding operating lease liabilities	191.4	469.4	(278.0)

(units)	30 June 2020	31 December 2019	Change
Permanent personnel at the end of the period	12,719	12,726	(7)
Temporary personnel at the end of the period	78	175	(97)
Personnel at the end of period (Permanent and temporary)	12,797	12,901	(104)





Report on Operations

Mission

By Decree of the Italian Prime Minister, published in the Official Gazette No. 118 of 23 May 2017, Rai was established as the exclusive concession holder of the Public Radio, Television and Multimedia Service for a period of 10 years, starting from 30 April 2017, and the outline agreement attached to the concession was approved.

The subject of the concession is the radio, television and multimedia Public Broadcasting Service to be considered as a general interest service, consisting in production and broadcasting activity on all distribution platforms for direct audiovisual and multimedia contents, including through the use of new technologies, ensuring complete and impartial information, as well as to encourage education, civil growth, progress and social cohesion, promote the Italian language, culture and creativity, safeguard the national identity and ensure socially useful services.

The Service Agreement for the five-year period 2018-2022, published in the Official Gazette of 7 March 2018, was therefore signed.

Market scenario

The first half of 2020 was strongly impacted by the worldwide spread of the epidemic caused by Covid-19. As is known, the pandemic has had very significant economic effects, in fact the International Monetary Fund has estimated a fall in world GDP of -4.9%, and of -12.8% for Italy, and has upset the lives of individuals, changing consumer habits considerably. In particular, as regards the media system, initial analysis has pinpointed two main macro-trends: the economic recession, primarily linked to the decrease in advertising investments, and incentives encouraging digital consumers. Although it is estimated that the first trend can be “overturned”, though in times that cannot be defined, the second trend is here to stay, and will further change the balance of power between various actors in the media system, precisely because the epidemic, the consequent fear and necessary restrictive measures have imposed a sudden acceleration in how media services are developing. In fact, the audiovisual market has been hit heavily, with the entire production and distribution sector affected, due to the sudden interruption of all the supply chain because of limitations and restrictions imposed to contain the spread of the pandemic. The period under review saw the suspension of all cultural and entertainment activities, film screenings, theatrical performances and all sporting events, with a huge impact on programming.

In Italy, in the lockdown phase (March/May), the interests of individuals came under three main areas: a need for information (+60% compared to January/February); a need for relationships (+49%); a need for entertainment (+32%). In practice, these needs translated into a surge in media consumption: compared to the pre-Covid period, in fact, the time spent in front of linear TV grew by 20% and that spent in the digital world by 30%, while the *total audience*, again in the same period, went up by 23%, consequently pushing reach values to + 3% for linear TV and to + 44% for video on demand. In terms of trend dynamics, there was a steady and progressive growth in media consumption week after week for the entire phase 1 (March 9-May 3), which continued for a good half of phase 2 (May 4-June 14) and then dropped to *normal* values in early June. In line with the needs expressed by the public, there was a massive increase in 24h info TV channels (+170%) and news sites (+50%) (need for information); social networks recorded a +47% increase, and video calls/chats +53% (need for relationships); the need for entertainment led to a 55% increase in reading books, a 37% increase in viewing TV channels broadcasting Films, Series or Drama, a 25% increase in video games, and a 73% increase in VoD services (SVoD/BVoD/AVoD) (Source: GfK Sinottica).

Still on the subject of the video on demand market, subscribers to SVoD services in 2020 exceeded one billion globally, recording an increase of 29% compared to 2019, when subscribers totalled approximately 840 million. Netflix and Amazon Prime Video were the undisputed leaders on this market, with approximately 200 million and 150 million subscribers respectively (Source: Ampere Analysis).

The SVoD market is constantly expanding. This market was

Main television operators with registered offices in Italy

Digital terrestrial technology

Rai
Mediaset group
Discovery Italia group
Sky Italia group
Cairo Communication
AL.MA Media
Viacom Italia
Gedi Gruppo Editoriale

Free Tv

Satellite

Rai
Mediaset group
Discovery Italia group
Sky Italia group
Cairo Communication
Viacom Italia

Pay Tv

Satellite and digital terrestrial

Sky Italia

(publishers active on the platform, i.e. who broadcast their channels also on Sky)

Mediaset group
Discovery Italia
Fox Italia group
Turner Broadcasting System
Viacom Italia
De Agostini SpA
GEDI Gruppo Editoriale
A&E Television network

initially in the hands of a few players, but in the last few months has been characterized by strong dynamic trends, due to the expansion of its offering, with new players entering the market, including the most well-known Apple TV +, Disney +, HBO Max and Peacock, the latter two launched by the media conglomerates Warner Media (AT&T) and NBCUniversal (Comcast) respectively.

New players joining the competition has further ignited the streaming war, in which various platforms are competing to gain a share of consumers' time and a share of their wallet.

According to Ampere analysts, in this battle, alongside the distribution and positioning strategies typical of incumbents – Netflix and Prime Video – which offer a generalist library, i.e. aimed at multiple targets, with content diversified by genre and origin, alternative competitive strategies have been implemented by other players on the market, that base their offer on specific content by genre (e.g. Disney+ with Children & Family), by country of origin (such as the Russian SVoD platform Ivi which offers a catalogue with exclusively local content) or by type of content (the Turkish platform Tivibu, which exclusively distributes films).

Although these platforms cannot rely on a customer base and economic resources comparable to those of the large OTT operators (Netflix and Prime Video), they still manage to maintain a share in the SVoD market thanks to the specificity and clear recognition of their brands. This is true of the platforms Acorn Tv – active on the US market with a catalogue comprising 50% Crime & Thriller content; Crunchyroll – a SVoD/AVoD platform owned by WarnerMedia (of the AT&T Group) which exclusively distributes Animation & Drama; and Mubi – a SVoD service specialised in arthouse films. The last two services are also available in Italy.

The growing competitiveness has constantly led large international players to renew their business models and commercial strategies. In this sense, Disney offers, for example, a *Service bundle* model which, where available, lets customers subscribe to one or more of its SVoD services (Disney+, Hulu and ESPN) with convenient pricing and a diversified offer; Apple has opted for a *Retail bundle* which gives customers, when they purchase an Apple product, access to Apple TV+ at a special price; the US telco operator AT&T adopts the *Network bundle* model, offering its mobile subscribers access to its SVoD HBOmax service, at a discounted price.

In Italy, the Network Bundle is the model adopted by TIM which allows its subscribers to fixed telephony and fibre services to access TIMvision for free and TIMvision Plus at a special price. The Italian Telco has also entered into commercial agreements with other international and national SVoD operators, such as Netflix, Disney, Sky, Dazn and Chili, which allow access to the services of these operators at discounted prices.

Pay Tv operators have adopted a Pay TV bundle model to strengthen their position on the market, which implies their transformation from producers and distributors of content to aggregators (HUBS) and therefore their offering subscribers

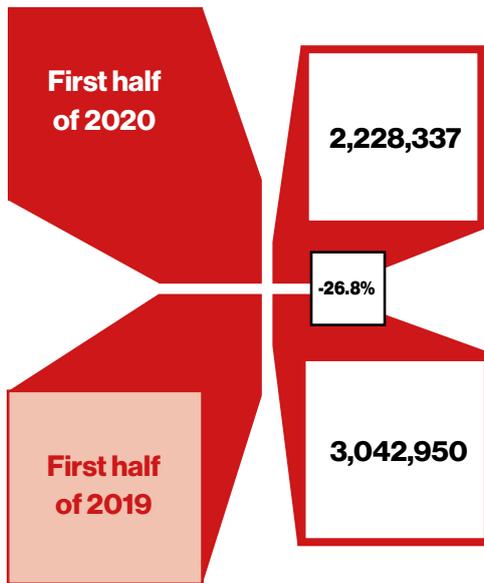
access to multiple services through a single interface. This is the case of Sky which, thanks to agreements with SVoD players (such as Netflix, Dazn) and other operators that distribute content (such as Spotify, Vevo, YouTube), allows access, through SkyQ, to all services described, including them all in a single bill. In June 2020, Sky also entered the Italian telecommunications market with its own broadband offer (Sky WiFi), further modifying the balance of power between the various players on the Italian media market.

As regards the Italian SVoD market, Netflix with around 4 million subscriptions in 2020 confirmed its leadership, followed by Prime Video with 2.3 million subscriptions and TIMvision with just under 2 million subscriptions. Subscribers to new SVoD services also increased: since its launch in November 2019, Apple TV+ almost tripled its subscribers from 470,000 to 1.1 million in 2020; Disney+ got off to a good start a few weeks after its launch (March 2020), reaching 670,000 subscribers and, according to estimates, its customer base could more than double by 2021 (Source: Ampere Analysis).

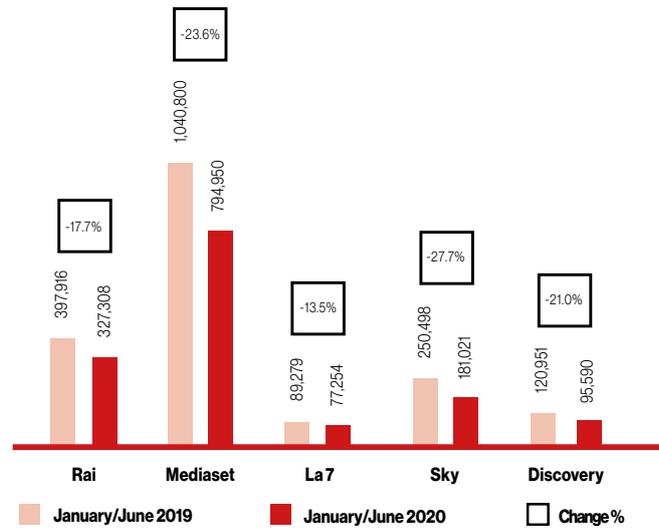
Shifting attention to economic aspects, the advertising market, on a global level, was worth just over 500 billion USD in 2020, according to estimates. Compared to values estimated before the pandemic, this figure fell by over 70 billion (-13%). A similar decrease is also expected for the advertising system in Italy, which should amount to €6.3/6.4 billion at the end of 2020 (Source Ampere Analysis).

Specifically, in the first half of 2020 in Italy, the advertising market reported a considerable decrease, according to official Nielsen data, down by 26.8% compared to the same period of the previous year, from €3.043 billion to €2.228 billion. If the Search, Social, Classified, Other Display and Non-FCP Video components had also been included, which Nielsen estimates to be €1.261 billion, the advertising investment market would have declined by 22.4%, from a total value of €4.499 billion to €3.489 billion. As regards the breakdown based on different media, a general decline was recorded, compared to the first half of 2019, and specifically: TV -22.3%, Radio -37.4%, Digital -15.8% (-13.7% including the estimate for Search, Social, Classified, Other Display and non-FCP Video), Newspapers -26.7%, Periodicals -43.1%, Outdoor -56.4%, Direct mail -37% and Transit -59.5%. The turnover of Cinema and Go Tv in the last four months is not available due to the lockdown (the data shown in the table refer only to January and February).

Total advertising

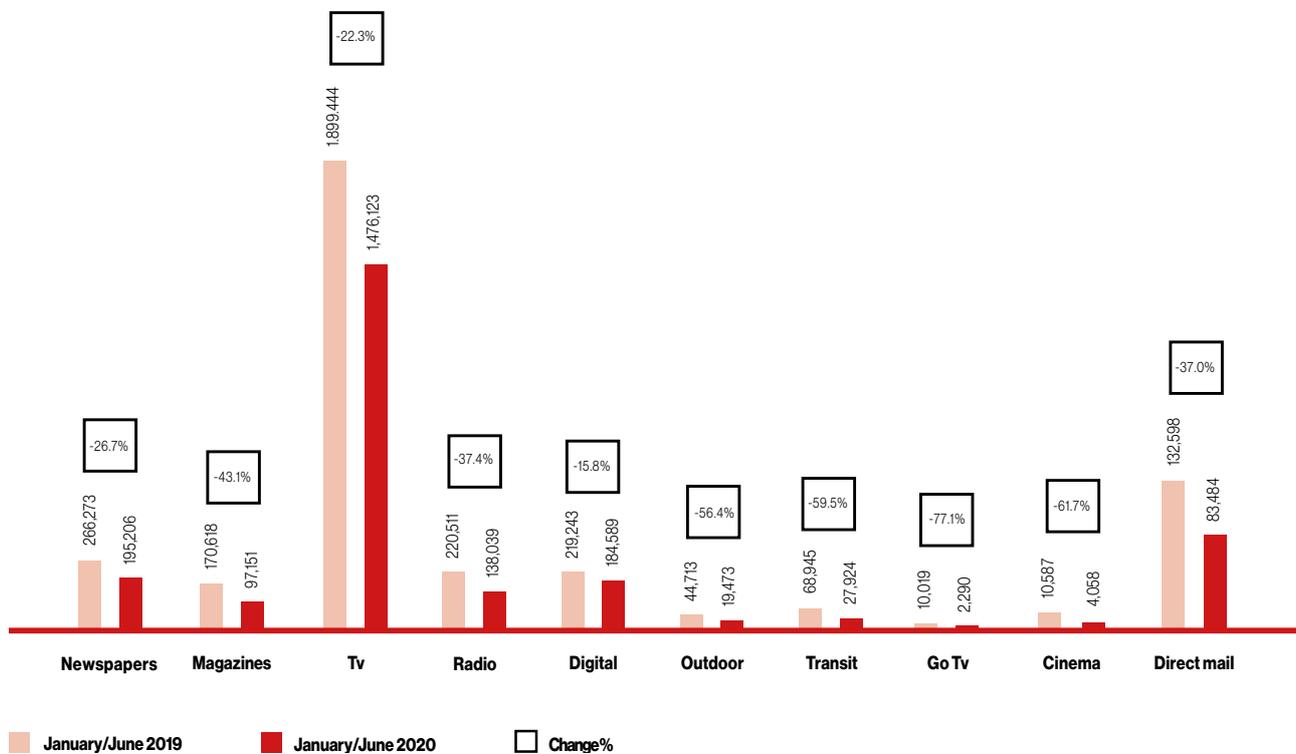


Estimate of the advertising market – TV (net data, source Nielsen, €/000)



Changes in advertising revenue by medium

(values net of internet desk [search and social] source Nielsen, thousands of euros)



The reference universe is that of the means recognised by Nielsen with the exception of Newspapers where FCP – Assoquotidiani data is used only for the following types: Local, Itemised and Service, and Radio where the FCP – Assoquotidiani data are used only for Off-Schedule type (including c.a.).

As regards the television market alone, in terms of advertising revenues by individual publisher, Rai reported a decrease of 17.7%, lower than the market average.

The advertising market is continually and constantly evolving: individuals are increasingly adopting a mobile and always-connected lifestyle, where the role of audio is more and more central. This trend is also highlighted by Milan Polytechnic (Internet Media Observatory) in its 2020 focus on *Digital Audio* advertising. Digital Audio refers to the consumption of audio content using devices connected to the network such as smartphones, tablets, smart TVs and smart speakers. The latter device is chosen to access a range of services, mainly: listening to music, on radio channels and through ad hoc services, setting alarms or timers, asking for something generically, getting information on the weather, listening to the latest news, calling a friend or family member, checking other household items, browsing for cooking recipes and inquiring about traffic conditions. According to ongoing research conducted annually by Doxa for Milan Polytechnic on samples of 18-74-year-old Internet users, smart speakers are continually on the rise, also due to an aggressive pricing policy, and are currently owned by 19% of respondents (vs 8% in 2019); Amazon Echo, is the most widespread, used by 65%, followed by Google Home (42%). According to analysts from the Polytechnic, the penetration values of these devices should increase in coming years, also in Italy, also anticipating the growing increase of so-called connected cars on the market.

The Polytechnic identified four Digital Audio Adv formats:

1. Recorded Spots, which are pre-recorded audio releases that can be added individually or together with other spots to different audio streams (Web Radio, Podcast and on demand music streaming), as a pre-roll – at the beginning of the listening experience, as a mid-roll – during the listening experience – or as a post-roll at the end of it;
2. Quotes, native audio announcements, often read by the host who personally promotes a service or product;
3. Branded Channels or Playlists for the benefit of an advertiser;
4. Branded Podcasts, with audio-speaking contents developed to tell a story consistent with the themes and values that characterize a brand, even without this being explicit.

With regard to traditional pay TV services, the number of Sky subscribers decreased in the first half of 2020 by 7.4%, from just 4 million in May 2019 to around 3.8 million in May 2020 (the figures do not include the share of families subscribed to Sky through DTT). According to analysts, this trend is mainly due to various sporting events being stopped and postponed, which was only partially offset by the exemption of entertainment services such as Kids programmes. With regard to the free satellite platform TivùSat, on the other hand, there was an increase in both active smart cards, which went up from 3.5 million in the first half of 2019 to 3.7 million in the same period of 2020, and in the number of named users, that reached 2.5 million in June 2020 (vs 2.4 million in the first half of 2019).

The following changes in the competitive framework occurred in the first half of 2020:

- in January, Mediaset launched the Cine34 channel (LCN 55)

entirely dedicated to Italian cinema and closed the Mediaset Extra 2 channel;

- in February Discovery launched the *Home & Garden TV* channel (LCN 56)
- in March Virgin Radio Tv returned to digital terrestrial on the LCN 257 channel, quitting satellite (April) where it was replaced by RMC Tv;
- in May Disney closed its offering on the Sky terrestrial and satellite platform, transferring it to the Disney+ player; Alma Media launched the Alma Tv channel on digital terrestrial and closed the Marcopolo, Alice, Case Design Stili and POP Economy channels.

In June 2020, there was a total of 334 TV channels from Italian-based TV broadcasters – net of any duplications – available on DTT, DTH or both platforms (Source: Confindustria RadioTv); of these, 57 were only available on the digital terrestrial platform, 208 only on satellite (free and pay) and 69 available on both platforms. In terms of the business model, a total of 148 free channels were available, 90 of which viewable on the TivùSat platform; the pay channels – all held by Sky Italia – total 186, net of duplications, of which 166 viewable on the satellite platform only, 7 only on the digital terrestrial platform and 13 viewable on both. The HD offering (HD, Super HD, UHD-4K) was stable: 109 channels, net of overlaps on the various platforms, with HD channels mainly present on satellite (103 channels).

TV channels in Italy – First half of 2020
 (source: Confindustria Radio Televisioni)

399

TV channels that can be received on the main platforms

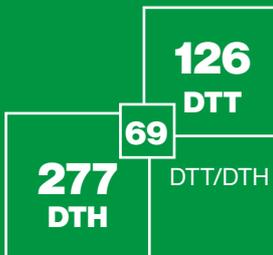
399
of which

334

TV channels produced by companies with registered offices in Italy

334
of which

Technology platforms



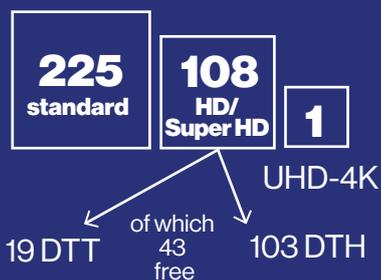
334
of which

TV publishing groups with offices in Italy



334
of which

Definition type



334
of which

Pay TV vs Free TV



The Rai Group

The Rai Group ensures a vast and diversified Public Service offering, present on all platforms, able to address the public in all its forms, in line with the contents of the *2018-2022 Service Agreement*.

During the first half of 2020, in relation to audience surveys on Rai-relevant media (TV, Radio, Digital), the Group was committed to promoting transparent measurement systems, based on shared international best practice, as far as possible, amongst all sector operators and in line with the requirements of the competent guarantor authority (AGCOM). Indeed, Rai continues to support and promote an approach to audience measurement carried out by cross-controlled bodies that brings together all sections of the reference industry related to the surveyed medium: publishers, advertising investors, agencies and media centres also through their respective trade associations. The Joint Industry Committee (JIC) model, as described, is currently adopted by Auditel, for measuring television ratings, and by Audiweb, for measuring digital audiences. On the other hand, for radio, the company in charge of monitoring listening (TER – Tavolo Editori Radio) is set up as a Media Owned Committee, which brings together only the editorial part (national publishers and associations representing local broadcasting).

In all cases, Rai has an active role with these bodies and their technology partners, to ensure verification and compliance with all issues related to both the processing of personal data of users collected on the property of broadcasters and the assignment of processing roles for the purposes of GDPR legislation.

Further details are provided below about the main events that characterised the first part of the year for each of the three surveys (TV, Digital, Radio), together with a summary view of the main impacts deriving from the lockdown period for the health emergency linked to the Covid-19 virus.

In relation to television audience surveys, Auditel continued its multi-year evolution plan focused on the "Total Audience" project which, when fully operational, will be able to consolidate audience ratings for programmes, specific content and advertising, on TV and on each individual digital device, thereby obtaining an overall total audience by average minute. In line with international guidelines, this process is also based on the accurate measurement of use on digital devices which, once fully operational, will be based both on the use of census data, collected with the active collaboration of the participating publishers (therefore measuring all consumption), and a continuous measurement (panel) survey sample necessary for identifying the socio-demographic profile of users of specific online content.

With respect to the overall progress of activities to measure digital devices, the following main events occurred in the first half of 2020:

- from February 2020, during the Sanremo Festival, the census survey of Rai digital properties was extended to also include consumption through Smart TV apps;
- in the first two months of 2020, activities continued to install a special meter (a Focal Meter) with the families of the TV panel, that can detect the consumption of digital video content on the various individual and family devices, in addition to the consumption of traditional TV, already active in these families;
- the study of a model to identify and profile digital audiences continued: both elements are necessary, together with census collection and panel surveys, the production of audience data on digital devices at a single individual level.

The lockdown due to the health emergency had a limited impact on the Auditel survey, in fact:

- there was no interruption in the production of audience figures, net of a few days when there were delays of a few hours in publishing the data, due to the high volume of figures to be processed;
- the forced interruption of panel rotation and maintenance activities, which would have required technicians working at the families' homes, did not raise particular concerns due to the robustness of the Auditel panel, whose composition was controlled with ad hoc in-depth analyses during lockdown;
- the consequences deriving from the interruption of activities associated with Basic Research, shared with Audiweb for the part relative to the composition of reference universes (i.e. the shares of the population that have enabling technologies to use specific offers, such as pay TV or digital devices), were mitigated with specific actions taken from June 2020 onwards (telephone recall, recovery interviews, estimation activities), which will make it possible to reflect the trend of the population owning most of these devices on the panel, coinciding with the usual update set for Auditel at the beginning of August of each year.

The impossibility of proceeding with the installation of Focal Meters at the families of the panel in the period between March and June, will instead lead to a delay in the originally planned installation schedule and in the entire project for measuring the total audience, without any effect on the measurement of traditional TV, which today remains the *core* product of the Auditel survey.

In relation to the survey of digital audiences created by Audiweb, in the first half of 2020, the production of audience data continued with the renewed Audiweb 2.0 methodological system, designed to provide a timely and accurate representation of the different ways online editorial content is consumed, in a market characterised by a large number of national publishers and with the presence of major international players (such as Google and Facebook).

The lockdown period associated with the Covid-19 emergency had a significant impact on the Audiweb survey:

- due to the high volume of data to be processed, the data production processes were affected by considerable hold-ups, causing delays even up to a few weeks in the release of audience data (especially the production of daily and weekly data);
- as regards Basic Research, survey activities were interrupted from March to May 2020, also following an assessment of opportunities carried out by Audiweb, so the updating of universes (the estimates of shares of the population potentially exposed to the digital offering on PCs and/or mobile devices) planned by the end of the first four months did not take place and will be carried out before the end of the third four-month period.

As regards the radio audience survey conducted by the company TER (Tavolo Editori Radio) during the first half of 2020, careful reflection on the need and opportunity for an evolution shifting away from the current survey methodology based on CATI telephone interviews continued. In fact, the TER radio survey is based exclusively on telephone interviews, through which a sample of individuals is asked to reconstruct

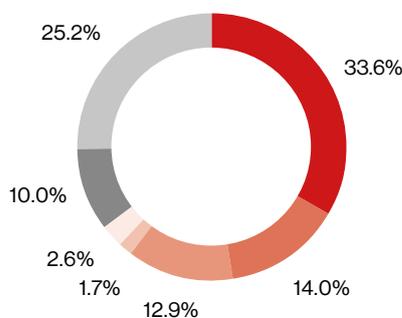
their listening experience the previous day by each quarter of an hour and by single broadcaster, as well as list the stations they listened to in the last 7 days. However, the CATI survey method has various critical aspects, especially at a technical level, and therefore Rai continued to work in the first half of 2020 on developing the methodological system. The aim is still to develop a structured and shared path between publishers that can lead to a transition to surveys using objective and automatic tools (meters) over the next two years. This development could also encourage the involvement of TER associations representing the advertising market (investors, agencies and media centres) in TER governance, also meeting AGCOM requests.

The lockdown period associated with the Covid-19 emergency had a significant impact on the TER survey. In March 2020, the Board of Directors of TER convened to decide on the possible reconfiguration of the survey in Cati@home mode (interviews carried out from the interviewers' homes instead of at the Institute's headquarters), in order to safeguard survey quality, decided not to make changes in the methodology interrupting the survey for the second quarter of 2020. This decision was taken considering the impossibility of effectively carrying out usual quality controls during the interviewers' work. This will have the following impacts:

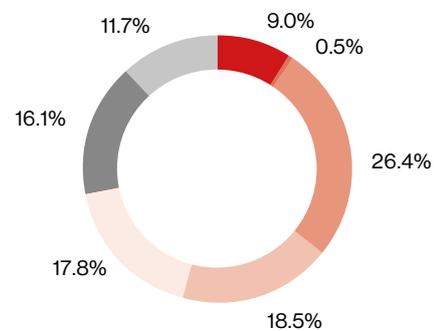
- no publication of publishers' data relating to the second quarter of 2020;
- no publication of public data relating to the first half of 2020 and the related planning supporting the advertising market.

However, the survey resumed normally on 16 June 2020, coinciding with the date initially scheduled for the third quarter.

Programming by genre on generalist networks
(Source Rai)



Programming by genre on specialised networks
(Source Rai)



- General and in-depth information
- Information programmes
- Cultural and entertainment programmes
- Sports information and programmes

- Programmes for minors
- European and Italian works
- Other genres

Generalist networks: Rai 1, Rai 2, Rai 3.
Specialised networks: Rai 4, Rai 5, Rai Gulp, Rai Movie, Rai News 24, Rai Premium, Rai Scuola, Rai Sport, Rai Storia, Rai Yoyo.

Map of the Rai offer

(as at 30/06/2020)

Television ¹

Generalist

Rai 1, Rai 2, Rai 3, Rai 1 HD², Rai 2 HD², Rai 3 HD²

Semi-generalist channels

Rai 4, Rai 5, Rai Movie, Rai Premium, Rai 4 HD², Rai 5 HD³, Rai Movie HD³, Rai Premium HD², Rai 4K³

Special-interest channels

Rai News 24, Rai News 24 HD³, Rai Storia, Rai Storia HD³, Rai Scuola, Rai scuola HD³, Rai Sport, Rai Sport+ HD², Rai Gulp, Rai Gulp HD³, Rai Yoyo, Rai Yoyo HD³

Radio⁴

Rai Radio1, Rai Radio1 Sport, Rai Radio2, Rai Radio2 Indie, Rai Radio3, Rai Isoradio, Rai Gr Parlamento, Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Techete⁵, Rai Radio Live, Rai Radio Kids

¹ The television offering is available on DTT, satellite and RaiPlay.

² Visible on DTT in areas reached by MUX5 and on TivùSat.

³ Visible only on TivùSat.

⁴ The radio offering is also available on digital terrestrial and satellite TV, on the web and on RaiPlay Radio App. The specialised stations (Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Techete⁵, Rai Radio Live, Rai Radio Kids, Rai Radio1 Sport and Rai Radio2 Indie) are only available on digital terrestrial and satellite TV, DAB+, the web and the RaiPlay Radio App.

⁵ Rai's offering is enhanced by some programmes broadcast on national channels being re-offered in various ways, depending on the world region.

Information

Tg1, Tg2, Tg3, TgR, Rai Parlamento (Rai Gr Parlamento), Rai Sport, Rai News 24 (Televideo), Rai Giornale Radio

International Offers⁵

Rai Italia, Rai World Premium, Rai News 24

Internet - Web

Rai.it, RaiPlay.it, RaiNews.it
RaiPlayRadio.it, RaiSport.it
RaiCultura.it

Internet - App

RaiPlay, RaiPlay Radio,
RaiPlay News, RaiPlay Yoyo

Cinema

Rai Cinema,
O1 Distribution

Home video

O1 Distribution,
Rai Com

Publishing

Rai Libri

Digital terrestrial and satellite television

Rai has the largest DTT offering on the market, with fourteen nationally broadcast channels:

- three generalist networks: Rai 1, Rai 2, Rai 3 available both in SD and HD;
- 11 semi-generalist or specialised networks: Rai 4, Rai 5, Rai Movie, Rai Premium, Rai News 24, Rai Storia, Rai Scuola, Rai Sport, Rai Sport +HD, Rai Gulp and Rai Yoyo. Of these, Rai 4 and Rai Premium are also available in HD.

Digital satellite, complementary in relation to digital terrestrial, makes it possible to reach parts of the population not covered by DTT. Based on the model of experiences in other countries, Rai – along with Mediaset, Telecom Italia, Confindustria Radio TV and Aeranti-Corallo – contributed to creating the free TivùSat platform. All 14 Rai channels are available on this platform, also on HD. In addition to and to support the linear television offer, Rai proposes interactive applications and on-demand video services via internet that can also be used on connectable TVs (Smart TVs or through certain types of interactive decoders).

The first half of 2020 was characterised by a significant increase in the TV audience during the lockdown due to the Covid-19 health emergency. From an editorial point of view, without forgetting the excellent performance of the first few months – with the *70th Sanremo Music Festival* and the first Italian edition of the reality singing competition *Il Cantante Mascherato* on Rai 1 – all Rai networks did extremely well, thanks to the efficiency and reliability of journalistic information, in line with the objectives of the Public Service.

Performance, in terms of the share, was basically on the same level as the corresponding period of the previous year, while in terms of audience, a significant increase in absolute values was recorded, due to the overall increase in the television audience during the pandemic.

In relation to the editorial plan, experimentation was key to renewing the schedule following restrictions that limited the production of long-established entertainment programmes. *Re-invention* was the key word: this meant *having to reorganise* the spaces in the studios, to comply with distancing requirements, and when this was not possible, the presence of guests had to be reconsidered, with remote participation and recordings from home. This approach was adopted with the programme *Non mollare mai – Storie tricolori*, the charity show with a video presentation by Alex Zanardi on the stories of sports and TV personalities, bringing great sports champions closer to Rai and to great names of Italian cinema to help the Italian Red Cross.

During lockdown, the Rai Group as a Public Service undertook not only to inform the public – with the tv news Tg2 specials or current affairs programmes such as *Speciale #PortaPorta L'ItaliaUnita ce la farà* – but also to reassure and entertain it: in fact, there was no lack of innovative and supportive entertainment evenings, with remote choral music programmes, including *Musica che unisce*, the virtual concert organised by Rai 1 to

support the civil protection service, committed each day to tackling the coronavirus.

Drama series included the new season of *L'amica Geniale* and new episodes of *Il Commissario Montalbano*, plus the return of *Don Matteo*, now in its 12th season. Rai Fiction continued to work on drama sub-genres in the first part of the year, introducing the medical drama *DOC – Nelle tue mani*, freely inspired by real events which, with its stories of life on the ward, captured viewers' attention by supporting the image of the medical profession which has been so busy in the fight against Covid-19.

The biggest commitment in terms of innovation undoubtedly came from the Group's Digital platform. In the six-month period under review, RaiPlay extended its cultural offering, launching the *Learning* section *#LaScuolaNonSiFerma* in collaboration with MIUR, the Ministry of Education, Universities and Research, in support of students and teachers engaged in distance learning. RaiPlay also increased the possibility for viewers to follow the speeches of the Prime Minister, making all the speeches presenting the various Prime Ministerial Decrees available online.

A considerable amount of original content was also made available: in a short time, RaiPlay produced and put online *Tanto non uscivo lo stesso* (I wasn't going to go out anyway), a daily programme in which the group of comedians "The Jackals" talked about quarantine from their personal point of view. Lastly, there was the travel documentary *Non voglio cambiare pianeta* (I don't want to change planet), recounting the journey by bicycle made by the singer-songwriter Jovanotti through Chile and Argentina in search of himself after the experience of his *Jova Beach Tour 2019* series of concerts.

During the period under review, Rai 1 was the network capable of informing, entertaining and reassuring Italian viewers during the lockdown. This commitment was rewarded by an excellent performance: with approximately 20% of the share in prime time and 17% in the day time, Rai 1 confirmed its position as the network of choice for the Italian population. In the top 20 most viewed programmes on TV in the period were 16 different genres of programmes broadcast by Rai 1, including 5 drama series (*L'amica Geniale*, *Il Commissario Montalbano*...), various service programmes (including *the Easter Mass* and *Palm Sunday Mass*, a football match of Napoli (*Italian Cup*) and in first and second position, the *Sanremo Music Festival* (70th edition).

After the huge success of *Sanremo*, which recorded an average share of over 55%, and the first edition of *Il cantante mascherato* (The Masked Singer), the Italian version of the successful South Korean reality singing competition, hosted by Milly Carlucci, Rai 1 changed its lineup, to comply with safety requirements of laws to combat Coronavirus: some entertainment programmes were in fact stopped and postponed to autumn (such as *Corrida*, with Carlo Conti hosting only 2 of the 5 scheduled episodes); other programmes were changed, eliminating the public audience and introducing distancing between participants, including *Top*

Dieci, hosted by Carlo Conti and *Soliti Ignoti Speciale* hosted by Amadeus. To compensate, a substantial increase in evenings dedicated to drama and films was proposed, with performances by genre remaining steady.

News content more than doubled compared to the same period in 2019. In particular, the special editions of the news on the *Tg1* channel, *Speciale Pandemia (Pandemic Special) Extraordinary Edition*, respectively reached 22.4% and 18.6% of the share, exceeding the average for this genre.

As regards cultural programmes, the number of evenings proposed went up significantly; thanks to Alberto Angela's *Meraviglie - La penisola dei tesori* on Italy's natural splendours, viewers were able to travel, at least with their imagination, while the lockdown forced everyone to stay at home for months.

On Rai 2, entertainment was the most frequent and most awarded genre in the period. Thanks to the return of *Pechino Express*, which achieved the best performances ever (9.7% of the share) and the presenter Fabio Fazio with the programme *Che Tempo che fa* (9% of the share), Rai 2 recorded a performance increase of 0.6% of the share compared to the same period of the previous year and a +2.7% share compared to the average of the prime time bracket.

Information, in the prime time bracket, also achieved better results than the first half of 2019: with the broadcasting of *Petrolio*, which became *Petrolio-Antivirus* in the half year in question, Rai 2 more than doubled the number of scheduled evening slots. At the same time, with the good performances of its special news programme *Speciale Tg2*, the network recorded a 1.7% increase in its share for this genre.

During the daytime, Rai's association with Radio continued, with its morning weekday appointment with *Radio2 Social Club* that saw the return of Neri Marcorè to the microphones, along with Luca Barbarossa and Andrea Perroni for the #IORESTOACASA (I'M STAYING AT HOME) campaign promoted by Rai Radio2.

As regards Rai3, the Network's main programmes, appropriately rethought and re-invented to adapt to the emergency, were broadcast as normal, confirming the usual performance and guaranteeing broadcasting continuity for the channel. This was the case with the programme *Report*, which was produced with remote interviews, despite the health emergency, still managing to bring the main insights into the coronavirus to the screen, reaching a share increase of 2.1% compared to the same period of 2019, registering +5.3% compared to the average share of this segment. Even the programme *Chi l'ha visto*, dedicated to searching for missing persons, suspended as a precaution for a single episode, maintained its excellent average share of 8.2% (+2.9% compared to the band average).

On the entertainment front, the *May Day Concert* on Rai 3 achieved excellent results with over 2.2 million average listeners and an 8.7% share. The collective television event, which replaced the traditional appointment in Piazza San Giovanni in Rome, united Italians at home with artists who performed from the Rome Auditorium and other special venues throughout the country.

As regards drama schedules, the second season of *I Topi*, directed by and starring Antonio Albanese, stood out, with 5.4% of the share, exceeding the performance of this genre on the Network, and with the same audience figures as prime time.

The most viewed programmes (top 3)

(Source Auditel. For the programmes with various episodes, the audience of the most viewed episode is shown)

Film

Title	Channel	Date	Audience	Share
Murder on the Orient Express (K. Branagh)	Rai 1	18/03/2020	6,468,000	22.8%
Gifted	Rai 1	03/04/2020	5,102,000	16.9%
Harry Potter and the Deathly Hallows - part 2	Italia 1	07/04/2020	4,855,000	16.8%

TV series

Title	Channel	Date	Audience	Share
Commissario Montalbano	Rai 1	16/03/2020	9,833,000	33.3%
Doc nelle tue mani	Rai 1	16/04/2020	9,106,000	29.8%
Vivi e lascia vivere	Rai 1	23/04/2020	7,584,000	25.2%

Entertainment

Title	Channel	Date	Audience	Share
70th Sanremo Music Festival	Rai 1	08/02/2020	11,529,000	60.4%
Sanremo start	Rai 1	04/02/2020	12,877,000	43.8%
C'e' posta per te	Canale 5	14/03/2020	7,215,000	28.6%

Sports special features

Title	Channel	Date	Audience	Share
Champions League	Canale 5	25/02/2020	1,706,155	9.16%
Rai News 24 Sport	Rai 3	19/03/2020	1,498,365	8.56%
Sport Mediaset	Italia 1	02/01/2020	1,453,881	9.19%

Sport

Title	Channel	Date	Audience	Share
Italian Cup	Rai 1	17/06/2020	10,206,000	39.3%
UEFA Champions League	Canale 5	25/02/2020	6,408,000	23.3%
Italian Cup	Rai 2	16/01/2020	2,202,000	8.7%

Religious programmes

Title	Channel	Date	Audience	Share
Tg1: Prayer of Pope Francis and Urbi et Orbis Blessing	Rai 1	27/03/2020	8,635,000	32.6%
Via Crucis	Rai 1	10/04/2020	7,935,000	25.3%
Holy Mass on Palm Sunday	Rai 1	05/04/2020	7,334,000	39.8%

Information programmes

Title	Channel	Date	Audience	Share
Musica che unisce	Rai 1	31/03/2020	3,633,000	14.1%
Con il cuore nel nome di Francesco	Rai 1	09/06/2020	3,332,000	14.5%
Chi l'ha visto?	Rai 3	13/05/2020	2,290,000	9.3%

Animation and cartoons

Title	Channel	Date	Audience	Share
Beauty and the Beast	Rai 1	05/01/2020	3,312,000	14.1%
The Secret Life of Pets	Italia 1	28/03/2020	2,263,000	7.8%
The Croods	Italia 1	21/03/2020	2,146,000	7.1%

Science and environment

Title	Channel	Date	Audience	Share
Linea Verde	Rai 1	05/04/2020	5,297,000	22.7%
Melaverde	Canale 5	22/03/2020	2,839,000	13.6%
Linea verde life	Rai 1	14/03/2020	2,669,000	13.1%

Culture

Title	Channel	Date	Audience	Share
Meraviglie - La penisola dei Tesori	Rai 1	04/01/2020	4,810,000	23.3%
Music for hope una preghiera di speranza	Rai 1	12/04/2020	4,714,000	16.1%
Il volo un'avventura straordinaria	Rai 1	14/04/2020	4,293,000	15.2%

Investigation

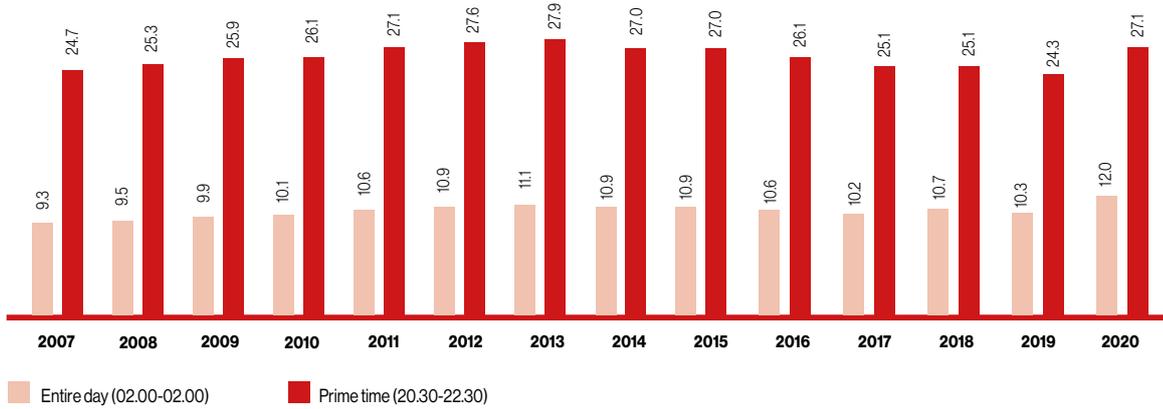
Title	Channel	Date	Audience	Share
Porta a porta speciale (pdi)	Rai 1	06/03/2020	3,307,000	13.9%
Report	Rai 3	30/03/2020	3,139,000	10.0%
8.5	La7	14/04/2020	2,859,000	9.3%

Current events

Title	Channel	Date	Audience	Share
Tg1-special pandemic	Rai 1	11/03/2020	5,610,427	18.4%
Italia si!	Rai 1	15/03/2020	4,093,589	19.5%
La vita in diretta	Rai 1	13/03/2020	3,068,172	17.0%

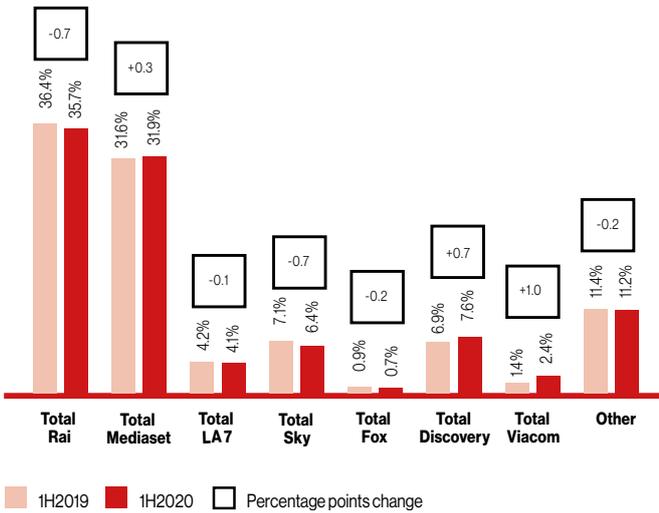
Evolution of the average television audience

(source Auditel, figures in millions - referred to the first half of each year)



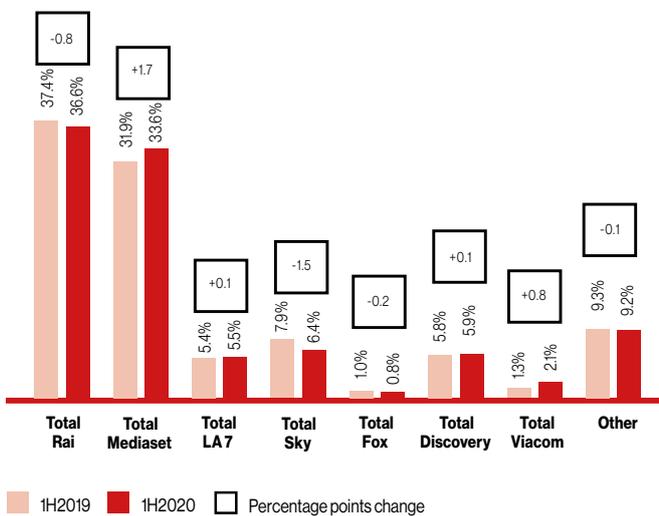
Average daily publisher shares generalist and specialised channels

(time band 02:00 - 02:00, source Auditel)



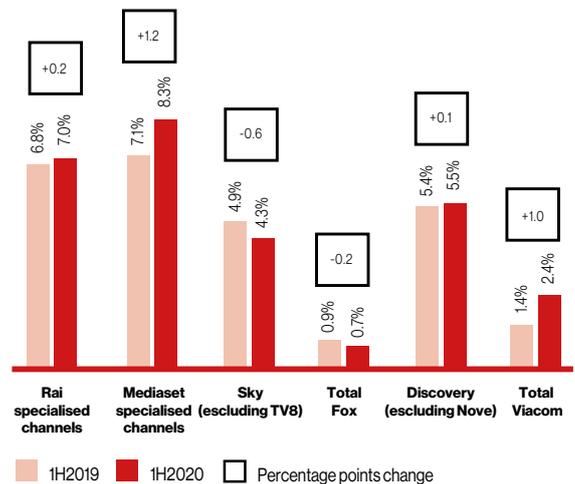
Prime time publisher shares generalist and specialised channels

(time band 8.30 - 10.30 pm, source Auditel)



Average day publisher shares specialised channels

(time band 02:00 - 02:00, source Auditel)



Average half-yearly share of TV channels

	Entire day (02:00-02:00)		Prime time (8.30-10.30 pm)	
	2020	2019	2020	2019
Rai 1	16.88%	16.89%	19.73%	19.35%
Rai 2	5.00%	5.86%	5.97%	6.16%
Rai 3	6.86%	6.91%	4.87%	5.83%
Rai Generalist	28.75%	29.67%	30.57%	31.34%
Rai 4	1.34%	1.22%	1.44%	1.25%
Rai Premium	1.31%	1.20%	1.14%	1.12%
Rai Movie	1.14%	1.08%	1.25%	1.23%
Rai 5	0.38%	0.40%	0.38%	0.45%
Rai Storia	0.24%	0.23%	0.30%	0.30%
Rai Scuola	0.02%	0.03%	0.02%	0.04%
Rai Yoyo	0.98%	1.21%	0.60%	0.85%
Rai Gulp	0.34%	0.28%	0.40%	0.27%
Rai Sport	0.38%	0.53%	0.25%	0.39%
Rai News 24	0.83%	0.59%	0.28%	0.18%
Rai Specialised	6.96%	6.77%	6.06%	6.07%
Total Rai	35.71%	36.44%	36.63%	37.41%
Canale 5	15.02%	16.08%	15.11%	15.45%
Italia 1	4.74%	4.59%	5.39%	5.03%
Rete 4	3.86%	3.87%	4.76%	4.35%
Mediaset Generalist	23.62%	24.55%	25.26%	24.84%
Mediaset Specialised	8.32%	7.05%	8.30%	7.06%
Total Mediaset	31.94%	31.60%	33.56%	31.90%
La7	3.65%	3.74%	5.10%	5.01%
Total La7	4.13%	4.23%	5.46%	5.39%
Total Sky	6.35%	7.10%	6.40%	7.91%
Total Fox	0.71%	0.94%	0.81%	1.00%
Total Discovery	7.56%	6.86%	5.87%	5.82%
Total Viacom CBS	2.41%	1.43%	2.06%	1.27%
Other channels	11.19%	11.40%	9.21%	9.30%
Total TV	100.00%	100.00%	100.00%	100.00%

Radio

Following the entry into force of restrictive measures related to mobility, based on data from research conducted by the GfK Institute on behalf of TER – Tavolo Editori Radio regarding *radio listeners during the Covid-19 epidemic and during phase 2 of the epidemic*, only 22.6% of the Italian population continued to work outside their homes, a percentage that amounted to 52.4% before the lockdown; as a result, over two thirds of respondents (67.4%) said they used cars less for travel.

In the six-month period in question, the impact on radio audience ratings was limited: compared to a decline of 17% of listeners (total medium), there was an increase in the average listening time of 11% (listening in the last 7 days).

Data showed that listening to the radio *at home* almost doubled, from 48% in the period prior to lockdown to 71% during the restrictions on mobility; on the other hand, the percentage of radio listeners *in cars* almost halved, from 74% to 34%. Along with the decrease in listening to the radio in-car (-26% vs the pre-lockdown period), there was an increase in listening from all other devices, not only the radio (FM/DAB +; +4.2 points), but also TV (+7.4 points), Smartphones (+2.6 points), PCs (+1.9 points), Tablets (+0.7 points) and Smart Speakers (+1.4 points). The increase in the use of Radio through dedicated sites and apps was significant, up +24% in terms of reach and +61% in terms of time spent.

In the first half of 2020, the Radio continued to perform the dual function of an entertainment and information medium, confirming its authority and credibility. For its ability to mix entertainment, information and social aspects, radio is a unique medium with potential still to be explored. This is confirmed by how well various programmes are received, if communicated properly.

Initiatives promoted by radio broadcasters during the lockdown period include *Radio for Italy*, an event held on 20 March in which many Italian national and local radio stations broadcast the national anthem and four pieces of music in simulcast, reaffirming the social value of the radio: 65% of listeners declared the initiative brought radio listeners even closer to the radio system.

As regards how radio is used, lockdown favoured, on the one hand, coming closer to and rediscovering this traditional medium and, on the other, access to radio content through new digital platforms. These new ways of listening stabilised during the second stage of lockdown.

According to data from research conducted by GfK, with restrictive measures being relaxed in *phase 2*, there was an increase in mobility and a consequent increase in the use of radio especially car radio which once again became the platform of choice for listening; ratings increased progressively, up by +20% in the week from 18 to 24 May compared to lockdown (11 March - 3 May), with audience figures close to pre-Covid levels.

At the end of April, *Radio Player Italia* was launched, a free app, without registration, for simple, unique access to numerous Italian radio stations via Smartphone, Smart Speaker, Smart TV, Connected Car and Wearable. The app is the result of an agreement between Italian national broadcasters (Rai, Mediaset, Gedi, Sole 24 Ore, Rtl 102.5, RDS, Radio Italia, Radio Kiss Kiss) and local broadcasters (the Aeranti-Corallo Association and FRT Confindustria Radio Tv) under PER – Player Editori Radio. The choice to debut in a tough time, proved to be of added value and was well received by the public (100,000 downloads in 100 days).

Radio Rai works in a complex and dynamic market context, with the main goal of complying with the commitments set out in the Public Broadcasting Service concession and Service Agreement. With this logic, the editorial profile of the generalist channels is structured in genre quotas identified by the aforementioned Agreement: News, Information, Culture, Society, Music, Service and Public Utility.

In detail, the Rai Radio offer is organised into 12 stations, broadcast on eight technological platforms, diversified based on editorial mission and reference target, all active online and on social media:

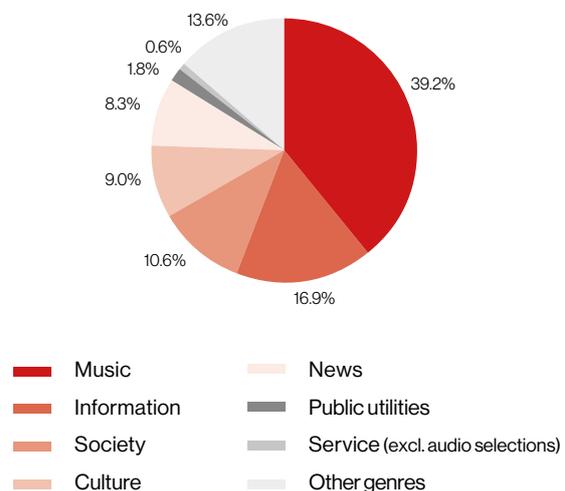
- three generalist radio stations: Radio1, Radio2 and Radio3;
- two special-interest channels: Isoradio (infomobility) and GR Parlamento (institutional);
- seven specialised digital channels: Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Live, Rai Radio Kids, Rai Radio Techete', Rai Radio1 Sport and Rai Radio2 Indie.

The specialised stations join those generalist and special-interest to make up a complete offer aimed at capturing vertical audiences.

From an editorial standpoint as well, the anti-pandemic prevention measures were adopted with a view to minimising impact on the continuity of programmes and broadcasting in the

Radio programming by genre

(broadcast time; source Rai)



Main operators active in the radio market¹

(Source Rai)



¹ Only the main national stations broadcast on FM were taken into consideration, excluding the religious station Radio Maria and Radio Radicale.

radio sector. All Rai Radio channels kept the same structure for their schedules throughout the period, with the only limitation on the public being present and on external production. Despite the enormous restrictions on mobility, the Isoradio channel continued to broadcast 24 hours a day, while the Gr Parliament channel made the Covid-19 emergency its main theme, featuring throughout its entire schedule.

In the first half of 2020, Radio1 reaffirmed its nature as an all-news broadcaster whose cornerstone is the radio news broadcast every hour. The health emergency dominated all programming, and Radio1 promptly reported it (with insights, and direct and special items) in its news programmes and all other broadcasts.

In the first part of the year, attention was also paid to the country's political situation, with regional elections in Emilia-Romagna and Calabria, to the few confirmed events (for example: *International Holocaust Remembrance Day, 25 April, The commemoration of the 40th anniversary of the Ustica massacre*); and to sport, the traditional backbone of Radio1 and its news, despite the penalties imposed by the lockdown, that led to the decision to stop broadcasting the Radio1 Sport channel starting from March; history programmes, and a whole host of topics (health, technology and innovation, foreign countries, travel and tourism, school, agriculture and environment, art, motors, culture and entertainment, etc.) were all featured. Music also played a fundamental part, as always, harmonising the channel's schedule.

The health emergency led to an important downsizing of media partnerships: with the exception of *Musicultura*, events such as Vinitaly, Italy's leading wine and spirits exhibition, and the Internazionali BNL d'Italia tennis tournament were cancelled or postponed, as well as the Turin Book Fair and the Trento Economy Festival.

In this difficult context, Rai Radio2 was able to strengthen the bond with its listeners, giving life to a sort of story without borders. A continual dialogue: 24 hours a day, 7 days a week with all presenters on the air and more and more original content conveyed via social media, which constitute an additional contact and exchange channel to be ever closer to listeners but, above all, to give them a voice, continuing to offer, through every medium, more and more company, entertainment, information and music, without ever neglecting the highest attention paid to sustainability. In June, Radio2 took to the stage in room B in via Asiago for the first time since the outbreak of the pandemic, giving life to *Back2Back Speciale Let's Play!*, with live music by leading national artists.

Another important event, together with television programming, was *Europe Shine A Light*, the special created by the organisers of the *Eurovision Song Contest* in a non-competitive format for this 2020 edition, with commentary by Radio2 from the studios in via Asiago broadcast on Rai 4.

In addition to special initiatives and cross-overs with Radio2 Indie, numerous events were broadcast in conjunction with TV programming, including: *Musica che unisce (Music that Unites)*,

One World: Together at Home with Rai 1; *The May Day Concert* with Rai 3; *Europe Shine a Light* with Rai 4.

Despite the Covid-19 emergency, Rai Radio3 paid considerable attention to the country's cultural and civil events, supplementing its programming with an increasingly diverse range of musical entertainment which, regardless of all live events being stopped, continued thanks to the work of the Rai Symphony Orchestra and leading national and international music festivals. In order to respond to the growing demands of the public and help, for example, schools, Rai Radio3 started two projects designed to help students and teachers during distance learning: *Maturadio*, with podcast lessons in collaboration with MIUR, the Ministry for Education, University and Research, and the publishers Treccani, that made the Radio Scuola podcasts available.

As regards social networks, Radio Rai promotes interaction on all its Facebook, Twitter and Instagram profiles, by promoting its programmes, re-broadcasting the news, the guests and highlights of the day broadcast on various Rai channels encouraging interaction with the audience. Rai Radio2 also opened a channel on Telegram to reach out to all listeners with material ready to be downloaded and shared.

Digital

In the first half of 2020, Rai continued the process to transform its digital services, from both an editorial and market positioning perspective.

This context of huge change was affected by the Covid-19 pandemic, which called for a number of planned actions in the first half of the year and a considerable review of the editorial and distribution strategy; in this sense, one of the very first actions adopted by Rai was to remove the obligation to register for viewing content on demand, thus making access more immediate and the user experience more streamlined. The introduction of two further sections of content on the RaiPlay platform also comes under this universal approach: *Teen*, characterised by a content aimed at the 10/16-year-old target and *Learning* (in collaboration with MIUR), to support schools in the challenge of distance learning. At the same time, the platform's original offering was consolidated and supplemented to keep up with the increase in the number of users and growth in consumption of on-demand content generated by the exceptional situation.

During the first half of 2020, Rai services mainly referred to:

- Rai.it, the portal, divided into five areas (News, Sport, TV, Radio and Corporate);
- RaiPlay.it, the multimedia portal dedicated to the video offer that gives access to Rai's video content in live-streaming mode (14 TV channels) and on demand, also available in an app version;
- RaiPlayRadio.it, the multimedia portal dedicated to the radio offer, also available in an app version;
- Rainews.it/TgR web, the portal through which you can access all Rai information, also available in an App version;

- RaiPlay Yoyo, the app dedicated to children's entertainment, which in April had its first birthday, to view all Rai Yoyo channel content (live and on-demand) in total safety and without advertising;
- The portal is for users to access and use the cultural content of Rai online with dedicated items and services from original content produced by the Rai Cultura web editorial team, TV, thematic and generalist programmes, as well as the considerable resources of the Rai Teche archive.

From an editorial standpoint, actions also concerned, as mentioned above, the production of original formats dedicated to the pandemic crisis, such as: *Tanto non Uscivo lo Stesso*, a light entertainment programme produced and hosted by the group The Jackal; *Un posto a Casa* a spin off of the drama series *Un posto al Sole*; the original drama series *La mia Jungla* in which a family recounted the small and big revolutions in its daily life, upset by the pandemic. Editorial developments also concerned scripted and drama content. Content in the period also featured films, with exclusive first showings (including Mario Martone's *The Mayor of Rione Sanità*), and initiatives such as *#ilcinemanonsiferma*, with eight films broadcast on the platform, four of which had never been distributed in cinemas, but were presented for the first time directly on RaiPlay. However, changes to the platform's editorial policy meant that the publication of exclusively purchased series had to be postponed, following delays in dubbing activities, and these programmes were rescheduled for the second half of the year, starting from the summer season, so as to amplify the effects on the platform's positioning.

The activities implemented in relation to the Covid-19 pandemic, which led to an increase in viewers and on-demand consumption volumes for the entire Italian market and beyond, made it possible to achieve outstanding results.

International offer

The marketing of Rai channels abroad is entrusted to Rai Com SpA. This subsidiary is responsible for the European distribution of the broadcasting rights of the television and radio channels (Rai 1, Rai 2, Rai 3, Rai Storia, Rai Scuola, Rai News 24 and Rai Radio1, Rai Radio2, Rai Radio3) as well as the non-European distribution of the channels: Rai Italia (a "best of" of Rai programmes plus original programmes for Italians abroad, including the news in English and, on some continents, 3 Serie A matches a week); Rai World Premium (the channel broadcasting original TV series produced by Rai) and Rai News 24. Rai's offering in non-European areas includes Rai Radio1.

The channels are currently broadcast through local television platforms—via cable, satellite or new media—in various ways, both free and paid for and in progressive alignment with international developments in services and technologies, aimed at integrated the Italian range with non-linear content.

In the United States, Canada, Australia and Europe the channels are offered to subscribers in "Packages" or "Premium à la carte bundles". Users – to view Rai channels – pay a monthly fee, in addition to their subscription with their operator; in Asia, the Rai Italia is accessible in free to air mode; in Latin America, Africa and various European countries, the channels are offered in "Basic" or "Extended Basic" mode, which provide for a monthly subscription, with no additional costs.

Commercial activities in the Foreign Channel Distribution sector continued during the first half of 2020, with the international health emergency permitting. Given the extraordinary circumstances, Rai Com supported the promotional and temporary *free preview* initiatives of some platforms (for example in France, with the operator Bouygues Telecom, or in Canada with the operator Rogers). These activities had a positive outcome, promoting an increase in the number of users of the channels, for a limited period, who then decided to subscribe to Rai channels, once the free period ended.

In Europe, the negotiations started at the beginning of the year continued successfully (for example with the operators Orange and Proximus in Belgium, Melita in Malta) and the performance of Rai channels was favourable, given the increased attention paid to Rai 1, Rai 2 and Rai 3 by Italian users resident abroad. Above all in the basic segment, the number of subscribers in all the most important countries (Switzerland, Belgium, Germany, Romania) remained stable.

Outside Europe, in the first half of 2020, agreements were signed with new US and Latin American OTT operators for the broadcasting of Rai Italia and the club channels (Inter TV and Lazio Style Channel), whose distribution is managed by Rai Com. Contracts were then negotiated with major US and Canadian operators. In Sub-Saharan Africa, Rai Com is carrying out numerous negotiations with satellite operators and OTTs, interested in including Rai Italia in their offering, as well as in Asia where, in anticipation of the postponed Tokyo Olympics, several hotel chains are interested in including Rai Italia among the channels available to their guests.

TV offer performance

According to Auditel data, in the first half of 2020, the number of average listeners who watched television was about 12 million throughout the day and 27.1 million in prime time, up compared to the first half of 2019 by +1.6 million and +2.8 million listeners respectively.

The Rai Group confirmed its market leadership with 35.7% of the share for the entire day (-0.7 percentage points compared to 2019) and 36.6% for prime time (-0.8 points); Mediaset grew and reached a 31.9% share (+0.3 pp) and 33.6% in prime time (+1.7 pp) throughout the day. The traditional generalist networks as a whole (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) recorded a decrease of 2 percentage points throughout the day, from 58% in the first half of 2019 to 56% in the first half of 2020 and a decrease of 0.3 percentage points in prime time, down from 61.2% to 60.9%. The semi-generalist channels (Tv 8, Nove, Rai 4, Cielo, Real Time, Sky Uno, DMax, 20 and the related *time shifted* channels) grew to reach a share of 10% throughout the day (+0.3 points, 9.6%), remaining substantially stable in prime time (-0.1 points) with 9.6%. The specialised channels also recorded an increase, of 1.7 points throughout the day, from 32.7% (first half of 2019) to 34.4% (first half of 2020); and an increase in prime time of 0.4 points, from 29.1% to 29.5%.

In detail:

- Rai 1, with a 16.9% share over the entire day (stable compared to the first half of 2019) and 19.7% in prime time (+0.4% compared to the first half of 2019), confirmed its position as the most viewed network, maintaining a good margin, particularly in prime time, compared to the Mediaset flagship, Canale 5, which recorded, over the entire day, a share of 15% (-1.1 compared to the first half of 2019) and 15.1% (-0.3% compared to the first half of 2019) in prime time;
- Rai 2 lost 0.9 pp throughout the day, settling on a share of 5% and 0.2 pp in prime time, falling to 6%;
- Rai 3 was stable throughout the day, with a share of 6.9%, losing 1 point in prime time, with 4.9%.

In terms of the performance of other main competitor channels during the period under review, the following results are reported: Canale 5 had a 15.0% share, over the entire day (-1.1 points compared to the first half of 2019) and for the prime time slot had a 15.1% share (-0.3 points); Italia 1 had a 4.7% share, over the entire day (-0.1 points compared to the first half 2019) and for the prime time slot had a 5.4% share (-0.4 points); Rete 4's share over the entire day was stable, at 3.9%, up during prime time, accounting for 4.8% (+0.4 points); La7 was slightly down over the entire day with 3.6% (-0.1 points compared to the first half of 2019), up in prime time with a 5.1% share (+0.1); TV8 lost 0.1 points over the entire day, stopping at 2.1% of the share and with 0.3 points in prime time with a share of 2.2%; NOVE increased by 0.1 points throughout the entire day, reaching 1.6% of the share and lost 0.1 points in prime time, stopping at a share of 1.5%.

In relation to semi-generalist and specialised networks, results showed a slight increase of 0.2 points in the performance of Rai channels over the entire day (7% of the share) and a substantial stability in prime time (6.1% of the share against Mediaset's growing audience (+1.3 points for the entire day, +1.2 in prime time compared to the first half of 2019). As regards the other semi-general channels (Cielo, Real Time, DMax, Sky Uno, 20), performances remain substantially stable compared to the first half of 2019.

Radio offer performance

Data relating to the first half of 2020 are not, as anticipated, available, because TER was forced to interrupt the surveys for the period 31 March - 15 June 2020 following the impossibility, communicated by the Institutes in charge of the Main Survey, of carrying out activities during Phase 1 of the Covid-19 health emergency in accordance with contract procedures.

Only the data for the first quarter of 2020 are available, in a form reserved for publishers, with reference to the respective broadcasters.

Overall Radio audience figures in the first quarter, on an average day, were 34.1 million and 43.6 million over the seven-day period, with a slight decrease equal to 2% compared to the audience in 2019 (34.8 million listeners on an average day and 44.2 million listeners over seven days), despite the period affected by the initial phase of the health emergency.

Digital and social offer performance

In the first half of 2020, the Total Digital Audience exceeded 35 million unique users on an average day, +5% compared to the same period of 2019 (source Audiweb Database 2.0). On average, each user spent just under 4 hours (3 hours and 59 minutes) a day in the digital world. 12 million Italians (2+) access the Internet on an average day from a PC; 29.9 million (target 18+) from Smartphones and 4.7 million from Tablets (data cannot be combined).

In the first half of 2020, an average of nearly 43.8 million individuals, i.e. around 73% of the Italian population connected to Internet at least once a month (+4% compared to the first half of 2019). 28.3 million users browsed from a PC (stable compared to 2019), while 37.8 million connected to the Internet from a mobile device (Smartphones and Tablets) (+5% vs 2019).

In the same period, 14.8 million users connected on average at least once a month to one of the various Rai sites or apps (34% of the active population on the Internet). The figure is significantly higher than the reference half year period: +41% (+48% for mobile consumption).

With this result, Rai ranks 23rd among the main Groups active online in Italy, an increase of 7 positions compared to the same period of 2019, while Mediaset, ranking 7th had an average of 29.3 million users. Some major international players (Google, Facebook and Amazon) ranked at the top, followed by Microsoft, RCS MediaGroup and the GEDI Group.

The Rai information portal, Rai News, recorded a monthly average of unique users of 6.8 million, far from main competitors (Corriere.it 30.2 million; Repubblica.it 27.3 million; TGCom24 26.6 million; Il Messaggero 25 million).

As regards the video portals of main national publishers, RaiPlay recorded a monthly average of approximately 9.3 million unique users, ranking in third place after Mediaset Play, which recorded a monthly average of 11.7 million and Netflix (10.2 millions; followed by La7 (7.3 million) and Sky (4.5 million).

As regards the details of the multimedia offering of video content, RaiPlay improved its performance over the same period of 2019 (Webtrekk census data) with 96.4 million unique users (+22%).

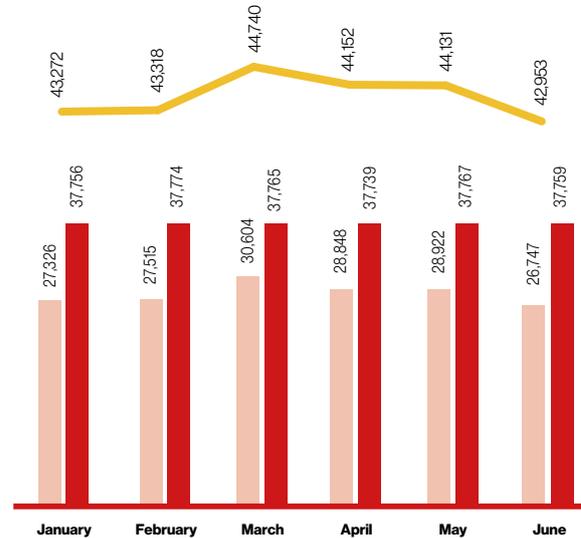
TV series were the most watched content, accounting for 42% of total views in on-demand mode, followed by TV programmes accounting for 27%. The most viewed programmes were *Il Paradiso delle Signore Daily*, the *2020 Sanremo Music Festival*, *L'Allieva*, *Don Matteo*, and *L'Amica Geniale* (Webtrekk census data).

In the first half of 2020, the offer of Rai content on YouTube, through the two official channels—Rai channel and *Il Collegio* channel—generated 765.1 million views overall (source YouTube Analytics).

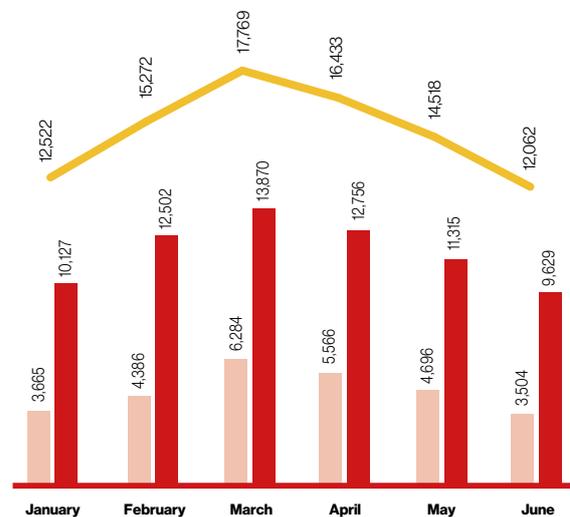
The three main Rai applications for mobile use (RaiPlay, RaiPlay Radio, Rai News) totalled 21.7 million downloads at June 2020. The RaiPlay app had 17.8 million views (including Rai TV updates); RaiPlay Radio (including Radio Rai updates) had 2.3 million views and Rai News 1.5 million views. RaiPlay Yoyo, an app dedicated to children's entertainment, without advertising interruptions and with the possibility for parents to have real control over access times, via a management area, has recorded 1 million downloads since its launch (in April 2018).

The contents on the RaiPlay Yoyo app have generated, since the launch date, about 120 million views (Webtrekk data).

Digital Audience per month - First half of 2020
(unique contacts/000, source Audiweb)



Digital Audience per month referring to Rai - First half of 2020
(unique contacts/000, source Audiweb)



- all devices
- mobile
- PC

In June 2020, the roughly 550 Rai profiles on the Facebook, Twitter and Instagram platforms exceeded a total of 38 million fans and followers (24.6 million on Facebook; 8.3 million on Twitter and about 5.5 million on Instagram, gross data). In the first six months of the year, Rai accounted for 31% of total interactions generated by television programming on a national scale (net of sporting events), with approximately 46 million total interactions. With this share, Rai is the second publisher in terms of number of interactions generated (Source: Nielsen Social Content Ratings™).

Since December 2019, Auditel has registered TV ratings on digital devices, though both browsers and apps (excluding TV Apps). The system for registering TV ratings on digital devices monitors the online ratings of five publishers (Discovery, La 7, Mediaset, RAI and Sky), representing 85% of total traditional television viewing. The ratings are registered on a census basis; the system uses several metrics: the Total Time Spent, calculated by adding up all the seconds when each device views editorial and advertising content of a single publisher, the Legitimate Streams, which measures the volume of content streams delivered and viewed for at least 300 milliseconds, (the technical threshold that guarantees the effective start of the stream) from each device and the AMRD, which is the average daily number of devices connected in the minute.

Considering the period from 1 January to 30 June 2020, which is the first useful survey period, it is not possible to make comparisons but only to give a picture of the market, highlighting the power relationships between publishers who opted to join the project – the Total TTS was 389 million hours, fairly evenly distributed among the three major publishers: Rai (35.04%), Mediaset (34.31%) and Sky (23.99%). This figure is the result of divergent trends between content used in linear mode (137 million hours) and in VoD mode (252 million hours). In the *linear* category, the ranking among publishers sees Mediaset excel (37.08%), followed by Rai (31.21%) and Sky (22.66%); in the *video on demand* category, Rai came first with 37.12%, followed by Mediaset (32.8%) and Sky (24.66%). Linear consumption was

mainly driven by the products of the flagships of the two Groups with Canale 5 ranking first with 18.2 million hours followed by Rai 1 with 17.6 million hours. La7 performed well, ranking third, albeit at a fair distance, and accounting for 8.3 million hours. Leading the ranking of VoD programmes by publisher – a ranking affected by the fact that Sky contents are not attributable to television programmes but only to the reference digital channel – is the News from Sky with 14.4 million hours, followed by entertainment for *Men and Women* (14.1 million hours) and in third place the contents of the Sky Atlantic brand (10.1 million hours), and in sixth place, the first Rai TV drama series *Il Paradiso delle Signore*.

In terms of Legitimate Streams, the relative strengths of the three major publishers changed: among the over 802 million views launched in linear mode in the period under review, Mediaset recorded over 55.5%, driven by the TGCom24 offer with over 186 million views, followed by Rai with just under 22% led by the Rai 1 offer (approximately 42 million) and then Sky with 16.05% of the total stream, driven by Sky TG24 (51 million). Regarding VoD, again in terms of LS, against a total consumption of 6 billion, Sky recorded just under 56%, driven by the News offer (more than 1 billion), Mediaset reached 28.55% of the total, thanks to its sporting events (167 million), News (120 million) and *Grande Fratello Vip* (101 million), Rai earned a 10.3% share, mainly thanks to the TV drama series *Il Paradiso delle Signore* (21.5 million) and *the Sanremo Music Festival* (18 million). This distribution is strongly influenced by the operators' formats, obviously rewarding "short" content compared to "medium-long" content.

As regards total consumption and the month by month trend, Rai was at the top of the ranking in March, April and May, i.e. during lockdown, in terms of time spent, proving its relative importance perceived by the public in times of need, and was overtaken in January, February and June by the Mediaset offer. In terms of LS, the month by month ranking always saw Sky overtake the Mediaset Group and Rai, but, as already mentioned, the LS are affected by the type of formats used, rewarding shorter ones.

Television

Generalist channels

Rai 1

A prestigious and authoritative network, representative of a national identity, capable of evoking memories reminding and enthralling, and at the same time informing and being inclusive.

Italian public television, and in particular Rai 1 played an irreplaceable and essential role in the first half of 2020, when Italy had to face one of its most serious emergencies. Not only did it guarantee continuous and widespread information through news mastheads, but it also offered a compact approach from all Network programmes, dedicated to communicating the progress of the pandemic day by day, with the stories of those affected by the virus and of everyone committed to caring and providing assistance.

In this context, Rai 1 rediscovered in full its role as a public service, by keeping the country united and also by offering all information indispensable for living with the emergency. Alongside this, Rai was also capable of accompanying the toughest phase, alternating the hardest news with necessary lighter entertainment and information, with just the right amount of sense and sensibility.

From the point of view of the overall scenario, the exceptional historical moment that we have experienced and are still going through has not substantially changed TV audience dynamics.

In fact, even if the trend towards a hybrid use of TV and digital content is confirmed—with streaming

platforms of both broadcasters and OTTs making headway,—traditional television is still the main medium in Italy, in terms of ability to reach the population.

In this context, Rai 1, after the extraordinary success of the *70th Sanremo Music Festival* (55.27% of the share) which inaugurated the new television year, confirmed its ranking in the first half of 2020 as the most popular and most followed channel on national television with a 19.7% average share in prime time and 16.9% over 24 hours, ahead of the first half of 2019.

In the first few months of 2020, preceding the lockdown, a variety of products were offered during prime time, ranging from TV drama, to light entertainment and culture, following the indications of a quality editorial and public service policy.

In particular, TV drama confirmed its position as a cornerstone of the Rai 1 schedule with new titles and returning series of tried and tested products linked to family values, the history of Italy and civic and social commitment. An example is the second series of *L'Amica geniale*, which reached a 28% share and the new episodes of *Commissario Montalbano* taken from the novels by Andrea Camilleri, which achieved an average share of 36.4%.

In the spring *Doc* made its debut, a medical drama which, with the first 4 episodes broadcast, recorded an average share of almost 30% with 8.2 million viewers, the best debut for a series of the last 13 years. The last episodes, with filming interrupted due to the health emergency, will be aired again in the autumn.


24.8 mn
DAILY CONTACTS


113
MINUTES SEEN PER DAY


16.9%
SHARE IN 24 HOURS


19.7%
PRIME TIME SHARE

1. *Sanremo Music Festival*
2. *Doc - Nelle tue mani*
3. *L'Amica geniale*



In search of innovation and new formats, entertainment debuted in 2020 with successful experiments such as *Il Cantante Mascherato* (20.2% share) and *Top 10* (19.5% share) in which memory and a game format were the undisputed protagonists.

“At a competitive level, Rai 1 confirmed its image as a channel capable of uniting and enthralling a very large audience, acting as a comfortable and safe haven of TV.”

In the midst of the pandemic, Rai broadcast the event *La musica che unisce*, an evening of solidarity where the most important artists of the Italian music scene, together with celebrities from the world of entertainment, sport and science, contributed to raising funds in favour of the Civil Protection Service, tirelessly working in the fight against the virus.

Culture and information with the four episodes of Alberto Angela's *Meraviglie* confirmed the desire of Italians to know more about and explore the wonders of Italy.

Day time shows confirmed the relationship with the public, even during the lockdown period, with daily appointments airing current affairs and news: from *Uno Mattina* to *Storie Italiane* and *Vita live* and, over the weekend, with *Domenica In*, *Da noi... A Ruota Libera* and *Italia yes*, in addition to religious programmes and shows dedicated to local areas.

Information in its various forms, from news, to in-depth analysis and sport featured in the lineup, continuing to be an important reference point for Rai's information offer.

- 4. *Domenica in with Mara Venier*
- 5. *Sets of Il Festival di Sanremo*
- 6. *L'Amica geniale*





16.8 mn

DAILY
CONTACTS



50

MINUTES SEEN
PER DAY



5.0%

SHARE
IN 24 HOURS



6.0%

PRIME TIME
SHARE

Rai 2

Rai 2 is the innovative, creative and experimental network, the channel that seeks to identify new listening habits in its efforts to improve.

Rai 2's offering in the first half of 2020 was part of a broader range of actions taken by Rai to deal with the Covid-19 emergency.

In a completely new and dramatic context, Rai 2 further explored its innovative spirit turning its attention to the architecture of its offering and programming; production methods (experimenting with remote production, reports and editing); management of contents and schedules of structured programmes; communication through social networks, trying out native digital formats; personnel management, with a very high percentage of employees working remotely. All immediately adapted to the new working conditions and were able to find effective organizational and production solutions in an objectively unexpected and difficult situation.

Flexibility, the central role of information and quality entertainment were the assets with which the Network focused on meeting its role as a Public Service during the health emergency and subsequent phase of starting up again.

During the lockdown period, Rai 2 adapted its offer, producing hours of live content and always keeping communication with its audience alive, with a particularly challenging task of adapting its schedule. The Covid-19 emergency put leading daytime productions on hold such as *Detto Fatto* and *Quelli che il calcio*, as well as major sporting events, in particular the *Giro d'Italia 2020*.

During this period, the Network guaranteed television viewing for children and families forced to stay at home because of the pandemic, with a considerable content of cartoons and nature documentaries, proposing a reassuring and positive schedule. The TV series broadcast—normally characterised by crime, adrenaline-building and investigation shows—was adapted, offering programmes more suitable for family viewing (as in the case of *Heartland*, a long-running series of the Network, successfully revived).

Information about the emergency was provided thanks to the fundamental collaboration with Tg2 and Rai Parliament, the flexibility and adaptability shown by programmes such as *Che tempo che fa* and *I Fatti Vostri* and an investigative journalism programme *Petrolio*. These programmes, in compliance with the anti Covid-19 measures issued by the company, remained on air live throughout the period and dedicated their lineup to telling the public what was happening.

Che tempo che fa became Italy's travel diary during the pandemic, welcoming important experts and keeping viewers constantly informed. On 20 Sunday evenings between January and May, the programme was followed by 2.3 million viewers, with a 9% share. The team from the programme *Petrolio* followed the evolution of the pandemic from the very outset. With the worsening of the situation, it was moved from late evening to prime time on Saturday with the title *Petrolio - Antivirus* and was entirely dedicated to the story of the emergency, airing reports, investigations and discussions with representatives of institutions and the scientific community. The 12 prime time slots of *Petrolio - Antivirus* (Saturday from 14 March to 6 June) attracted 1.2 million viewers with a share of 4.4%.

1. *Detto Fatto with Bianca Guaccero*
2. *Il Cacciatore*
3. *Made in Sud*



*I Fatti Vostr*i completely changed its own lineup, with a focus on the news and on the small and big stories of heroism during the pandemic.

From a performance point of view, the flagship titles of the Network were stopped and, above all, there were no major sporting events, resulting in a slight drop in ratings over the entire day: an average of 598.3 thousand viewers against 606.7 thousand in 2019. The share, on the other hand, stood at 5%, with a significant decline of 0.9 percentage points. This was due to the concurrent strong increase in the television audience which, with substantially unchanged viewing conditions, led to significant reductions in the share.

Figures for prime time were better: there was an increase in the audience of 122 thousand (for an average of 1.6 million) which translated into a slight decrease in the average share (5.97% vs 6.16 in 2019). The substantially positive result was assisted by Tg2 which, in the emergency period, produced an excellent performance with the 8.30 pm edition and with *Tg2 Post* and a varied prime time offer featuring some very appealing programmes.

On the entertainment front the programme *Pechino Express – Le Stagioni dell’Oriente* did extremely well. The eighth season of the reality game show, which started on 11 February, before lockdown, and ended on 14 April, was the most followed ever (two and a half million viewers for an average audience of 10% and 5.6 millions interactions on social networks) and the most acclaimed by critics and the social network audience who called it “*the best ever*”. At such a difficult and particular time, *Pechino Express* was perceived by viewers and followers as “*a breath of fresh air, a touch of lightheartedness, a look at a world that we are not seeing flourish.*”

The case of *Pechino Express* confirms once again how entertainment is one of the fundamental elements of the Public Service and how an intelligent strategy of using social networks has positive effects on overall performance and on an increase in the reputation of the Network among its fan base.

June was the month of starting again. Rai 2 accompanied the country’s gradual return to normality by focusing on light entertainment and a good mood, elements that have always characterised its entertainment offer.

The start of this new season was entrusted to Enrico Brignano, on 1 June, with the programme *Brignano tutto casa e teatro*.

In June the *Made in Sud* band returned with 6 episodes. This was a challenge for the Rai team at the Naples Production Centre which, in compliance with the deadlines and anti Covid-19 measures, was able to broadcast a complex and articulated programme. The professionalism of Rai technicians and employees, combined with the talent of the team of artists, ensured that this edition of *Made in Sud* was a success.

Also in June and as part of light entertainment, Renzo Arbore made a return with a new project, the *Striminzitic Show*. A home made show, produced from Renzo Arbore’s living room, the fun and anecdotal story of original TV and of the greatest and most interesting moments in the showman’s career. The programme was aired during prime time, with 20 evenings during which Arbore, with the help of Gegè Telesforo, proposed and commented on yesterday’s TV and on today’s curiosities and new talents unearthed on the web.

4. *I Fatti Vostr*i with Giancarlo Magalli
5. *Pechino Express – Le Stagioni dell’Oriente*
6. *Petrolio* with Duilio Gianmaria



During the day time, *Detto Fatto* stayed true to its audience. During the two-month suspension for health reasons, the programme continued to keep its fans company through Rai 2's social networks. On the @dettofattorai Instagram channel, *Pronto Detto Fatto* was launched, a unique live social format, conceived and created by the Rai 2 multiplatform. Rai's social networks, in addition to proposing original formats, had the very important job during lockdown of keeping the community of viewers constantly updated about changes in the schedule and new aspects, entertaining and curating the image of the Network and its programmes.

Drama has always represented the imagination of the Network. An imagination in which Italian programmes characterised by a contemporary and sophisticated style coexist with markedly mainstream programmes in an effort to present a varied and high quality offer.

Stars of the seasonal offer were *Il Cacciatore* (the second season on prime time TV was followed by 1.7 million viewers for a 6.6% share) and *The good*

Doctor which had to be stopped early because dubbing also had to be stopped during lockdown. And to cope with emergencies of this type (as well as postponed productions and cancelled sporting events), during the period, repeats of drama series were aired, produced for Rai 1, but with a content and language that were also consistent with Rai 2's offer (in particular, *L'amica Geniale*, *Maltese - Il Romanzo del Commissario*, *La Compagnia del Cigno*).

As regards sports, with competitions suspended and events postponed or cancelled, Rai 2 remained true to its vocation as a *Sports Network*, and in conjunction with Serie A restarting at the end of June, hosted the Rai Sport programmes during prime time and later in the evening, showing highlights of the football matches.

"Balancing innovation and tradition, Rai 2 has continued to gain the interest of viewers, giving its audience a generalist schedule with a strong identity."

- 7. *Quelli che il calcio*
- 8. *Striminzitic Show*
- 9. *The Good Doctor*





18.7 mn

DAILY
CONTACTS



61

MINUTES SEEN
PER DAY



6.9%

SHARE
IN 24 HOURS



4.9%

PRIME TIME
SHARE

Rai 3

Rai 3 recounts reality through journalistic, cultural and scientific programmes, with an integrated system of values, titles and faces, a world which the viewer wants to belong to and identify with.

The schedule for the first half of 2020 had to be recreated and reworked in the light of the difficult historical transition of spring 2020, marked by the unpredictable and devastating Coronavirus emergency, to which the public broadcasting service responded quickly and with determination, drawing on its professional expertise to deal with new products, new languages and new challenges.

Ever the source of information, Rai 3 immediately responded to the urgent requirement of viewers, adapting its wealth of information to new requests from the public, anxious to understand, know and find out. The footage from the cameras of the camera operators, videomakers, correspondents and journalists of programmes and the Network delivered snapshots of pain that will remain indelible in everyone's memory.

But Rai 3's public service did not just record the terrible times of the last few months, it also met the urgent request of viewers for knowledge, reflection and in-depth analysis. And it did so with a schedule that from early morning to late evening saw all the network programmes made available to the public without stopping, to tell the story of all of Italy.

Health professionals, in the frontline against the disease, scientists, called on to respond quickly and confidently to the many questions of the community,

the police, in charge of a new organization not always easy to manage, GIG economy workers, entrepreneurs, the elderly, children feeling out of their element at home, prisoners of a new unexpected and scary world. Rai 3 spoke to all of them, trying to interpret their doubts, requests, questions during an unprecedented time for the whole of Italy, without ever stopping.

The morning schedule featured *Agorà*, *Mi manda Rai 3*, *Tutti salute* (which became a staple for good information against fake news), *In mezz'ora* by Lucia Annunziata, followed by cultural programmes in the afternoon. Obviously prime time did not stop, with programmes rethought to respond to the Coronavirus emergency (from *Cartabianca* to *Report* and *Presa Diretta*, as well as *Indovina chi viene a cena*, and *Chi l'ha visto*).

The choice of informing the public and accompanying them during such complicated months resulted in a substantial stability over the 24-hour period, (6.9% share) compared to the same months of 2019, confirming Rai 3 as the third network of Italian television.

There was a strong increase in net contacts during the 24-hour period compared to the first half of 2019, going up by more than two million from 16.6 million to 18.7 million.

The public's approval of Rai 3 is also reflected by the excellent results indicated by Qualitel which, in a survey specifically about information and the Coronavirus, paints a flattering picture for all information, news and programmes on this network. On a scale of values ranging from 1 to 10, overall, in dealing with the Covid-19 emergency, the rating or

1. *Geo with Sveva Sagramola*
2. *Che ci faccio qui with Domenico Iannacone*
3. *Kilimangiaro with Camilla Ratznovich*



Rai 3 was 7.90, with information programmes and – in particular – its long-established brands *Report*, *Chi l'ha visto* and *Presa Diretta* which for 83% of the sample deserved a rating between 8 and 10. These reviews were due to the timely, continual news updates, external reports, simple presentation of information, variety and type of topics discussed, accuracy and reliability of information, level of analysis and non-alarming tone adopted to address the issues.

Narration, involvement and innovation. These were the keywords of Rai 3 on its main social media (Facebook, Twitter and Instagram): more than 80 digital production lines, that monitor, anticipate and continue the programmes and linear schedule, producing a multi-platform narration. 200-250 items of social content were produced and published each day on the various programmes on air and on the various social profiles: video excerpts and editing with social videographs, cards with the production of ad hoc graphic formats, livetweeting on various platforms, direct streaming, Instagram stories, etc..

Rai 3 is also an innovative laboratory, with a real “schedule” of extra content and new formats designed for social platforms: from reports targeting a younger audience on Instagram stories (*Report a scuola*) to local live programmes (*Chi l'ha visto* with live marathons on events and searches concerning missing persons), live streaming with guests (*Tv talk home*, *Maestri*, *Che ci faccio qui*) and “on demand” TV (polls to vote and choose the documentary to be broadcast on *Il Killimangiaro*), “watch parties” with talent (Instagram live of *Un posto al Sole*) to serialised microformats of IG stories (Geo quizzes and polls on nature and environment), and many other experiments.

Each programme and event in the schedule is told on social networks with particular attention paid to videos with viral characteristics and high potential for engagement, marking significant increases in absolute numbers and percentages.

“Rai 3 has strengthened its identity thanks to an offer that alternates innovation and experimentation with historical and consolidated brands”.

4. Le parole della settimana with Massimo Gramellini
5. Chi l'ha visto? with Federica Sciarelli
6. Presa Diretta with Riccardo Iacona



Semi-generalist and special interest channels

Rai Gold

Rai 4

Action, crime/thrillers, epics, fantasy, science drama and horror: among free channels, Rai 4 was the first to focus on the contemporary genres, with a programming method modelled on the breath of great sagas and international franchises.

Despite the objective difficulty of semi-generalist channels pressured by a gradual reduction in television audiences to the advantage of OTT services, and the concurrent multiplication of linear competitors, the first half of 2020 recorded satisfactory viewing results for Rai 4, compared to the same period of the previous year, confirming the loyalty potential of a series aired during prime time, even in the difficult lockdown phase.

The average share for the first half of the year out of total individuals stood at 1.34% for the whole day and at 1.44 for prime time, but, if the reference target of 15-44 years is considered, an average of 1.61 for the whole day and of 1.77% for prime time was recorded.

The number of films broadcast with over 400,000 individual viewers almost doubled: from 48 in the first half of 2019 to 86 this year. A figure that clearly reflects the central role of the films proposed in the prime time share increase, due also to alternating films shared with generalist channels and films for the exclusive use of the channel, often selected outside a purely mainstream context.

The first group includes superb ratings for the first half of the year for the film by Luc Besson, *3 Days to Kill*, the blockbuster by Antoine Fuqua *Attacco al potere: Olympus Has Fallen* and the remake of *Il*

giustiziere della notte, created from the encounter between the action star Bruce Willis and horror specialist Eli Roth.

Among films for exclusive use, were the excellent *Parker*, a classic noir action movie interpreted by the iconic Jason Statham, constantly at the top of the ratings each period, thanks also to a careful rerun distribution policy. And as a reflection of the variety on offer, the noir films *Drive* by Nicolas Winding Refn, and *The Counselor*: by Ridley Scott, as well as the survival thriller *A Lonely Place to Die* and another action film with specialist Bruce Willis, *Reprisal: Caccia all'uomo* were all broadcast.

Rai 4's focus on new European cinema, which is periodically showcased in dedicated reviews, is showcased by the results of three highly representative productions, from different countries: the British prison drama *Il ribelle: Starred Up*, the French action film *Barlieue 13*, now a classic manifesto for parkour, and the Spanish noir *La Isla Minima*.

As regards series, the mix of genres was, as always, dedicated to different types of products, alternating mainstream replicas with new exclusive showings, aimed at a more specific audience and with a greater characterisation from an editorial point of view.

The added value represented by film premieres appears indisputable: in this regard some titles from the Rai Cinema Catalogue, never used by the generalist networks and given value with a first showing on Rai 4 in the pre-evening or access slot included: the drama series *SEAL Team* and *Valor*; the original thriller/romantic programme *In the Dark* and a cult title that has long been shown exclusively



5.1 mn

DAILY CONTACTS



44

MINUTES SEEN PER DAY



1.3%

SHARE IN 24 HOURS



1.4%

PRIME TIME SHARE

1. *Daredevil*
2. *Marvel's Runaways*
3. *Narcos*



by the channel, *Supernatural*. World premieres, particularly loved by a younger audience, included the classic *Doctor Who* show, aired daily, and at weekends, during the children's slot. The first free showings of Marvel were also aimed at the same audience: *Marvel's Runaways*, *Marvel's Agents of S.H.I.E.L.D.* and *Marvel's Daredevil*.

There was also the second season of *Siren*; as well as the thriller/romantic drama *Private Eyes*, aired in the afternoon, in the early evening and in subsequent Sunday afternoon reruns; the adult crime series, a cross between crime news and pop mythology of *Narcos* and the spin-off *Narcos: Mexico* were both broadcast for the first time; *Criminal Minds* now in its 13th season, broadcast unencrypted and with reruns in the early afternoon and in the morning.

Innovations gradually introduced since the last few seasons include the programming of documentaries to build a bridge between the imagery of genres such as epic, crime and science fiction programmes and the real world of history, crime news and

technological development. These include the first showing ever of *Planets*, a series dedicated to the planets of the solar system, a BBC production of great scientific value and spectacular quality.

The dialogue between the real world and imagination is one of the main ideas of *Wonderland*, the long-running weekly Rai 4 programme dedicated to current events and fantastic and crime genres, in a multimedia perspective that ranges from cinema to comics, from television production to publishing and from videogames to scientific news.

Worth noting is the live event evening with commentary by Rai Radio2: *Europe Shine a Light*, the new format that this year replaced *the Eurovision Song Contest*, the most watched music programme in the world and cancelled due to the health emergency.

“Original formats and special events enhance our programming that has always been dedicated to film and TV series fans.”

- 4. *Supernatural*
- 5. *Planets*
- 6. *Europe Shine a Light*





6.1 mn
DAILY
CONTACTS



32
MINUTES SEEN
PER DAY



1.1%
SHARE
IN 24 HOURS



1.3%
PRIME TIME
SHARE

Rai Movie

Rai Movie is the movies for you.

Rai Movie is the only channel in Italy to offer films and content related to cinema 24 hours a day.

Despite an increasingly crowded scenario (including the arrival in January of Cine 34), Rai Movie, in the comparison between the first half of 2020 and the corresponding period of 2019, maintained a substantially stable share, both over the entire day and during prime time and increased daily contacts (+874 thousand over the entire day).

Prime-time film cycles were appreciated by the public, creating an ever loyal following among increasing numbers of viewers: Monday is the day for westerns, Sunday for films loved by the whole family, Tuesdays broadcast recent Italian films, while films with the most beloved stars are screened on Wednesdays; Thursdays and Fridays are dedicated to thrillers and big screen titles, while Saturdays show historical and adventure films.

The classics of Italian cinema, but also lesser-known works have been rediscovered and are shown each morning during the *Breakfast Rai Movie slot*, while the daytime weekend slot shows films for families.

During lockdown, the cycle *Orgoglio italiano* (Italian pride) was proposed, showcasing a selection of the best films made in Italy in recent years and suitable for family audiences.

Rai Movie closely follows the current affairs and history of Italy, with programmes on the most important events.

To mark the centenary of the birth of Federico Fellini and sixty years from the Palme d'Or for *La dolce vita*, the channel dedicated a cycle to the great Maestro, *Federico Fellini, a visionary realist*. There was an extraordinary response from the public and press who had the opportunity to see masterpieces such as *La dolce vita* and *8½* in prime time.

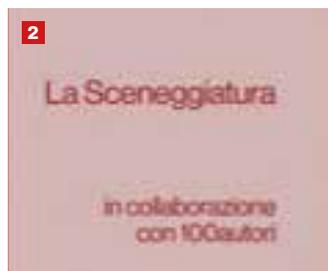
Rai Movie guarantees the utmost respect for original formats and always seeks the best possible definition. The philological research of copies and care in offering the best quality of broadcast materials is one of the characteristics that set the channel apart. Where permitted by contractual agreements, foreign films are broadcast in "double audio" mode, i.e., with the original language proposed on the second DDT audio channel. Italian films with audio descriptions for blind people are carefully selected and broadcasted.

The productions support the film industry and give Rai Movie a strong visibility, connoting it as *the cinema of TV*.

Movie Mag is the channel's flagship production dedicated to current affairs and cinema insights: films coming out or being made, awards and festivals, events, the history of cinema and interviews with its protagonists. The programme is the instrument used by Rai to honour its partnership commitments in the cinema sector.

This news programme, made with the Italian National Association for the Cinema and Audiovisual Industry (Anica), focuses each week on current national production and distribution topics.

1. *A Scuola di Cinema with Rai Movie*
2. *La sceneggiatura – the video lessons by A Scuola di Cinema with Rai Movie*
3. *The Maestro Ennio Morricone interviewed by Movie Mag*



On 8 May, Rai Movie broadcast the award ceremony for the *David di Donatello Awards* in live simulcast with Rai 1.

Rai Movie supports the programming of the television schedule with in-depth features and interactive exchange with its users through the Network's portal and the official social profiles on Facebook, Twitter and Instagram, social media activity contributed in an increasingly effective manner to the channel's identity, proposing it as an important and reliable point of reference for cinema fans. With real time updates, the social network activity is articulated daily into reports, proposals and viewing recommendations.

In the first half of 2020, during lockdown, social networks proved to be even more indispensable in supporting and assisting the channel's activity, hosting the social version of *Movie Mag*, whose television production was suspended due to the pandemic. With the hashtag *#iorestoacasa with Rai Movie*, in addition to the usual programmes (*Face to face*, *See You Next Wednesday* and *Cineoroscopo*), the social transposition of the magazine format was enhanced by video contributions from most Italian actors who invited the public to view the channel's schedule.

For five weeks, during lockdown, some of Italy's most important screenwriters accompanied cinema enthusiasts on an educational path dedicated to writing films and TV series. Two weekly appointments, with a total of ten video lessons, were held, conceived and produced in collaboration with 100 authors, the trade union association of Italian screenwriters and directors, and published on Rai Movie's social networks and on RaiPlay with the hashtag *#AScuolaDiCinema with Rai Movie* and *#100autori*.

Activities continued on the web and social media to mark events and festivals dedicated to cinema with the direct Instagram of the *David di Donatello* awards.

Together with the National Cinema Museum of Turin, RaiPlay and "Turin city of cinema", Rai Movie hosted on social networks the game *The films of our life*, created by Ciak magazine, which recently ended with a large audience participation (over 200 thousand votes). All the contents described were created ad hoc, published and distributed according to the different social platforms with posts, cards, stories and direct streaming.

"Rai Movie is the movie-only channel, offering comedies, action films, romantic films, thrillers and Westerns spanning a wide variety of genres, ambiances and themes."

4. Marcello Mastroianni and Anita Ekberg in *La Dolce Vita*





4.5 mn

DAILY CONTACTS



50

MINUTES SEEN PER DAY



1.3%

SHARE IN 24 HOURS



1.1%

PRIME TIME SHARE

Rai Premium

The channel of the best TV drama and of the most notable entertainment successes. Rai Premium, to make viewers think, laugh and thrill.

The first half of 2020 represented a challenge on multiple fronts for Rai Premium: starting off as a period in which to confirm and consolidate viewing figures that have been increasing since 2017, the sudden health emergency called for a reassuring channel, that could create schedules capable of retaining the public and transporting them to future editorial and other challenges.

The channel has always been attentive to its traditionalist audience who are fond of the product that has made up its original core: Italian TV dramas. The proposal to show short-term reruns of generalist TV shows was greatly appreciated by audiences, as they had the chance to find what they had missed or see again what they loved, whether dramas or prime time entertainment.

The average share for the entire day showed growth over the same period of the previous year (1.31% vs. 1.20%, with several days exceeding 1.5%) and a consolidation also during the prime time slot.

Rai Premium continues to encourage adult audiences to approach the digital world, facilitating their understanding of the interaction mechanisms between different media, especially through social networks such as Facebook and Instagram, where the channel registered a real boom in followers in 2020.

Reruns of generalist drama were once again a winning strategy both in prime time, with new products in immediate replay, and in day time, with traditional Rai production movies. In the first case, during the half year programmes such as *L'amica Geniale 2*, *Bella da morire*, *Vivi and lascia vivere* were aired, which a share above 1.5% in prime time, as well as the evergreen shows *Il restauratore.*, *Donna detective* and *Fuoriclasse*, long series capable of ensuring a performance consistently above 1%.

Il paradiso delle signore daily performed extremely well, obtaining highly satisfying ratings, with around 1.7% of the average, both in immediate replay and with the marathon formula on Saturday afternoon and Sunday in the late evening.

As usual, a space in the schedule was dedicated to reruns of the best generalist entertainment, with repeats of popular shows such as *Salemme il bello... della diretta!* and *Top 10*.

The period was also characterised by the success of European and non-European products, such as the TV movies of the *Katie Fforde* series and the serial *When calls the heart* which roused the interest of a share of the audience loyal to the channel that is most fond of international drama.

Satisfactory results were also achieved with the programme, produced in association with Rai Pubblicità, *Uniche*, now in its fourth season, confirming the excellent result in the late evening.

"Past and current drama and entertainment to experience and relive the exciting product quality that Rai offers."

1. *Vivi e lascia vivere*
2. *Katie Fforde*
3. *Uniche*



Rai Italia

Rai Italia is the channel for Italians abroad, which promotes the Italian language and culture around the world: sport, news, drama, special events and entertainment.

With four schedules, adapted to the main time zones of the target non-European continents (North America, South America, Africa, Asia/Australia), Rai Italia reaches over 20 million households through satellite, cable and IPTV platforms, and OTT—in encrypted and paid mode—in North America, South America, Sub-Saharan Africa, Australia and Israel, in addition to homes reached with direct and free broadcasting via satellite in the 49 countries of the Asian continent.

In the first half of 2020, the schedule presented the *best of* the Rai networks, with reruns on the same day, or days immediately following, of the most popular and successful programmes of the generalist networks, as requested by the channel's audience.

The “*best of*” is complemented by original Rai Italia productions for its worldwide audience: almost six million Italians living abroad, between sixty and eighty million Italian descendants and about 250 million so-called “Italics,” i.e. people of Italian origin and otherwise, who appreciate and follow the Italian way of life and share its basic values.

All Rai Italia auto-productions, except soccer, are also available in Italy and Europe on RaiPlay and on the Rai Italia website, as of the day after the first broadcast on the foreign-dedicated channel.

Starting from March 2020, the Covid-19 pandemic and consequent lockdown led to the suspension of many programmes and the necessary adaptation of schedules and production to the conditions and limits dictated by the health emergency. Despite this, *Italia con Voi*, the daily broadcast of ninety minutes produced for Italians in the world, was never interrupted, but only the production methods were modified: there was more editing, with a wealth of services from Italy and abroad; a special *Preview* was recorded from home by the host; many guests appeared via conference call; the maestro Stefano Palatresi performed at the piano, via a link from his home.

Numerous reports from Italy and abroad were aired, with stories and events of our communities and their protagonists in the world, before and during the pandemic. These stories were broadcast daily and also proposed in the weekly feature *L'Italia con Voi - Speciale Le Storie*, for broadcasting also on the generalist networks, in an effort to meet demand for information from our compatriots. And of course, programmes dedicated to art, cinema, music, culture and the excellence of Made in Italy in general were still aired.

As part of *L'Italia con Voi*, the collaboration continued—even more intense during the health emergency phase—with the Ministry of Foreign Affairs, the Comites (Committees of Italians Abroad), the CGIE (General Council of Italians Abroad) and experts from the Public Administration.

The association with the Società Dante Alighieri continued for programmes promoting the Italian language, enriched—as permitted by the

1. *L'Italia con Voi*
2. *La Giostra dei gol*
3. *Solidali d'Italia*



pandemic—by Gianni Ippoliti in the guise of a revived Dante Alighieri struggling with changes in the spoken language. There was also the partnership with Piero Bassetti, President of the Svegliamoci Italiani Association, which continued on the themes of Italian-ness and its spread worldwide.

Up until the Epiphany 2020, Rai Italia offered a trial period of *L'Italia con Voi* with English subtitles. The new year was marked by a greeting to Italians abroad from the President of the Senate Maria Elisabetta Alberti Casellati.

A concert of Italian opera arias promoted at São Paulo, Brazil, by the Italian Consulate was also screened; the review of Italian cinema in the world *Capri, Hollywood* ended in the presence of international stars and the Oscars Academy Awards in the very first few days of January; the daily comedy slot, on *L'Italia con Voi*, showcased news and curiosities about Italians in the world, with an ironic and light tone.

Between December and January, the series of documentaries was broadcast, in six episodes plus a *best of*, entitled *Solidali d'Italia – Cooperare per lo Sviluppo*. These full-length immersive stories aimed to closely follow the daily commitment of the missions fielded by the Ministry of Foreign Affairs through AICS (the Italian Agency for Development Cooperation), with the personal and collective stories of a reality so far little known in its vastness, which involves many women and men working in disadvantaged areas of the world and represents an element of Italian values among the most appreciated abroad. Rai Italia wanted to recount this universe of the very special commitment of Italians abroad, with a number of cinematic works.

On the occasion of *the Sanremo Music Festival*, there were many specials made at the Ariston Theatre before the individual evenings, with the participation of experts and protagonists of the music festival.

Until it was interrupted due to Coronavirus, the Serie A Tim football championship, 2019/20 season, was recounted by *La giostra dei Gol*, the historic channel programme created in collaboration with Rai Sport, which also edited commentary of the individual matches of the Serie A Tim Championships and the Italian Cup. As far as possible, three live matches were offered per week, plus the highlights—up to 25 minutes per match—of all other matches of the day.

Cristianità, presented by Sister Myriam Castelli, is another programme of the channel, dedicated to current religious affairs and to many faith-related events and festivals that characterise the lives of many of our fellow countrymen abroad. As part of the programme, the Pope's Angelus and Sunday mass live were broadcast. Also this year, the schedule offered the papal audiences on Wednesdays, with a programme produced in collaboration with Rai Vaticano. During the toughest phase of the emergency – from 16 March to 18 May – the mass celebrated by Pope Francis in the morning 7 am was broadcast every day live, and with reruns preceded by an introduction by Sister Myriam Castelli.

Original programmes and the best of Rai productions for Italians abroad: to be close even when you're far away."

4. Sister Myriam Castelli presenting *Cristianità*



Rai Cultura

Rai Cultura produces, distributes and fosters the circulation and multi-platform reuse of cultural content, cultural entertainment, history and quality education formats. A schedule which combines narrative force and rigorous scientific verification and speaks the language of today, with the capacity to override outdated scheduling concepts and which also travels through networks and social media on mobile devices and in on-demand mode.

In the first half of 2020, since the beginning of the Covid-19 emergency, all structures of Rai Cultura (and in particular Rai Scuola) have been engaged in an effort to support new forms of distance learning set up by schools and training institutes, testifying to the strong vocation of the public service. In collaboration with the Ministry of Education, Rai has made available to students and teachers new programming slots dedicated to schools, with an offer aimed at all age groups and with a particular focus on students in their last year of high school who had to face an original format for their final exams.

The *#lascuolanonsiferma* campaign, starting on 17 April, saw Rai Cultura (through Rai Scuola, Rai Storia, Rai 3 and Rai 5) at the forefront of the public service, bolstering community values and social cohesion and supporting culture and art, music and the theatre.

Rai Cultura is a centre of expertise for the production of classical music. In fact, exclusive events and prestigious concerts are produced by Rai Cultura and broadcast by the generalist networks. Events broadcast on the generalist channels in the first half of 2020 include the *New Year's Concert from Vienna*

and the concert *from the Teatro La Fenice in Venice* directed by Myung-Whun Chung, the *Epiphany Concert from Naples* performed by the Partenopea Orchestra of S. Chiara, the *Concert for the 150th anniversary of the institution of Roma Capitale* on air on 3 February, the *Concert for the International Holocaust Remembrance Day* performed in the presence of the President of the Republic on air on 9 February, *Verdi's Requiem* of 1998 directed by Maestro Carlo Maria Giulini aired on Good Friday of Easter 2020, and the *Concert for the Republic Day from the Sala dei Corazzieri del Quirinale* on Rai 1 on 1 June, the first live concert after the Coronavirus emergency.

As regards editorial content, in addition to curating the multi-platform offering of the three TV channels Rai Storia, Rai 5 and Rai Scuola, the vertical themed portals aggregated into the single portal www.raicultura.it (art, literature, history, music, cinema, theatre and dance, philosophy and science) and of the Rai National Symphony Orchestra, Rai Cultura occupies programming slots in the schedules of Rai's generalist channels through its productions such as: *Italiani (history special)*, *Italia viaggio nella bellezza*, *Italian Unesco world heritage sites* on Rai 1, *Memex*, *Erasmus Plus*, *Progetto Scienza* on Rai 2, *Past and Present* (daily with reruns on Rai Storia), *#maestri* (daily with reruns on Rai Storia, produced in collaboration with the Ministry of Education), *Di là dal fiume e tra gli alberi*, *I grandi della letteratura italiana*, *I grandi della letteratura europea, 1939-1945 la Seconda Guerra Mondiale*, *Storia dell'economia*, *Save the date*, *Terza Pagina*, *Digital World* on Rai 3.

1. #Maestri - Edoardo Camurri
2. Art Night
3. Scuol@Casa Magazine



In 2020 Rai Cultura strengthened its commitment to web and social activities, stepping up production made specifically for the new portal www.raicultura.it and valuing new products on social networks.

Specials, services, insights and extra materials on art, literature, history, philosophy, music, cinema, theatre and dance, and science were created for the portal.

Production in the first half of 2020 was affected by the Coronavirus emergency which prevented the completion of many planned activities, consequently cancelling dozens of events, festivals, meetings that were usually followed up with services promoted through the portal and social accounts. Events to follow in person decreased, but those in streaming and on the web increased, especially related to schools.

The visibility of the RaiCultura portal rose sharply during the closure of schools, reaching almost 2 million page views in March 2020. In fact, since the end of February, hundreds of video lessons have been uploaded and classified on the portal. In particular, entire sections have been implemented and created including *Scuola 2020*, the list of resources for teaching, studying and research. In particular, there were the ten episodes of the *Scuola@Casa* tutorial and the forty episodes of *Scuola@Casa News*, which from the very first days of the emergency previewed an introduction to distance teaching tools and methodologies for teachers, parents and students, with methodological and operational suggestions, recommendations and good practices, interviews and interventions by teachers and experts, with a view to maximising inclusiveness and tackling inequalities and dispersion. The online

programmes, led by Professor Gino Roncaglia of the Roma Tre University, were produced in close connection with the online initiatives launched by the National Institute of Documentation, Innovation and Educational Research, INDIRE, in collaboration with Avanguardie educative, Piccole Scuole ed e-Twinning Italia. These two programmes won the One year of zapping award from the *Media Observatory* of the Italian Parents Association for the most useful TV and network initiatives for families.

Other initiatives implemented during the health emergency include *La Scuola non si ferma*, in association with the Ministry of Education and *La cultura non si ferma*, in coordination with the Ministry for Cultural Heritage and Activities and Tourism, MiBACT. Furthermore, the new Rai Scuola television programming, *La scuola in tivù* and *Scuol @ maturity* was published on RaiPlay, where all learning content was made available.

Among the dozens of activities carried out in association with organizations, foundations and institutions, there was the publication of 30 operas on RaiPlay in collaboration with the Teatro alla Scala.

Due to the health emergency and the relative closure of the Turin Auditorium, ad hoc activities were also carried out for the Rai National Symphony Orchestra, including: The live streaming of *concerts for the recovery from the emergency* from the Turin auditorium; the *OSNrePlay Special*, the publication of 16 concerts of the Rai National Symphony Orchestra on RaiPlay, with insights on RaiCultura.it; *#OSNmusicHome*, *at home with the Rai Orchestra*, over 30 videos made with the Orchestra's professors.

4. *The National Academy of Santa Cecilia*
5. *Duran Duran - There's Something You Should Know*
6. *Selvaggio Top End*



During lockdown, the Rai Scuola site reached a peak of activity with over 600,000 views per day and in the month of March alone it exceeded 10 million page views. The editorial team was involved in more moderation activities for the *lesson plans* created by teachers (over 1,000 lesson plans).

Apart from the offering dedicated to the emergency, over 70 videos of the *RaiCultura.it web series* were published, with new formats repeated and disseminated. The series comprised episodes of approximately 10 minutes each, many of which were also aired on the Rai Scuola and Rai Storia television channels.

In addition, the *WebDoc of Art on Giotto* and on the *500th anniversary of Raphael's death* was created. The contents of the WebDoc were also used by the

University of Urbino, partner of Rai Cultura, to create a course dedicated to Raphael.

The history section highlighted not only the programming of the thematic channel on the air but also proposed thematic insights, Web docs, interviews and specials, following the important anniversaries of our country.

Rai Cultura's social accounts continued to grow steadily:

- the Rai Cultura Instagram account which, with over 420,000 followers, is the first Rai account;
- the Rai Storia Facebook account which has exceeded half a million users.

7. *Il Flauto Magico*
8. *La Traviata*
9. *Prossima Fermata Oriente*





3.5 mn

DAILY CONTACTS



18

MINUTES SEEN PER DAY



0.4%

SHARE IN 24 HOURS



0.4%

PRIME TIME SHARE

Rai 5

The cultural entertainment channel devoted to music, art, literature, theatre and nature with a special focus on large-scale productions, innovation and experimentation in the art field.

In the first half of 2020, in the weeks when students were unable to attend schools and citizens were forced to stay at home due to the health emergency, Rai 5 significantly changed its programming to meet the new needs of distance learning and entertainment: in the afternoon slot, classical theatre, prose and literature were added to support teaching, for a total of about 210 hours of programming from 9 March to the end of May.

The entire offering dedicated to classical music was significantly expanded, adding new programming slots in the morning, afternoon and prime time, enabling fans and students to have free access to a selection of the best opera, ballet and concert performances by the most important Italian and international theatres, festivals and organisations.

The prime time offering confirmed themed evenings, consolidating a regular appointment with viewers, in particular expanding the slots dedicated to opera which since April has been permanently screened during the early evening of Wednesday, in support of institutions and theatres forced to close during the period of the health emergency.

Mondays are dedicated to literature and the half year opened the new season with the series *Punto*

di svolta in which Edoardo Camurri reinterpreted the life and words of the great masters of 20th century European literature such as Thomas Mann, Marguerite Yourcenar, Fernando Pessoa, Louis-Ferdinand Céline, Robert Musil and Georges Simenon. This was followed by a mini-series dedicated to Giorgio Pressburger and new documentaries on the protagonists of world literature. There was also the tribute to Giorgio Bassani on the twentieth anniversary of his death (13 April), the tribute to Orlando Furioso just over 500 years after its first publication (20 April), and to Franco Zeffirelli for the first anniversary of his death (15 June). Massimo Bernardini closed the half year with two special episodes of *Nessun dorma*.

The late-evening schedule featured the *Nuovo Cinema Italia* slot, showcasing the first and second works of a number of emerging figures in Italian cinema of the new millennium. Exceptions were the *International Holocaust Remembrance Day*, the new documentary *Portrait of Jewish Ferrara*, and the concert *Là dove giace il cuore*, broadcast on Monday 3 February, promoted by the Union of Jewish Communities and produced with the sponsorship of the Prime Minister's Cabinet. A tribute was paid to Vittorio Gassman 20 years after his death (29 June) with the documentary *Sono Gassman! Vittorio, re della commedia*.

For the daytime slot on Monday, in the period from 30 March to 8 June, the new offer geared towards schools and supporting online teaching included the *Terza Pagina* programme which joined the campaign *#lascuolanonsiferma* during the health emergency, with a new format and a new location, on TV and online: every Monday on Rai 5 and every Tuesday on

1. *The Orchestra Rai National Symphony in concert*
2. *Art Night*
3. *La Bella Addormentata*



the Rai 5 Facebook page with live commentary from the cast.

Tuesdays showcased films by leading international directors, proposing great, original recent international works, with premiers such as *Unforgivable* by André Téchiné and a tribute to Federico Fellini on the centenary of his birth.

In the first half of the year, for the prime time slot on Wednesday, the journey into the world of *PopIcons* of music, cinema and entertainment continued with the original series *Darcey Bussell* (featuring portraits of Fred Astaire, Audrey Hepburn and Margot Fonteyn), the first tv documentaries *Duran Duran - There's Something You Should Know*, dedicated to the 40-year career of the band, and *Tarzan, the man behind the image* of the story of one of the most significant literary characters of 20th century popular culture. Also of note is the tribute to two women from the entertainment industry on their birthdays: Sandra Milo and Mina.

In the second half of the year, from 6 April to 29 May 2020, in the weeks when theatres and institutions were closed due to the health emergency, the morning offer from Monday to Friday and the prime time slot on Wednesday were revised to bring Italian households, in association with the Teatro alla Scala a selection of the best performances of the theatre over the last few years. In June, Rai 5's musical journey continued with a selection of productions from the Teatro dell'Opera di Roma and the Maggio Musicale Fiorentino.

The exceptional range of performances of La Scala and Italian theatres added to the channel's extensive

schedule which, during the emergency, continued to air concerts, ballets and operas. In line with its mission, in the early evenings of Thursdays, Rai 5 showcased great ballet, opera and symphonic music performances, such as the ballet *Giselle*, the concerts of the National Academy of Santa Cecilia with the pianist Martha Argerich, with Antonio Pappano and Janine Jansen, with Daniele Gatti and Ekaterina Semenchuk, the opera *Il flauto magico* from the Glyndebourne Festival, *La Traviata*, in the famous version directed by Riccardo Muti and produced by Liliana Cavani for the Teatro alla Scala proposed 30 years after the first performance, the performance of *La Traviata* which marked Sofia Coppola's directorial debut in 2016 for the Teatro dell'Opera, Rome and naturally the concerts of the Rai National Symphony Orchestra. Lastly, three new episodes of *Prima della prima* were aired, the historic programme that tells the "behind the scenes" of the great productions of operas.

For Friday evenings focussed on art, Rai 5 continued to offer dedicated documentaries with the *Art Night* programme, which consolidated a series with a wealth of themes, featuring original documentaries (for example *Raffaello. Il mito e la modernità*, which 500 years after the death of the artist Raphael traces his life and career), and documentaries of other producers (for example *The abissi di Tiepolo* with Tomaso Montanari, proposed exactly 250 years after the artist's death). *Art Night* programmes included the first showing of the series *Civilisations* which explores, in the company of some of Britain's leading historians, the forces that have always led man to create. As an exception to the world of art, the programme *Sul lavoro fondata* was broadcast on 1 May, in which Stefano Massini proposed a civil

4. Concert at the National Academy of Santa Cecilia
5. Duran Duran - There's Something You Should Know
6. Francesco Guccini - La mia Thule



reflection on the world of work in 2020, paralyzed by quarantine.

Save the Date, a feature looking at the week in culture, and *Terza Pagina*, previewing and reflecting upon the cultural supplements of the major Italian newspapers, were broadcast on a Friday evening.

The Saturday theatre programme, another well-established event, proposed a succession of tragedies and comedies, carefully combined in a mosaic that offered ample opportunity for reflection on contemporary and civil issues amidst flashes of humour: for civil reflection, the show *Canto del popolo ebraico massacrato* by Moni Ovadia, was proposed on 25 January for International Holocaust Remembrance Day, as well as a series of shows by Ascanio Celestini; for comedy the cycles with Vincenzo Salemme, Raul Cremona and Riccardo Rossi; without forgetting a tribute to Luca Ronconi on the 5th anniversary of his death, broadcast with a double bill in February 2020. New shows included *Il padre* with Alessandro Haber and *Un borghese piccolo piccolo* with Massimo Dapporto (proposed on the centenary of the birth of Alberto Sordi).

The initiative undertaken to support the theatre, severely hit in the days of the emergency, was of absolute importance: a long marathon of theatrical performances transformed Rai 5 into a stage lasting a whole day, to support theatre actors and workers and to savour the pleasure of the stage, while waiting to enjoy it again live. On Saturday 30 May, from morning to late at night, the channel broadcast a *Marathon for the Theatre* produced by Felice Cappa with historical performances by great

masters—from Eduardo to Gassman, Strehler, Ronconi, Fo and Carmelo Bene—and the best of contemporary theatre.

Rai 5 in 2020 was also about nature, environment, travel and exploration, both in the day time and prime time on Sunday (for example with the series *Pacific with Sam Neill*, *Prossima fermata Oriente*, *Il selvaggio Top End australiano*, *Il Giappone visto dal cielo*). The second season of the series *Di là dal fiume e tra gli alberi*, produced in conjunction with Rai 3, was also broadcast. Aside from nature, the documentary *Francesco Guccini - La mia Thule* was broadcast for the 80th anniversary of the singer-songwriter, and the 24-hour musical marathon on 21 June, the day of the Music Festival, which proposed opera, symphonic music and episodes of *Prima della prima* from main Italian theatres in an imaginary tour of Italy.

“Rai 5’s productions cover all genres of performing arts from music to theatre and from ballet to opera and focus particularly on broadcasting events live at the same time providing cultural entertainment in an up-to-date and contemporary language.”

- 7. *Nessun dorma*
- 8. *Il padre*
- 9. *Il Flauto Magico*





1.6 mn

DAILY CONTACTS



25

MINUTES SEEN PER DAY



0.2%

SHARE IN 24 HOURS



0.3%

PRIME TIME SHARE

Rai Storia

The quality channel which presents history, shows great documentaries, talks about Italy and reflects on our past, present and future history.

Rai Storia performs duties of multi-channel and multi-platform production, selection, management and distribution of historical analysis content: a radio/television public service that involves the entire spectrum of media, from TV to Internet and social networks, with the aim of bringing its audience to all over the world and to any time, talking about facts, places, personalities, civilisation, lifestyles, cultural trends, political processes and social achievements. A channel with a predominantly productive vocation, which becomes a memory bank at the service of everyone, on any type of screen.

In addition to regular appointments, such as *Conflitti* (Conflicts) (the former *Mille papaveri rossi, Il giorno e la storia [A thousand red poppies, the Day and history]* and *Passato e Presente* (Past and Present) with Paolo Mieli, from 23 January to 27 February, the programme *Senza distinzione di genere* (Without gender) went on air, telling the story of the long road to equality through the history of Italian women and their involvement with the Constitutional Court, a journey told by Marta Cartabia, newly elected President of the Court and the first woman to hold this position.

Due to the Covid-19 emergency, considerable efforts were made to ensure adequate programming for

students forced to stay home from school. From 9 March, every afternoon from Monday to Friday, the schedule was divided into thematic time slots dedicated to training and in-depth study in the field of history, as part of the *#raistoriaperglisudenti* campaign which then merged with the *#lascuolanonsiferma* corporate campaign. The channel dedicated a total of approximately 280 hours of programming to this offer.

Starting from 10 May, the *#masters* programme went on air: in 43 episodes, 86 lessons were held by protagonists of culture, academics of all disciplines and the greatest science communicators who composed an unprecedented teaching mosaic, conceived and created in collaboration with the Ministry of Education as part of the *#schoolstop* initiative. The programme, conducted by Edoardo Camurri, was broadcast on Rai 3 and then repeated on Rai Storia.

The *#lascuolanonsiferma* campaign also included the first screening of *Prova di maturità*, conducted by Edoardo Camurri. In each episode, two intellectuals, a final-year student and a symbolic word of the twentieth century were shown, on which to build a multidisciplinary approach.

One of the main programmes of the prime time slot was *Io sono Venezia*: made in 4K, the documentary delves into discovering Venice from its origins to the present day, giving a voice to some historical characters, played by actors and actresses who, in monologues based on memories, diaries and archive materials, witness firsthand the transformations of the city.

1. *Prova di maturità*
2. *La Roma di Raffaello*
3. *Italiani - Nobel Minds*



The extraordinary historical and artistic heritage of Italy has been enhanced in the new series *E' l'Italia, bellezza!* made in collaboration with MiBACT: the programme is a trip around Italy with Francesca Fialdini, to discover some of the wonders of the peninsula.

With *Italiani*, a programme introduced by Paolo Mieli, the lives of famous Italians were explored, on the occasion of the anniversaries of their birth or death: Indro Montanelli, Tullia Zevi, Ferruccio Parri, Roberto Bracco and the Gramatica sisters, Giovannino Guareschi, Gino Bartali, Laura Bassi, Eduardo De Filippo, Walter Tobagi, Alberto Sordi and, finally, a new series entirely dedicated to Nobel laureates entitled *Nobel Minds*, four episodes about great personalities such as Enrico Fermi and Emilio Segrè, Camillo Golgi and Daniel Bovet, Salvatore Luria and Renato Dulbecco, and Franco Modigliani.

I sette Re, la leggenda di Roma (The seven Kings, the legend of Rome), rediscovers the legendary events linked to the birth of the eternal city, comparing them with scientific data and archaeological discoveries, understanding and analysing the transitions and reasons for the fortune of Rome.

There was also a reference to the last postwar period, with a product dedicated to what the writer Raffaele La Capria defined as the "Mediterranean Saigon", the first ever showing of the documentary "*Americans 1943-1945. Napoli a stelle a strisce*" (Americans 1943-1945. Naples under the stars and stripes). A portrait of the Neapolitan city in the hands of the Allies between 1943 and 1945.

The real Saigon was instead told by the writer and Nobel Prize for Literature John Steinbeck and the documentary dedicated to his trip to Vietnam *Steinbeck and Vietnam at war*. The document, a first, was followed by the special *Scenes from Vietnam*.

With a step back to the Second World War, the programme *Italiani - La sciabola di Cadorna* told the life and adventures of the general who, the day after 8 September 1943, victoriously faced the Germans north of Rome, while the programme *Nel bunker di Hitler* (In Hitler's Bunk) followed the trail of five soldiers who were able to enter the bunker after the war and reveals the secret documents that were found.

On the occasion of International Women's Day, the documentary *La lunga marcia* (The Long March), was broadcast, on the arduous path undertaken by women to conquer their rights. This was followed by the three-episode mini-series *Gulag*, which reconstructed the history of Soviet forced labour camps.

Thursdays were dedicated to the great civilisations, confirming the major success of *a.C.d.C.*, a programme introduced by Professor Alessandro Barbero, which in *recent* months led to the discovery of the most famous trade route in the world, *The silk route*, and told the stories of characters such as *Alexander Von Humboldt* and *King Louis IX known as the Saint*.

During the lockdown period, the successful *Chiedete a Rai Storia, Risponde Barbero* campaign was launched: this was a sort of remote Q&A between Professor Alessandro Barbero and viewers, further

4. *Italiani* - Eduardo de Filippo
5. *Io sono Venezia*
6. *a.C.d.C.*



consolidating the new *a.C.d.C. Special Edition* series, with eight special events recounting the “History of the World”. *a.C.d.C. Special Edition* was also merged with the *#lascuolanonsiferma* campaign.

Two great new series instead portrayed the battles of the Second World War: one, *Inferno nei mari* (Hell at sea) based on the invisible game of the war at sea, and the other *La guerra segreta* (The secret war), which told the incredible stories of the men and women who waged a parallel, strictly secret war.

The appointment with *Cinema Italia* was confirmed, offering the public films conceived, produced and directed in Italy, as well as *Original Documentaries*, a series broadcast in the late evening, including the documentaries such as *Santiago-Italia*, *La casa dei bambini*, *Giorni migliori verranno*, *Arrivederci Saigon*, and *Seven Women*. The appointment with *Binario Cinema* was also renewed, the series airing films that recount history.

Starting from Sunday 19 April, *Domenica con:* was broadcast, featuring big names in culture and entertainment given a totally new role - of “TV creators”. Leading artists on the show included Nicola Piovani, Luca Zingaretti, Pupi Avati, Roberto Bolle, Stefania Sandrelli, Francesco Montanari, Stefano Bollani, Monica Guerritore, Pippo Baudo, Dante Ferretti and Francesca Lo Schiavo.

There was an assiduous commitment to recollect, commemorate and celebrate important anniversaries; through painstaking and in-depth programming, we covered the various anniversaries

that took place one after the other over the months: the 40th anniversary of the murder of Piersanti Mattarella (6 January), the centenary of the birth of Federico Fellini (20 January), International Holocaust Remembrance Day (10 February), International Women's Day (8 March), Dante Day (25 March), the 500th anniversary of Raphael's death (6 April), International Holocaust Remembrance Day and Remembering the innocent victims of the mafia (21 March), the Anniversary of the Liberation (25 April), the Day in memory of victims of terrorism (9 May), the centenary of the birth of Pope John Paul II (18 May), Republic Day (2 June), the Centenary of the birth of Alberto Sordi (15 June), the Capaci massacre (23 June), and the Ustica massacre (27 June).

“Great institutional activities, the most important anniversaries, events in the past that are to be remembered, all become televised and cross-media events in Rai Storia which are vital elements in the narration of our country's culture.”

- 7. È l'Italia bellezza
- 8. Italiani – Gino Bartali
- 9. Steinbeck and the war in Vietnam





0.2 mn

DAILY CONTACTS



16

MINUTES SEEN PER DAY

Rai Scuola

The channel devoted to formal and informal instruction, education and digital, scientific and technological literacy: culture and learning at the centre of the television's function as a Public Service.

For the first two months of the year, the channel continued its specialised offer on school and educational issues, but since the beginning of the Covid-19 emergency, Rai Scuola has committed specifically to supporting new forms of distance learning started by schools and training institutes, with an extensive assortment of initiatives for both the television channel and the web.

Starting from 9 March, Rai Scuola added another 5 hours of broadcasting to the normal schedule, divided by subjects from Monday to Friday from 9 am to 2 pm, with repeats in the afternoon. The space dedicated to scientific subjects was increased, with insights into chemistry, with the description of the periodic table and study of the characteristics of elements and compounds, and on physics, with basic principles and frontier research. Biology, geophysics, astrophysics, scientific and technological innovation were all explored, with reference to the great names that have made the history of science.

Students were able to follow *Newton*, the new programme of study and scientific information, *Coding Lessons*, to learn the principles of computer science and computational thinking, and *I Lincei per il Clima* with lessons on climate change held by academics from the Lincei Academy.

The focus was also on *English language and literature*, with programmes in English aimed at language learning and improvement, in line with the CLIL – Content and Language Integrated Learning methodology also recently adopted in Italian schools.

From the large archive of Rai Storia *Le Cronache* with Cristoforo Gorno and *Passato e Presente* with Paolo Mieli were broadcast, with programmes from Mondays to Fridays on ancient, medieval, modern, and 19th and 20th century history.

The schedule also featured: *I grandi della letteratura* (The greats of literature), from Dante to Calvino the verses and words of the greatest Italian authors as seen on TV by Edoardo Camurri; *Café philosophical*, the programme where main Italian philosophers explain the development of Western thought through the great themes and great thinkers that characterised it; for history of art, the best of *Italia, viaggio nella bellezza* created in collaboration with Mibact, *StrinArte* was shown as well as the art history lessons of Claudio Strinati and *I segreti del colore*, the history of Italian art through the experience of institutes for restoration and art academies.

Specific contents were also offered, through the agreement between Rai and the Ministry of Education *#lascuolanonsiferma* and for preparations for final exams. The main initiatives are listed below.

School on TV: lessons carried out directly by over 120 high school teachers selected by the Ministry of Education, on subjects also identified by the Ministry, to offer, in very quick times, a wide range of lessons to cover different subjects, types and levels of schools. On air from 17 April from Monday to Friday, 4 daily lessons of 30 minutes each were presented by a

1. *Newton*
2. *Scuola@Casa Magazine*
3. *Rai Scuola distance learning initiatives*



host, contextualising the topic and indicating the school type and level. Each lesson was divided into 3 teaching units, for a total of 175 lessons and a total of over 525 teaching units, broken down into macro areas: foreign languages, science, humanities, subjects of technical, professional and art colleges, with daily slots dedicated to the most important aspects. The 10-minute teaching units that make up the lessons are published on the Rai Scuola website and in the Scuola 2020 section of the Rai Cultura web portal and on RaiPlay.

Scuol@Maturity: this was another important initiative for students taking the State Final-Year Exam. From 27 April, every day from Monday to Friday, 32 lessons of 30 minutes, consisting of about 70 teaching units, held by university professors, Academics from the Crusca and Lincei Academies, researchers from the National Research Council, from INAF, the National Institute of Astrophysics, INFN, the National Institute of Nuclear Physics and INGV, the National Institute of Geophysics and Vulcanology were aired to help students tackle their exams. The teachers analysed the topic of the lesson with an approach that simulated and retraced the oral exam, also taking into account the particular characteristics of this year. Among the subjects addressed: physics, philosophy, Italian, mathematics, biology, science, astronomical geography and interdisciplinary approaches.

A specific *Scuol@Maturità - Latino/Greco* series (16 lessons, 8 of Latin and 8 of Greek) was dedicated to classical languages to further explore the lexical and morpho-syntactic aspects related to their translation, with texts by the most representative authors, which are most frequently given to students for written and oral translation tests.

Scuol@Magazine, is the television programme dedicated to the school community, and everyone experiencing school from home. With Davide Coero Borga and his guests, the programme explored how school can be held at home, how students, teachers and families can make use of and experience these difficult days in the most constructive way. A format full of tips and explanations from experts, experience and best practices in the field of distance learning, online and offline resources and content, and guidance for outgoing students.

Finally, from Monday 25 May *La Scuola in Tivù - Istruzione degli adulti* was broadcast, an educational series of 30 episodes organised along four cultural themes (languages, mathematics, historical-social and scientific-technological subjects), with 22 lessons, one for each of the competences envisaged by first level adult education courses, plus 8 more in-depth lessons. The programme was for the nearly 230,000 adults enrolled in CPIA (Provincial Centres for Adult Education), of which more than 13,000 prisoners who study in the prison sections.

“Rai Scuola is broadening its own horizons by strengthening the range of tools and content available on the network and accessible on mobile devices, developing operational links with schools, universities, the main cultural institutions and the most active players in the world of scientific and technological research.”

4. *Newton*
5. *Scuol@Maturità - Latino/Greco*
6. *La Scuola in Tivù - Istruzione degli adulti*



Orchestra Sinfonica Nazionale Rai

The activity of the Rai National Symphony Orchestra in the first half of 2020, although stopped for three months due to the health emergency, confirmed its contribution to excellence in Italian music.

In the first half of 2020, on 9 and 10 January, the National Symphony Orchestra debuted with Maestro Daniele Gatti, who conducted Gustav Mahler's great *9th Symphony*. On 16-17 January, Maestro Michel Tabachnik conducted a concert featuring as soloists the baritone Matthias Goerne, interpreting Mahler's *Lieder* from *Des Knaben Wunderhorn*, and Luca Ranieri, first viola of the Orchestra, playing *Béla Bartók's Concerto for viola and orchestra*; Rounding off the concert, the Orchestra played Bartók's *The Miraculous Mandarin*. Mahler was once again featured on 23 and 24 January, with James Conlon conducting the monumental *Resurrection Symphony*, with the singers Lucia Cesaroni and Vievien Shotwell, as well as the Choir of the Teatro Regio di Parma. On 6 and 7 February, Leonidas Kavakos performed as conductor and soloist the *Concerto for violin and orchestra by Beethoven* in the first part, and *Brahms Symphony no. 4* in the second part.

As part of the *Rai NuovaMusica* review, the first half of 2020 saw the second and third concerts of the 2019/20 edition of the contemporary music review taking place, with a massive presence of young audiences. On 30 January, the very young Ryan Bancroft conducted a programme with

pieces by Pierini, Neuwirth, Sollima and Dorman. The *Concertos for mandolin and orchestra* were performed, with Avi Avital as soloist. On 13 February, Maestro Marco Angius proposed music by Ives, Donatoni, Nono and the performance of *Absolute Jest* by John Adams for quartet and orchestra with the Henao Quartet as a solo ensemble.

On 21 February, the public of the Rai National Symphony Orchestra enjoyed the by-now customary *Carnival Concert*; on the podium was Maestro John Axelrod, with Giovanni Sollima as soloist for Gulda's brilliant and jazzy Cello Concerto. As per tradition, the concert ended with *Can Can* from *Orfeo all'Inferno* by Offenbach, played as an encore.

In the first half of 2020 the chamber groups of the Orchestra were engaged in 2 chamber concerts for the cycle *Le domeniche dell'Auditorium*. On 12 January, in the first concert, the Philharmonisches Ensemble of the Rai National Symphony Orchestra proposed *Schubert's Octet in F major op. post.166 D 803 for wind and string instruments*. On 2 February, the Torino Sinfonietta of the Rai National Symphony Orchestra proposed an ensemble version of Gustav Mahler's *Symphony no. 1 Titan*.

Also in the first half of 2020, 2 off-site concerts were held at the Quirinale; on 19 January, the Adam Quintet performed with music by Franz Schubert and Anton Bruckner, while on 16 February the first clarinet of the Rai National Symphony Orchestra Luca Milani and the Quartetto Antonelliano performed pieces by Carl Maria von Weber and Mozart.

1.2.3.
Rai National Symphony
Orchestra



From 25 February 2020 all the Orchestra's activities were stopped for about three and a half months due to the Coronavirus emergency. In mid-June, as soon as the directives of the Prime Minister allowed, production resumed with a specially conceived project that took into account government and company regulations on safety, called *Concerts for recovery*. This project planned for the performance of seven concerts, three chamber and four symphonic pieces, with a small number of players and conductor, from 18 June to 30 July. The performances were without a public audience, but were live streamed with a TV type direction, and broadcast live on Rai Radio3. The first concert took place on 18 June with the performance of Beethoven's *Trio no. 1 op. 3* and *Quintet op. 29*. On stage were the first players of the Orchestra, Alessandro Milani, Roberto Ranfaldi, Ula Ulijona, Luca Ranieri, Pierpaolo Toso, Massimo Macri and the concertino of the violas Margherita Sarchini. The second concert was held on 25 June, with strings and wind instruments. Works by W.A. Mozart were performed, including the well-known *Serenata K 525 Eine kleine Nachtmusik* to end the concert, preceded by *Divertimento K 113* and by *Cassazione K 100*.

The educational initiatives of the orchestra during 2020 included the ongoing partnership with the Turin Foundation for children's and young people's theatre, Fondazione Teatro Ragazzi e Giovani Onlus, with the project entitled *Casa Beethoven*, aimed at young and very young audiences and families looking to delve a little deeper into the life and Symphonies of a timeless musical genius such as Ludwig van Beethoven, with 2020 marking

the 250th anniversary of his birth. A whole host of interactive musical performances at the Casa del Teatro Ragazzi e Giovani, meanwhile, gave young viewers the opportunity to participate in an audio fairytale to prepare them for Saturday afternoon concerts at the Auditorium Rai Arturo Toscanini.

In 2020, 2 interactive musical performances were held with actors Pasquale Buonarota (creator of the theatre project) and Alessandro Pesci, in the company of the concertmasters of the Rai National Symphony Orchestra, and 2 great concerts from the *Classica Per Tutti* cycle took place at the Auditorium Rai Arturo Toscanini in Turin. The concerts, conducted by Giuseppe La Malfa (L.W. Beethoven, *Symphony no. 3* and excerpts from *Symphony no. 8*) and Giordano Ferranti (L.W. Beethoven, excerpts from *Symphonies no. 7* and *no. 9*), saw the presence on the stage of the narrators (Buonarota and Pesci), of a stage set that came to life to the notes of Beethoven's Symphonies and of the narrative contribution provided by Sara Brigatti's drawings, created and shown in real time on the screen towering above the stage.

All the season's concerts were broadcast, some live, on Rai Radio3 (also in audio streaming mode). Some were also broadcast in *Eurovision* for the *Euroradio* circuit.

Rai Cultura resumed 3 events in the first half of 2020: 2 *Concerts for recovery* broadcast in live streaming on the portal www.raicultura.it and the Concert of 9 January shown on Rai 5 and in streaming on the portal www.raiplay.it/dirette/rai5.

All the institutional information, along with the concert calendar and press releases accompanied by weekly photographic materials, can be found on the website, www.osn.rai.it, along with digital versions of all of the librettos featured during the season. The highlights of the season have also been published in the events section of the Rai Cultura portal www.raicultura.it and in the special section thereof dedicated to the Orchestra, www.raicultura.it/musica/tematica/orchestra-rai.

The Orchestra is present with official pages on Facebook, Twitter and Instagram where the public can follow and comment on all its activities: concerts, backstage, tours, insights and curiosities, presentations and reviews of events.

Social activities were implemented with the creation of new editorial content including: *Il Concerto in 2 battute*, a weekly feature in which the Artistic Director presents the concert programme and *OSNMusicHome*, a programme (conceived during lockdown) which saw the direct involvement of the Orchestra Professors from home create short music clips of messages of closeness and hope (always available in the dedicated *Special* on the RaiCultura portal). There were also the usual contents of historical-musical insights (citations, historical photos, iconographies).

The Seven Professors of the Rai Orchestra participated in the creation of *Strumenti*, a web series in which the special bond between musicians and their instruments is outlined through the description of the instrument's expressive abilities and above all the performance of great pieces.

During lockdown, RaiPlay began to show 16 new concerts by the Rai National Symphony Orchestra (every Tuesday and Friday, starting from 29 May). All the appointments were and will also be promoted with the special *OSNrePlay*, on the Rai Cultura portal and on Rai National Symphony Orchestra social media.

In 2020, the Orchestra offered young people and students numerous packages for purchasing tickets and season tickets at special prices.

Rai Ragazzi

Rai Ragazzi is responsible for producing content aimed at younger audiences, including original programmes produced at the Rai studios, cartoons and live series that are either co-produced or purchased, and web and social content, and broadcasting it on the specialist Rai Yoyo and Rai Gulp channels.

An extensive and innovative editorial offering for children and young people is one of the defining features of Rai's public service mission. The Rai Ragazzi offering is governed by three major guidelines:

- an editorial responsibility towards an audience of children and teenagers and their families to provide high-quality original productions and a selection of the best international series that are educational and entertaining and encourage critical thinking, creativity and a taste for the finer things;
- the promotion of the Italian creative industry, involving the best talents and the best national audiovisual companies producing cartoons and kids' series as part of a process of growth and internationalisation;
- constant innovation, with the ability to offer new formats, styles, languages, technologies and modes of interaction in a highly progressive environment.

In the current climate, in fact, tastes and preferred ways of enjoying TV and audiovisual programmes are changing rapidly, especially amongst children aged 8 years and over, but also where younger children are concerned. The context is rapidly evolving and the responsibilities and importance of the Public Service remain and grow: the offering spans multiple platforms and services that compete for children's time and attention, meaning that children are involved, from a very young age, in commercial dynamics that do not always respect the stages of development and the editorial quality of what is on offer.

The Covid-19 pandemic has made spring 2020 a "special" period for everyone, but even more so for younger people: the closure of schools and having to stay at home have interrupted the normal routine and above all the network of social relations – starting with classmates and friends – which is essential for personal growth. Uncertainty, concern for the health of parents and grandparents, the stress of isolation, have led to profound psychological consequences. In this context, Rai was suddenly called upon to do more: information on what was happening with a language suitable even for the little ones, education for children who no longer had school in the morning, entertainment for the long days stuck at home, even therapy, against stress, anxiety, childhood regressions, the lack of movement, to encourage sharing and communication at home.

Suddenly the relationship between Rai Ragazzi and its audience changed – as demonstrated by the boom in social interactions – and editorial priorities were aligned with the experiences of children and families. Words such as sociability, responsibility for one's actions, trust in the future and in science, commitment to study, imagination took on a new meaning in spring 2020.

During the emergency period – in addition to an extensive reprogramming of schedules with new time slots and educational content dedicated to minors also on the generalist networks and on RaiPlay – two programmes were created in particular:

- *Diario di Casa* (Home Diary), in collaboration with the National Association of Italian Paediatricians, focussed on education and the approach to Covid-19 by children;
- *La Banda dei Fuoriclasse* (The Band of Champoins), geared towards school help for primary and middle school students during the time when distance learning was started.

Throughout the pandemic, Rai Ragazzi maintained close contacts with other public broadcasters, in order to coordinate its activities within a single European framework.



2.5 mn

DAILY
CONTACTS



64

MINUTES SEEN
PER DAY



0.9%

SHARE
IN 24 HOURS



9.4%

4-7 YEARS
SHARE
IN 24 HOURS

Rai Yoyo

Rai Yoyo is the ad-free first TV channel aimed at young children.

The Rai's pre-school offering, based on a solid and carefully structured narrative framework, is designed to support children as they explore both themselves and the world around them, helping them to understand that there is room for them, too, that difficulties can be overcome and that others can be friends.

The affection of family members is a keystone, but friendship is just as important and becomes narrative. Rai Yoyo proposes stories, worlds, colours and different techniques, broadening languages to stimulate a more complete sensitivity in children, breaking the laziness of wanting to watch and rewatch the same programme a thousand times.

With the increase in channels and platforms, the offer for little ones has tended to become more and more specialised (*infant TV, preschool, upper preschool or bridge*): during all of its schedule Rai Yoyo hosts and organises a wide range of programmes, combining general fun storytelling with valuable learning, programmes, specific curricula, language learning, art, history, science and maths.

Rai Yoyo's audience changes from watching colours on TV to playing with their parents' smartphones and becoming immersed in tablet touchscreens. This is why Rai Yoyo's programming was immediately created to be integrated with the non-linear offering of social networks, the RaiPlay Yoyo app and the RaiPlay platform, focussed around favourite shows, but always varied and multiple.

Products proposed by the station are divided into:

- Studio entertainment productions (such as *La Posta di YoYo, L'Albero Azzurro and Diario di Casa*);

- purchased series (*Bing, Molang, Kit and Kate, The Volpitassi family, Zafari, School of roars, Leo and Tig, Peppa Pig, The songs of Masha, Masha and the Bear, PJ Masks; Il Rally della casa di Topolino, Vampirina, Dottoressa Peluche, Disney English, Let's go Pocoyo, Puppy Dog Pals*);
- co-productions (*44 Gatti 2, Lampadino e Caramella, Fumbleland - Mi è scappato un errore, Yoyo 2, Lupo, Ricky Zoom, Giù dal nido*).

During the emergency, *Diario di Casa* – like a “why” game, explained the coronavirus to children: why it was necessary to stay at home, why schools were closed, why you couldn't stay closer, why you had to wear gloves and face masks. Paediatricians, psychologists and educational specialists responded to the doubts and questions that children and their parents posed to the programme through the social networks of Rai Yoyo and Rai Gulp.

The programme, due to its public service value and the editorial and production work of Rai Ragazzi, was included in a daily strip broadcast on Rai 1 and Rai Yoyo and, of course, on RaiPlay.

As well as giving viewers the option of replaying the channel's series and programmes on RaiPlay and via the RaiPlay Yoyo app, web activities are a great source of creative and productive development. Managed internally with a dedicated team, they can be developed to create a content that is increasingly targeted and dedicated to the multi-platform and social pages (Facebook, Instagram and Twitter): a continual flow of contents representing an increasingly direct and daily connection with the public of children and their parents.

“Rai Yoyo represents excellence on the national and international scene. It is the outright favourite of and most watched by children and their families, it is the network that unites.”

1. *Lampadino e Caramella*
2. *La posta di Yoyo*
3. *Diario di casa*





1.5 mn

DAILY CONTACTS



38

MINUTES SEEN PER DAY



0.3%

SHARE IN 24 HOURS



2.2%

8-14 YEARS SHARE IN 24 HOURS

Rai Gulp

Rai Gulp is the television channel that supports children in the transition from childhood to adolescence.

Aimed at a school-age audience ranging from primary school age to the early adolescent years. These are children who are discovering school, reading, autonomy and differences. They start to see television channels for children, in an increasingly expanded and personalised menu and to watch prime time television. They have smartphones and tablets, start interacting on social media and gradually find all sorts of content on web – directly or through classmates or older siblings.

The Public Broadcasting Service offer opens to all languages: cartoons, dramas, in studio programmes, documentaries and films. In an increasingly close connection between the television channel and the online and social media offer.

A special commitment is dedicated to helping children to grow as citizens, develop insight and a critical spirit, reject discrimination and promote confidence in themselves and in their own abilities.

It is important not only to reject stereotypes – which stem largely from the Internet, advertising and the persistence of cultural archaicism – but to take positive steps towards debasing them in an intelligent and respectful way. Special focus is devoted to two mainstays which occasionally overlap: the rejection of bullying and stereotypes in general. The objective is to offer programming that fights them, discourages them with intelligence and demonstrates their inconsistency and uselessness.

Channel programmes can be divided into:

- studio entertainment productions (such as *Rob-o-Cod*, *Explorer*, *Sport Stories*, *La Banda dei Fuoriclasse*);
- Purchased Series (*Dennis e Gnasher scatenati*, *Le epiche avventure di Capitan Mutanda*, *Kung Fu Panda*, *Rabbids Invasion*, *Jungle Book*, *Baby Boss di nuovo in affari*, *Il destino delle Tartarughe Ninja*, *Spiderman*, *Rapunzel*, *Heidi II*, *Belle e Sebastien*, *BIA*, *Jamie Johnson*, *The Athena*, *Il mistero di campus 12*, *School Hacks*, *Soy Luna*, *Backstage*, *Mako Mermaids*);
- co-productions of cartoons (*The Adventures of Tom Sawyer*, *Berry Bees*, *Gormiti*, *Artù*, *Leo Da Vinci*, *Hanukkah the miracle of oil*, *The Star of Andra and Tati*) and live series (*Jams 2*, *Jams #unitipiuchemai*, *Club 57*, *Cercami a Parigi*, *Penny on Mars 2*).

1. Tommy Miglietta, Standard Bearer of the Republic
2. *Baby Boss*
3. *Bia*



Rai Gulp's offering is extensive and diversified to help young people discover different styles and languages and independently develop their own tastes, overcoming the algorithmic logic of so much non-linear content that results in audiences continuing to watch similar programmes time and again.

Alongside classic series offering fun and relaxation, Rai Gulp is also characterised by productions that deal with important issues such as the fight against sexual harassment, the rejection of racism and violence, the memory of the Shoah, legality and the rights of the child in an innovative way and with a dedicated language.

Rai Ragazzi's original productions have obtained recognition and awards in numerous international festivals and reviews. Among these, the second series of the TV drama *Jams*, focused on the theme of cyberbullying, was recently given an award by the Postal and Telecommunications Police Unit as part of the annual initiative of Moige (the Italian Parents Movement) "A year of zapping 2019/2020".

Jams was also the first drama series to tell the life of young people during the lockdown, with a real instant series entitled # *JamsUnitiPiùCheMai* shot and produced in May 2020 in full compliance with all safety protocols and aired in the second week of June.

In the emergency period, *La Banda dei Fuoriclasse* offered an educational opportunity to those who could not follow school online. In a single format – differentiated for basic learning and aimed at primary school students (Kids) and for pupils of

lower secondary school (Teens) – the programme broadcast contents but also offered stimuli and examples.

Despite a children's offering sourced largely from major multinational players, Rai Gulp still maintains and develops a strong local connection with various travelling productions from a child's perspective across all regions of Italy (from the magazine show *Explorers* to the young champions of *Sport stories* and the best loved advent calendar traditions) and by inviting schools from across Italy to take part in the great *Rob-o-Cod* coding competition, organised in conjunction with the Rai Centre for Research, Technological Innovation and Experimentation.

"Rai Gulp is a channel that supports boys and girls from childhood through to adolescence, with an offering incorporating a wide variety of styles, from cartoons to drama, from live programmes to documentaries and web content, that puts the emphasis on insightful and educational entertainment and provides a source of fun and relaxation, as well as instilling a sense of team spirit and offering an insight into the complexity of contemporary society".

4. *Jams*
5. *La Banda dei Fuoriclasse*
6. *Berry Bees*





4.2 mn

DAILY CONTACTS



32

MINUTES SEEN PER DAY



0.8%

SHARE IN 24 HOURS

Rai News 24

Rai News 24: the first public television all-news channel.

Always live 24 hours a day, with 5,000 hours a year of news and reviews and hundreds of hours of links, regular features and insights, Rai News 24 is the channel devoted to the uninterrupted portrayal and analysis of current affairs: news, politics, and the economy in Italy and abroad, in synergy with the other Rai newsrooms, in particular the local news, (TgR), and correspondents of offices abroad.

A great productive and organizational commitment that in the first six months of 2020 focused on the Covid-19 emergency without forgetting, of course, the live story of all the great institutional facts and news in Italy and the world.

An information offer also rewarded by the ratings: In the first half of 2020, Rai News 24 had a 0.8% share over the entire day—in first place among digital terrestrial all-news channels—and a 2.72% share between 7 am and 9 am.

Rai News 24 now has a consolidated operating model: a continuous supply of information with a channel agency function for all broadcasts on the generalist networks and also on the news programmes; - an increasingly close coordination with the regional news and correspondents from abroad for news and political news in Italy and the world; the supervision and strengthening of social aspects, through the web. Every hour, on the clock, a 24-minute newscast always live, even at night. In the

second half hour, a small update, and then space for features and insights.

The channel delivers the news at fixed and distinguishable but not static times, meaning that the schedule is always flexible, is not set in stone and is able to adapt to any new events that might occur in order to prioritise live coverage of current events. The editorial machine is always ready with extraordinary and special editions and connections to follow every event in Italy and abroad.

The information offering for the 6-9 am time slot—in which Rai News 24 leads the ratings—is based on news and press reviews. This is followed, until 12 pm, with news and analysis of current affairs, with the important contribution of colleagues from the TgR regional news programme and correspondents abroad: With *Studio 24*, dedicated to analysing the day's events, *Cronache Italiane*, *Cronache dal Mondo* looked at what was happening not only in Italy but also in Paris, Berlin, London, Cairo, Jerusalem, Beijing and the Far East.

A news programme focusing on sport, produced by Rai Sport, went on air at 12.30 pm and 8 pm.

The weekday afternoon schedule includes weekly features relating to culture, mobility, entertainment, gastronomy, health and cinema (*Leggi Che Ti Passa*, *Vrooom*, *Mordi e Fuggi*, *Basta la Salute*, *Week End al Cinema*, *Tuttifrutti*, etc.), as well as *Newsroom Italia*, offering an analytical insight into the latest news and political current affairs, and *Economia24* and *La Bussola*, both of which look at the day's events in the economic, financial and parliamentary political spheres.



38 mn
UNIQUE USERS



78.5%
ON MOBILE
DEVICES

FOLLOWERS:



506,000



1 mn



114,000

In the evening, meanwhile, *Checkpoint* offers an overview of the latest political and international news, along with a rational review of the main foreign news headlines. From 11.15 pm, the channel brought viewers a preview and an analysis of the front pages of both the Italian and foreign press, before alternating throughout the night between news, reviews, specials and analysis.

The Covid-19 emergency has had a strong impact both in the programming and methods of carrying out activities, for Rai as well as for the radio and television system in general. Disruption of schedules, normal systems for implementing programmes being stopped, a great commitment to “safe” working methods such as smart working and, at the same time, a great demand for information and insights.

Rai News 24 has been able to respond to these needs based on the tried and tested elements of its identity: speed, flexibility and commitment to creating day by day—almost a slogan now—an “all-news” offering that is not just “all-news”.

The channel constantly followed the health emergency with live broadcasts from the most affected places, surveys, analysis, insights into the evolution of the virus (*Covid-19 Special*) and its economic and social consequences (*Obiettivo Italia*).

Particular attention was paid to official communications, from the press conferences of the Prime Minister, to the daily updates from the Civil Protection Service. Numerous information slots were edited by Rai News 24 during the day on all the generalist networks, in addition to the usual night-time and dawn slots on Rai 1 and Rai 3.

The Rainews.it portal with news, updates, photos, videos, webdocs and latest-generation multimedia products, proved to be a leading source of national information.

In the first half of 2020, also due to the health emergency, Rainews.it recorded a net increase in unique users, who went up from 16 million in the first 6 months of 2019 to over 38 million in the same period of 2020, equal to an increase of 137%. On a monthly basis, unique visitors averaged 6.6 million, with daily peaks of 1.3 million. Page views were around 302 million, up from 136 million in 2019.

78.5% of users reached the portal via mobile devices, while 21.5% used a desktop computer.

Social accounts also recorded an excellent performance, with the Facebook page exceeding half a million users (506,280 likes), the Twitter page over a million followers and the Instagram account over 114,000.

Televideo remained a simple and timely tool that Italians associated with authority, speed and reliability. Penetration, the type of use (news, weather, TV programming) and user satisfaction were in line with last year, also thanks to applications for smartphones that have expanded opportunities for use by the audience.

“A broad-ranging, fast, complete offering, rewarded by top viewer ratings, Rai News 24 always offers timely information with a flexible and modifiable scheme based on current events.”



21 mn
DAILY
CONTACTS



28
MINUTES SEEN
PER DAY



0.4%
SHARE
IN 24 HOURS

Rai Sport

Rai Sport brings all of the sports action into the homes of all Italians.

Before the forced suspension of all competitions, in Italy and the rest of the world, Rai Sport reported on a season of memorable Italian successes in winter sports during the first few months of 2020, especially in the women's field.

Ample space was dedicated to the Alpine Ski World Cup, with live coverage of all the men's and women's competitions, including those held on the historic slopes of Wengen, Kitzbuehel, Garmisch Partenkirchen and Chamonix. Of particular importance was the live broadcast on the generalist network at Sestriere, with the victory in the Giant Slalom of Federica Brignone, the star of an amazing season that saw her triumph in the general World Cup classification. Rai Sport followed the entire race of this skier from the Aosta Valley, the first Italian ever to win the Crystal Globe.

The successes of Italian athletes in winter sports continued during the Biathlon World Championships in Anterselva, which Rai Sport reported live from 13 to 23 February. Two golds, in the 10 and 15 km race, and two silvers, in the relay and in the 12.5 km line start, saw Dorothea Wierer crowned as the snow queen, also the protagonist of several reports and interviews exclusively for the news and Rai Sport broadcasts.

The winter sports season on Rai Sport included other events, such as the Cross Country Skiing

World Cup, Nordic Combined, Ski Freestyle, Ski Jumping and above all Snowboarding. In the latter discipline, Michela Moioli's feat, winner of her third World Cup, deserves a mention.

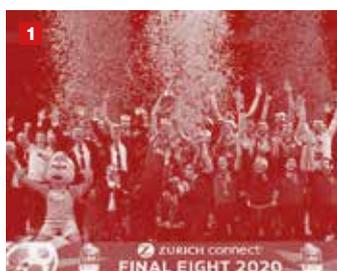
Another great event that enriched Rai's sports programmes was the European Water Polo Championships. These were broadcast live from Budapest from 12 to 26 January, showing the most important matches of the tournament, including all those played by the Italian national men's and women's teams.

Rai Sport was the reference point for Italian volleyball, with live coverage of the main men's and women's Serie A matches. The Final Four of the Women's Italian Cup was shown on 1 February, with the triumph of the Italian champions of Imoco Volley Conegliano, and the men's volleyball finals in Bologna on 22-23 February, which ended with the victory of Civitanova.

The two major volleyball events opened and closed the month of February, which also saw national basketball featuring on Rai schedules. In addition to the usual live broadcast of the postponed Sunday Serie A1 basketball match, from 13 to 16 February all the matches of the Final Eight of the Italian Cup in Pesaro were broadcast live on Rai Sport HD.

Fans of all sports were not left alone even in the difficult days of lockdown: starting from 16 March, a schedule with eight consecutive hours of national thrills, from football to sailing, cycling and skiing, through to athletics, basketball and volleyball went on air. Continuously alternating between the

1. Basketball Italian Cup
2. Water polo European Championships Budapest
3. Dorothea Wierer at the Biathlon World Championships



past and present, between sports' history and legendary events, Rai Sport, drawing from the huge archive of the Rai Teche archive, retraced the last half century of Italian sport: from the first companies of the Italian national football teams, to the most recent goals, such as the aforementioned successes of the winter sports champions Federica Brignone, Michela Moioli and Dorothea Wierer.

And then the Olympic emotions, the achievements of cycling greats, the legendary stages of the Giro and Tour, the successes of basketball and those of the "phenomenal volleyball generation". A schedule that has given prominence to numerous sports including horse riding, wing shooting, billiards, skating and orienteering, with the aim of thrilling spectators and reliving the unforgettable moments of Italian sport.

Sports information never stopped, even in the hardest moments when activities were entirely shutdown, with daily events on Rai News 24. In addition, during May, a special Sport Newscast focused on in-depth analysis was broadcast from one of the most fascinating and representative places of Italian sport: the Stadio dei Marmi of the Foro Italico.

Rai was also a champion in resuming the broadcasting of live sporting events: the return semi-finals of the Italian Cup on 12 and 13 June and the Napoli-Juventus final, broadcast exclusively on Rai 1, were, in addition to a great sporting event, of enormous symbolic importance, a message of

starting again and returning to normality. The Italians' desire for sport translated into record ratings: the Juventus-Milan semi-final was followed by almost 8.2 million viewers, with a share of 33.68%, while the Napoli-Juventus final recorded 10.2 million viewers for a share of 39.32%.

Also in the first half of 2020, the long-established sports special features broadcast on Rai 2 were confirmed: *La Domenica Sportiva*, *90° Minuto* and *Dribbling*. Starting from the resumption of the Serie A championship, Rai – thanks to an agreement between Lega Calcio, the Ministry of Sport and the other television broadcasters – gave everyone the opportunity to see the highlights of matches unencrypted, immediately after the triple final whistle, thanks to the *90° Minuto Flash Gol* and *90° Minuto Notte Gol* features.

"Rai Sport is a constant presence representing a broad range of disciplines and combining traditional platforms with modern communication styles and tools to bring the public high-quality sporting entertainment".

4. Football Italian Cup Juventus-Milan 12 June
5. Women's Volleyball - Italian Cup final
6. Women's Football World Cup



Information

Tg1

Tg1 has been the Rai's flagship news offering since 1952, a long-standing newscast that keeps viewers up to date with the latest developments in the worlds of institution, politics, society, religion, economics and culture.

Created in 1952 with experimental broadcasts of Italian television and with the name *Telegiornale*, the Tg1 news programme produces top ratings, confirming its position as an authoritative source of information in the Italian news panorama. In the first half of 2020, the main edition at 8 pm had a 24.73% share, while the edition at 1.30 pm recorded a 23.37% share.

The half year was dominated by the health emergency that Tg1 followed from the first news arriving from China, with the story of the everyday life of a country struggling with a mysterious virus about which there was no certainty except the continual increase in deaths.

The pandemic quickly disrupted schedules and dominated programming for months. In this context, Tg1 played a fundamental role in analysing, informing and providing guidelines for citizens on a new way of living in a completely revolutionised climate. The emergency was illustrated from an international and Italian point of view, and thousands of features were created in revolutionised and readapted schedules to allow for constant updates.

Day after day, the correspondents of Tg1 entered intensive care units, people's homes, interviewed experts and authorities to provide information and updates to those who were trying to understand

how reality, science and politics were moving. And then there were the stories, the humanity, the interview with family members of patient 1, the coffins of Bergamo on 16 March on military trucks, shown to the country, etched in everyone's memory.

Tg1 constantly broadcast live communications from the Government, the Civil Protection Service, and the press conferences of the Prime Minister, the latter often during the 8 pm edition of the news. At 6 pm, for weeks, every day, the bulletin with the extraordinary commissioner for the emergency and the head of the civil protection service, was broadcast, a set appointment for citizens for the daily update on the state of health of the whole of Italy.

Great difficulties were faced in order to always guarantee information to viewers: by using video links, Tg1 was able to overcome restrictions on travel and the sudden impossibility of carrying out interviews in its studios. In this way, authoritative experts from the world of medicine, science and virology were able to reach viewers to explain and help understand the progress of the pandemic and the point of view of science.

Tg1, Rai, and, in a word, the Public Service informed and involved viewers with professionalism, perseverance, transparency and humanity, recounting one of the most dramatic moments in Italy's recent history.

Even the normal programming of *Tv7* and *Speciale Tg1* was revolutionised from as early on as 22 February: live broadcasts depicted the health emergency, of families and the sick, of epidemiological forecasts, of the economic difficulties of entire categories penalised by the lockdown with national and international experts, scientists, doctors, nurses, economic operators, teachers and volunteers. Of the many editions of *Speciale Tg1*, the Sunday 7 June

Tg1 - 1.30 PM



4.4 mn
VIEWERS



23.4%

Tg1 - 8 PM



6.1 mn
VIEWERS



24.7%

1. The virologist Ilaria Capua speaking on Tg1
2. Interview with the scientist Alessandro Vespignani



programme stands out, entitled *Tsunami Covid* which – with its traditional reportage format – provided an overview of the pandemic situation in the world, with the contributions of all Rai correspondents.

The collaboration between Tg1 and Rai 1 in the programme *Unomattina* was historic and long-lasting: reports and in-depth studies from Italy and the world on current political and international affairs, economics, culture, manners and society, with features and connections to the morning editions of the news.

In the first half of 2020, Tg1 and *Unomattina* also dedicated airtime to the Italy of the pandemic, without forgetting its implications from a social point of view. In fact, there were numerous info features to explain to the public the income support tools available, following the collapse of production and employment.

Ample space was dedicated to families, young people and the elderly in a further look at the initiative *#lascuolanonsiferma*, confirming the teaching role of state television and the opportunities afforded by distance learning: sociologists, psychologists and doctors were consulted and asked to “accompany” the viewer in this process of reorganising social life.

Another important campaign was *#iorestoinsieme*, committed to supporting the elderly and the homeless. There was also a focus on the riots and protests in prisons, on *Unomattina* the national guarantors for prisoners. Insight was provided into the alarm raised by WHO, due to the drastic increase

in infections in Africa, exhausted by the lack of medical supplies.

In *Tg1 Dialogue*, a long-running feature of Tg1, episodes were dedicated to “faith and pandemics”. The value of prayer, dialogue between religions and brotherhood in the fight against the coronavirus were all explored. Live broadcasts were aired from Assisi, from the Cortile di Francesco event, with meetings via the web in the “oltre i confini” edition, for a world of peace, justice and universal brotherhood.

“Accuracy of information, respect for pluralism, credibility and the precision of its content are what make Tg1 such a safe bet when it comes to news, combining tradition with innovation to offer all Italians an insight into the world around them”.

Tg2 - 1 PM



2.5 mn
VIEWERS



14.5%

Tg2 - 8.30 PM



2.0 mn
VIEWERS



7.5%

Tg2

Information always attentive to the truthfulness of the facts, without any sensationalism or rhetoric. Tg2 reports the news with objectivity and pluralism, continually verifying sources and giving a voice to all the protagonists.

Since 18 January, Tg2 has provided insights about the virus with “*un virus misterioso*”, dedicating, a few days later, an entire edition of *Tg2 Post* to an interview with Giovanni Rezza, epidemiologist from the National Health Institute.

From the very beginning, Tg2 dealt with news that then dominated the headlines in the first half of 2020, informing and offering the viewer all kinds of knowledge: from scientific and health perspectives, to news political, economic and cultural information, as well as reflections.

During this particular time, new languages were introduced: the emotions intertwined with contents, recounted through unique images, never seen before. Entire editions of the news, dossiers, special and extraordinary editions and, obviously, also features, were all dedicated to the global pandemic.

From the outset, reporters were sent to the places where the virus had spread. From 23 February 5 envoys – which soon became 10 – covered the areas of northern and southern Italy. Tg2 was the news programme that reported on one of the first red areas in Italy from the inside, with one of its correspondents staying for the entire duration of the quarantine in the town of Vò Euganeo, sharing the days, the world, the everyday life of the isolation of an entire country.

Tg2 reporters were also in Covid departments, in intensive care units, in old peoples' homes, in the companies that closed and are closing, among artisans who reinvented their jobs, among the young people in search of hope, in Spain, in Korea, producing reports, surveys, live broadcasts and features also for Rai programmes and other news slots. This was achieved thanks to an editorial model capable of ensuring the continuous updating of information, and at the same time, protecting the health of those in the field and those working from offices.

Tg2 also offered food for thought through a unique initiative, included in the 8.30 pm edition: *Lera del Coronavirus*, a slot for intellectuals, artists, philosophers, writers and scientists to express their thoughts on the different aspects of the pandemic.

Broadcasting hours in the first six months of 2020 totalled 580, including newscasts, regular features, extraordinary and special editions and commentary on institutional events.

A work rewarded by the ratings. The share of each edition of Tg2 increased compared to the same period of the previous year; the 1 pm news reached an average of 14.5%, the 8.30 pm edition 7.5%. The popularity of the latest of the editions, the 8.30 slot, also increased, reaching an average of 3.1%.

1. Tg2 in a link up with the correspondent from Beijing
2. Live from Naples during the health emergency
3. Diari di Viaggio



The ratings were also excellent for the 14 regular features held throughout the entire week. The biggest increase was recorded by the insights of *Tg2 Post*, which in the six months increased its average share, of 4.5%, recording peaks close to 7.5%.

Some regular features, responding to new entertainment needs, changed format, while maintaining their identity: *Si Viaggiare* became *Diari di Viaggio* during lockdown; *Cinematinée*, in the absence of normal film scheduling, continued its editorial production, modifying the contents, focusing above all on portrayals of actresses and actors, on remote interviews, anniversaries and particular occasions.

At the same time as information on the coronavirus emergency, the news continued to recount all the other headlines: from crimes to general and legal news, national and international politics, the economy, culture and art. Introducing a new technical production model, capable of guaranteeing distancing and a reduction in personnel present, it produced commentary on institutional events such as the inauguration of the judicial year of the Court of Auditors, the 2020 Report by the Governor of the Bank of Italy, the opinion on the 2020 Statement of Accounts of the Court of Auditors. In January, before the Covid-19 emergency, a special was made on local elections.

As part of a comprehensive and increasingly strategic editorial programming, the web offering in the first part of 2020 was increased, with a new-look website for viewers and the circulation of audiovisual content on all other distribution platforms.

“Tg2 provides the viewer with well-structured, pluralist, comprehensive and objective information through a high-quality modern offering that includes a wealth of analysis and plenty of food for thought”.

4. *Tg2 Dossier*
5. *The interviews from the ICU of Covid-19 hospitals*
6. *The annual report of the Court of Auditors*



Tg3 - 2.10 PM



2.2 mn
VIEWERS



13.2%

Tg3 - 7:00 PM



2.5 mn
VIEWERS



12.6%

Tg3

Tg3 is the news programme that brings us live stories of real life, people, their characters, hopes and challenges and helps us understand why things happen, capturing the spirit of change. Not only does it bring us the latest news but it also gives the viewer the keys to understanding it.

The first half of 2020 was marked by the Covid-19 emergency which saw Tg3 at the forefront in the effort to provide correct information. Particular attention was paid to the reports of correspondents who documented the pandemic, the complex days of the lockdown and the difficult Phase 3 with live broadcasts, reportages and insights.

All thanks to an editorial model that, on the one hand, has ensured widespread information coverage to tell the drama, fear, emergency, solidarity and stories day by day; and on the other hand has protected the health of those who – in the field or in the editorial office – were at the forefront of guaranteeing information coverage of an epoch-making event.

Tg3 is one of the mastheads that recorded the greatest increase in audience ratings in this phase, growing both in terms of absolute numbers and as a percentage compared to the previous period. In the first six months of 2020, the 7 pm edition of the news recorded a share of 12.56% with almost 2.5 million viewers and an increase of 1.8 percentage points over the previous year. The 2.20 pm edition, always attentive to social and family issues, recorded a 13.19% share, with strong growth over 2019.

However, Tg3 is the only news programme with a national edition, that of 12 pm, made and aired from Milan. It is followed by 10.28% of the television audience with over 1.2 million viewers and is

characterised by the many live links with the network of correspondents and with envoys in the area to recount events taking place during the day.

Distinctive features of Tg3 are the in-depth analysis and language used in narrating events, the choice of topics covered, a vocation to air the views of weaker people and attention paid to social problems.

In the first six months of 2020, 12 special live broadcasts were dedicated to domestic and international news events.

Attention to international politics is also reflected by the excellent results of *Tg3 Mondo*, which airs on Saturdays and Sundays with 3.5% of the audience and over 560,000 viewers.

Ample space is given to live daily insights such as *Linea Notte*, which offers analysis and debates followed from midnight to 1am by 5% of the public (over half a million people), and *Fuori Tg* which reached one million viewers. The weekly features like *Pixel*, *Persone*, *Agenda nel mondo*, *Chi è di scena*, *Fuori Linea* confirmed the public's loyalty.

Of special significance is the Tg3 edition that uses the sign language for deaf viewers.

Tg3 put considerable effort into using social media and the Internet: the programme is in fact present on the web – where it is possible to review all the editions of the news and the regular features online – and on social media Facebook, Twitter and Instagram, with a constant increase in users.

“Tg3 is the news programme produced by the well-known brand and followed by an audience that demands clear, in-depth information. It uses direct language to give viewers the keys to understanding change and the challenges that it brings”.

1.2.3.
Some of the presenters
of Tg3



TgR - 2 PM


3.3 mn
VIEWERS

18.3%

TgR - 7.35 PM


3.4 mn
VIEWERS

15.2%

TgR

TgR: the local matters that matter to you.

With twenty-four editorial teams spread across all of the Italian regions, TgR (the regional news programme) guarantees full coverage of national matters and is the backbone of the public service information offering.

In the first half of 2020, the regional editorial offices of Rai, despite the criticalities that occurred following the Covid-19 emergency, were able to optimise available resources, guaranteeing information of an adequate quality for the programme's mission, aimed at an extensive coverage of local areas, but which is also sustainable.

The web project has proved to be valuable, especially at a critical moment such as now, managing to integrate and complete the information offering of the TgR on a platform—the Internet—never before used by so many Italians, thus becoming a resource able to enrich traditional forms of information, for a digital presence which, in the first six months of 2020, was further consolidated.

In addition to following the developments of the health emergency step by step, TgR web continued to provide quality content on news, society and culture, guaranteeing users the opportunity to have full information from the Internet with all the security that Rai's web editorial staff can deliver. In fact, in a historical moment where fake news represents a constant threat on the net, the qualified and

verified information of the TgR web is a fundamental antidote to the misinformation often come across on the Internet.

In carrying out its mission of crucial importance as a Public Service during this historic time, the TgR has confirmed it is a strategic tool, firmly rooted in the local fabric and guaranteeing a service that responds optimally to the needs of communities, knowing how to decode and calibrate the particular requirements of the various Italian regions. Furthermore, in the six-month period, the TgR stepped up its commitment, playing a crucial role in translating the problems of local areas, gathering reports, complaints and requests for further information.

In a context where quality information is perceived by citizens as an essential means for protecting personal and public health, viewers rewarded the programme's serious approach and attachment to the territory with excellent ratings for the morning edition of *Buongiorno Regione* with a 14.8% share, with an 18.3% share for the 2 pm edition, and a 15.2% share for the 7.35 pm evening edition, up compared to the average of the previous six months. In absolute terms, the two main editions recorded an average of more than 5 million viewers during the quarantine.

It is important to mention *Buongiorno Italia*, a programme capable of providing a national dimension alongside a regional perspective which registered an increase of 0.41% compared to the previous year.

Among the many products created from the Tg's commitment and expertise, and of national

importance for daily insights into the scientific, medical and technological fields, was *Tg Leonardo*, with its focus given the health challenge the country is facing. *Tg Leonardo* is accompanied by the success of other TgR regular features, in terms of ratings, with an impact in the first half of 2020 from the widespread increase in viewers.

“Despite the critical, epoch-making issues that characterised the first half of 2020, TgR maintained a high level of attention for the immediate nature of information -always close to the community, faithful to its mission of providing widespread local coverage and its focus on the many specific aspects of Italy.”

Rai Parlamento

Rai Parliament is the Public Service programme that directly follows the work of the national Parliament with daily and weekly appointments, also for the programming of the three generalist networks: live broadcasts, features, news programmes, insights that follow the activities of the Chamber of Deputies and the Senate of the Republic, the President of the Republic, the European Parliament and Government.

Since March 2020, following the measures adopted to deal with the epidemiological emergency of Covid-19, production and activity have been reorganised in compliance with the health protection obligations launched by the Government and implemented by the Company. Safety measures permitting, Rai Parliament has always broadcast its morning appointment with the *Newscast* on Rai 1, subsequently integrated—over the course of the weeks—by the other two editions on Rai 3 and Rai 2.

Travel restrictions and preventive measures led to the suspension in early March of *Rai Parlamento Magazine (Filo Diretto; Il Ritratto; Le Parole della Politica; Territori; Orizzonti d'Europa)*, introduced during 2019.

The restrictions adopted for access to parliament required the adoption of an original organizational and production model to guarantee live broadcasts (*Speciale Camera, Speciale Senato, Question Time Camera, Question Time Senato*) which were made at Studio SR4 of the Rai Production Centre of Saxa Rubra in Rome, with the reporter in the studio, to comment on the session with the images of audio-

video links from Montecitorio and Palazzo Madama. The introduction—for all live parliament sessions—of a translation into Italian sign language was an important new feature welcomed by users.

During the emergency, the work to ensure information coverage of all institutional events was particularly intense and significant, as was the number of broadcasts made: 59 direct parliament sessions in the half year alone. In all of 2019, 68 sessions were broadcast.

Following the adoption of the safety and health protocols to combat Covid-19, it was necessary to briefly suspend the weekly slots *Punto Europa* and *Settegiorni*, featuring insights into the works of the European Parliament and Italian Parliament respectively; this interruption also affected the daily *Spaziolibero* slot, a long-standing national programme broadcast by the Rai schedule offering voluntary, cultural, trade union and religious associations and in general the so-called "third sector" the opportunity to explain and make known their ideas and projects to a wide audience. After the first phase of the emergency, the aforementioned productions resumed their usual programming, including the *Spaziolibero* radio programming.

Interaction with social networks was positive, with the publication of a large amount of content on the Instagram profile *Raiparlamento_official*. As regards the media, daily updates on the website www.raiparlamento.rai.it continued.

1. *Question time Chamber of Deputies*
2. *Punto Europa*
3. www.raiparlamento.rai.it



Production and share data (%)

(1 January 2020 - 30 June 2020)

MORNING news

118 editions

Share
14.05%

AFTERNOON news

96 editions

Share
4.86%

EVENING news

69 editions

Share
3.30%

Rai Parlamento Magazine

25 episodes

(Filo Diretto - Il Ritratto -
Le parole della politica -
Territori - Orizzonti
d'Europa)

Share
3.61%

Question Time Chamber of Deputies

19 live broadcasts

Share
3.97%

Question Time Senate of the Republic

11 live broadcasts

Share
3.21%

Speciale Camera and Speciale Senato

29 live broadcasts

Share
5.68%

Settegiorni

11 episodes

Share
14.47%

Punto Europa

17 episodes

(also repeated)

Share
3.38%

Spaziolibero Tv

31 episodes

Share
5.15%

Spaziolibero Radio

9 episodes

Rai Fiction

Rai produces drama for airing on the generalist networks, on specialised channels and on the RaiPlay digital platform.

Rai's commitment to promoting Italian and European audiovisual production is one of the linchpins of its public service mission to paint a picture of both contemporary and historical Italy, promote talent and the national audiovisual industry, support innovation and project Italian productions onto the international scene.

The past season—strongly affected by the dramatic health emergency—saw the Company confirm its role as a driving force for the national audiovisual industry, immediately supporting the sector in a moment of radical change. The themes characterising public service activities in the audiovisual production sector can be summarised as follows:

- confirmation of the production investment perimeter established at the beginning of the season. All efforts were therefore directed to resuming interrupted sets, in collaboration with independent producers, to start again in safe conditions;
- investment in the development of new projects, in collaboration with independent production companies and authors;
- experimentation with new contents and production models. During lockdown, for example, two original features for RaiPlay were started: *La mia jungla, surreale hellzapoppin'* that tells the neurosis and follies of our everyday life from the point of view of Giovanni Scifoni; *Un po' sto a casa*, a spin-off of the daily drama *Un posto al sole*.

In terms of planning, the six months that have just ended confirmed the results achieved in previous years and the success of public service drama and the capacity of the macro-genre to interpret the problems of our communities.

Overall, from January to June 2020, Rai 1 broadcast 45 evenings of new drama for a total of 14 first-run titles, obtaining average ratings of 6.1 million viewers and a share of 23.8%.

The ranking of Italian drama in the half-year under review consists entirely of the 14 Rai productions aired. Ranking first was the series *Commissario Montalbano*. The two new detective series taken from the works of Andrea Camilleri, *Salvo amato*, *Livia mia* and *La rete di protezione*, totalled an average audience of 9.8 million and a 36.4% share.

In second place, with over 8.3 million viewers and a 30% share was *DOC - Nelle tue mani*, the best debut for a TV series since 2007. This programme relaunched the medical genre in an original way, that had not yet managed in Italy to equal international parameters through the lens of visual language and dramaturgical complexity.

In third place came *L'amica geniale - Storia del nuovo cognome*, the second chapter in the series based on the novels by Elena Ferrante and co-produced with HBO. A powerful story that has united feelings and values in an average audience of 6.9 million viewers with a share of 28.1%. The new season was heralded by the public and critics alike (the British newspaper *The Guardian* recently promoted the series with full marks), demonstrating the degree of expressive maturity reached by Rai drama on an international level and how—in the name of public service—a quality

1. *Vivi e lascia vivere*
2. *Un posto al sole*
3. *La mia jungla*



story, widely popular inspiration and the attention of the general public can be achieved.

To follow, another original series: *Vivi e lascia vivere* (6.6 million viewers and 25.3% of the share), a story of a woman reborn, at the centre a mother committed to tackling the harshness of life today. A family classic with a nod to noir was aired in the story directed by Pappi Corsicato with Elena Sofia Ricci starring, in an unexpected and anti-heroic theme.

As regards the public subscribing to satellite pay-TV, the ranking of drama series broadcast in the first half of 2020 consists entirely of Rai productions. In first position was *Commissario Montalbano* (36.5%), followed by *DOC - Nelle tue mani* (29.8%) and by one of the great classics of Rai 1 programming, *Don Matteo* (23.7%), which, now in its twelfth season, continues to renew and garner the appreciation of the public.

In addition to the prime-time figures there is, of course, the afternoon slot, which maintained a steady performance with the 2nd season of the daily series *Il Paradiso delle Signore*. The new episodes—with an audience continually on the increase—reached average ratings of 2 million viewers and a share of 15%.

The ratings of reruns on the flagship channel, which covered 43 evenings in the first half of 2020, were also positive. The rerun shows totalled a share of 4.2% and average audience of 17.2 million confirming the value of rerunning TV series.

As regards prime time on Rai 2, positive results were recorded for the second season of *Il Cacciatore* which in four evenings totalled an average of 1.7 million viewers and a 6.6% share.

The third network dedicated nine evenings to three series of Italian drama – *Liberi tutti*, *Passeggeri notturni* and the second series of *I Topi* – the box sets for which have been made available exclusively on RaiPlay. The daily drama *Un posto al sole* is unmissable prime time viewing, with 1.8 million viewers, a 6.5% audience share. It had one of the highest approval ratings this half-year, at 8.4/10.

In the half-year just ended drama was once again the most viewed content on RaiPlay, with 42% of total views. In other words, over a third of Rai VoD use was for drama content. Among the most viewed titles on the public service's OTT player, in first place was *Il Paradiso delle Signore*, a daily with 5.8 million hours/TTS and 19.9 million legitimate streams, followed by *Don Matteo* (3.6 million hours/TTS and 8 million legitimate streams) and *L'allieva* (3.1 million hours/TTS and 8.8 million legitimate streams).

Production work went on in the first half of 2020 on the drama shows that will make up next year's offer. Varied and innovative projects, for all types of audience, which are the result of creativity and of a productive machine capable of combining craftsmanship, talent and industrial scale in a process of harmonious collaboration with the various Italian production companies.

On the serial offer front, shooting began on the third series of *I bastardi di Pizzofalcone*, starring Alessandro Gassmann and directed by Monica Vullo, and the second series of *La Compagnia del Cigno*, starring Alessio Boni and Anna Valle and directed by Ivan Cotroneo.

- 4. *L'Amica Geniale*
- 5. *L'allieva*
- 6. *I Topi*



Among brand-new titles, takes began for *La fuggitiva*, an action thriller starring Vittoria Puccini and directed by Carlo Carlei, and *Mina Settembre*, in which Serena Rossi plays a social worker in bright, chaotic Naples, under Tiziana Aristarco's direction.

Among the other projects already in production but interrupted by lockdown, work has resumed on *Leonardo*, the first Italian-led show from the European Alliance between Rai, France Télévisions and ZDF from Germany. This major series has taken a great deal of effort to produce. It condenses Europe's cultural heritage, with which all the members of the Alliance can identify, into the story of one of the greatest men of the Renaissance. Created by Frank Spotnitz and Steve Thompson and directed by Daniel Percival, the series boasts an impressive international cast. Aidan Turner stars as Leonardo da Vinci, alongside Freddie Highmore, Matilda De Angelis, Giancarlo Giannini and Robin Renucci.

Besides *Leonardo*, the sets reopened for the third series of *L'Allieva*, starring Alessandra Mastronardi and Lino Guanciale and directed by Fabrizio Costa and Lodovico Gasparini, as well as for *Un posto al sole*. The Rai 3 daily drama was the first title to return to screens just a few weeks after filming, to guarantee continuity of transmission even in the summer months.

The post-production work on shows like the second series of *Nero a mezzo*, directed by Marco Pontecorvo and Luca Facchini, came to an end in the first half of 2020. *Io ti cercherò*, directed by Gianluca Maria Tavarelli, a police drama that tells the story of the search for the truth behind a death that is not what it seems, and of the recovery of a lost

fatherhood. *Vite in fuga*, directed by Luca Ribuoli, a family thriller where the real danger lies in the family's relationships. *Gli orologi del diavolo*, directed by Alessandro Angelini, inspired by the true story of a nautical mechanic forced to infiltrate the world of drug trafficking.

Among TV films, post-production ended on *Rita Levi Montalcini*, a portrait of the great Nobel laureate starring Elena Sofia Ricci and directed by Alberto Negrin.

Work is coming to an end at Rai 2 on its new shows for 2020–2021. These include *Mare Fuori*, a coming-of-age story set in a young offenders' prison, starring Carolina Crescentini, Carmine Recano and Valentina Romani and directed by Carmine Elia, and *L'Alligatore*, based on the novels of Massimo Carlotto and directed by Daniele Vicari and Emanuele Scaringi, the story of a wrongfully imprisoned blues singer who, once he is outside, lives in a limbo between legality and crime, newfound wealth and age-old spiritual poverty.

- 7. Doc – *Nelle tue mani*
- 8. *Don Matteo*
- 9. *Liberi tutti*



Cinema

The Rai Group's cinematographic and audiovisual content is purchased, produced and distributed by Rai Cinema, as a wholly-owned subsidiary of the parent company.

The first half of 2020 was marked by the Covid-19 emergency and by the actions taken by the government to contain it. Our company's work suffered the effects of the lockdown, as production sets were blocked and cinemas shut. Against that backdrop, getting hold of films and drama for the schedules focused on a fixed number of operations, with a view to the best possible management of emergency programming for the channels until autumn. On the film production front we gave support to independent producers to ensure production could restart fully.

Acquisition

As regards procurement work for the networks from major providers, we should point out the package we negotiated with Disney and Fox for our children's product for dedicated channels, the renewals for the films *Sister Act* and *Sister Act 2*, the continuation of the series *The Resident* and *9-1-1* and the acquisition of the spin-off *9-1-1: Lone Star*.

To complement the film offering on all the networks, procurement goes on for quality cinema from the independent Italian distributors Lucky Red, IIF, Cinema and I Wonder. To these was added TIMvision with Ron Howard's award-winning documentary film *Pavarotti*, for an evening event on Rai 1.

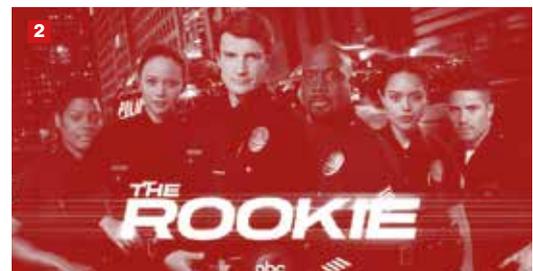
With regard to more TV-oriented products in particular, a wide selection was sourced from the German company ZDFE which, thanks to our strong partnership, provides substantial content for filling the scheduling slots for the network's TV film, TV collection, miniseries and ongoing series offerings.

As part of our agreement with Beta Film, we should note we have purchased three series of the major Netflix original production *Chiamatemi Anna*. In addition, we finalised a further three-year agreement for 2021–2023 to purchase a range of TV products (series, miniseries, films, TV films, both unreleased and library) from the Beta catalogue in exclusivity.

Packages agreed with other partners should also be noted, like the BBC (the first series of *The Mallorca Files*, the second of *Shakespeare & Hathaway*, the eighth of *Death in Paradise* and the fourth of *The Durrells*), ITV (the miniseries *The Bodyguard*), Dall'Angelo Pictures, A&E, GA&A and Crown Media for TV films. Finally some series have been negotiated, in total exclusivity within Italy, for the RaiPlay platform only, to reach a target audience of young adults aged 18 to 35. These include *Zoey's Extraordinary Playlist* (Lionsgate), *Into the Dark* (Sony), *Pure* (BBC) and *Stalk* (GA&A).

As for foreign products for distribution, the situation brought about by the pandemic has had varying and interlocking effects on buyers. Some were cautious, preferring to postpone their investments because they could get no reliable assessments of the future for their internal markets, and at the same time major companies and platforms got more aggressive, intent as they were on securing as much product as they could through output

1. *Les Misérables*
2. *The Rookie*



deals and international agreements. Despite the difficulties described in finding films for the coming months, LFG has managed to put together a list of titles, from which Rai Cinema will soon make the selections for its list for 01, for the fifth and part of the sixth year of the agreement.

Film production

In the first half of 2020 the Covid-19 emergency made its mark on film production and distribution, too. Some films were broadcast directly on the platforms.

Among the films granted to RaiPlay were: *Magari*, Geneva Elkann's debut alongside Riccardo Scamarcio and Alba Rohrwacher, the story of three brothers in France and Italy in the 1980s (shown in the Piazza Grande section at Locarno in 2019); *Abbi Fede*, Giorgio Pasotti's second feature with Claudio Amendola, about a criminal in a surreal community; *La rivincita* by Leo Muscato, about a couple in an economic and existential crisis; *Lontano lontano*, directed by and starring Gianni Di Gregorio alongside Giorgio Colangeli and Ennio Fantastichini, the story of three old men people set on changing their lives; *Dafne* by Federico Bondi and starring Carolina Raspanti and Antonio Piovaneli, about a girl with Down's syndrome whose mother dies.

Films released in theatres or before or immediately after the lockdown included: *L'Agnello* (Mario Piredda's debut, presented at Alice nella città in Rome in 2019), the dramatic story of a Sardinian family; *Il ladro di giorni* by Guido Lombardi and starring Riccardo Scamarcio, about a father released from prison and his teenage son; *Gli anni amari* by Andrea Adriatico, on the origins of the gay movement in the 1960s up to the suicide of Mario Mieli; *18 regali* by Francesco Amato and starring Vittoria Puccini, Benedetta Porcaroli and Edoardo Leo, on the love between a mother and daughter.

Among the films for which work is done and which are now waiting to be presented to the public are: *France* by Bruno Dumont and starring Léa Seydoux; *Lacci* by Daniele Luchetti, based on the novel by Domenico Starnone, a story of marriage starring Luigi Lo Cascio, Alba Rohrwacher, Silvio Orlando, Laura Morante, Giovanna Mezzogiorno and Adriano Giannini; the international film *Miss Marx* by Susanna Nicchiarelli, about Marx's youngest daughter; *Spaccapietre*, a drama about finding a job by Gianluca and Massimiliano De Serio; *La terra dei figli* by Claudio Cupellini, based on a graphic novel by Gipi, a story of post-atomic education; *Il grande passo* by Antonio Padovan, starring Giuseppe Battiston and Stefano Fresi, about the relationship between two brothers; *Nour* by Maurizio Zaccaro, starring Sergio Castellitto as Pietro Bartolo, a doctor on Lampedusa.

Among the films in post production are: *Io sono Babbo Natale*, starring Marco Giallini and Gigi Proietti, a family Christmas film from Edoardo Galea; *Il buco* by Michelangelo Frammartino, on the discovery in Calabria of the deepest cave in Europe; *Shadows*, a thriller written by Fabio Mollo and directed by Carlo Lavagna with an international cast; *Il buco in testa* by Antonio Capuano, exploring memory and forgiveness; *Nowhere Special*, a new British film by Uberto Pasolini, on the relationship between a sick father and his son who is planning his future; *Assandira* by Salvatore Mereu, a detective story about contradictions and transformations in Sardinia; *Il venditore di donne* by Fabio Resinaro, a hard-going noir set in Milan, based on a novel by Giorgio Faletti; *Non odiare* by Mauro Mancini, with Alessandro Gassman and Sara Serraiocco, the story of a Jewish doctor who lets a neo-Nazi die, then takes care of his daughter out of guilt; *Divorzio a Las Vegas* by Umberto Carteni, a comedy with Giampaolo Morelli, Andrea Delogu and Ricky Memphis, about a rapprochement between a couple who are going to get divorced; *Calibro 9* by Tony D'Angelo with Ksenia Rappoport and Marco Bocci,

a remake of a film from the 1970s, resuscitating an old Italian policeman.

Among the films being shot are: *Quirido io* by Mario Martone, about Eduardo Scarpetta, the Neapolitan dramatic actor and playwright; *Con le mie mani* by Fabio Resinaro, the true story of the murder of a jeweller by terrorists in 1979; *Una famiglia mostruosa* by Volfrango De Biasi, a sentimental comedy with vampires, witches and ghosts, starring Massimo Ghini, Lillo, Lucia Ocone and Paolo Calabresi; *A Chiara* by Jonas Carpignano, the story of a young girl learning about her real family.

Among the films in preparation are: *Welcome Venice* by Andrea Segre, the story of three brothers from Giudecca, starring Paolo Pierobion and Andrea Pennacchi; *Piccolo Corpo* by Laura Samani, a mother's journey over the Venetian lagoon for a funeral at the dawning of the twentieth century; *Colt*, born from an idea from Sergio Leone and written by Massimo Gaudioso, Luca Infascelli, Dennis Lehane and Stefano Sollima, a top-quality, classic western; *Caravaggio* by Michele Placido, on the life of the famous painter; *Calcinculo*, the story of an overweight, insecure fifteen-year-old girl on the run and trying to find herself.

Developments in the first half included: *Princess* by Roberto De Paolis, a lucid photograph of Nigerian prostitutes in Italy; *Stranizza d'amuri* by Giuseppe Fiorello, inspired by a true story from Sicily in the 1980s; *Bentornato papà* by Domenico Fortunato, the story of a family gathered around a hospitalised father.

Among the new developments are: *Ritorna sul mare la dolcezza* by Barbara Cupisti, about immigrants from Lucca to America in the twentieth century; *Il cielo può attendere*, a comedy by Margherita Buy about a group of nervous people who get together to overcome their fear of flying; *Audrey La Mer* by Sebastiano Riso, the story of the

relationship between a child who escapes a raid on a ghetto in 1943 and a transvestite who has escaped from prison; *La bella estate* by Laura Luchetti, based on a novel by Cesare Pavese, tells the story of the sentimental education of a young woman torn between unrequited love for a painter and a special friendship with another woman; *Superluna* by Federico Bondi, tells the true stories of the people who survived the earthquake in Amatrice; *La corda* by Alberto Fasulo, looks at the future through a dark and metaphorical story. *The lord of the ants* by Gianni Amelio is inspired by Aldo Braibanti, a writer convicted in '68 for plagiarism, a charge behind which there was an accusation of homosexuality.

Documentary production

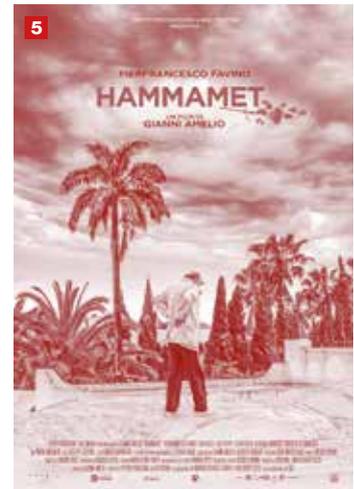
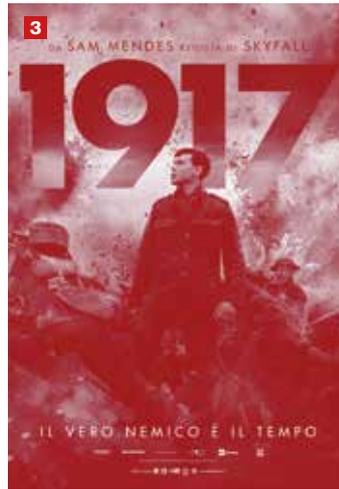
As far as reality and documentary cinema are concerned, Rai Cinema launched 10 projects that reflected both its editorial lines and its mission to support independent producers and authors.

There was Gabriele Salvatores with the documentary *Viaggio in Italia*, a journey from the North to the South of Italy in the era of the pandemic, through the eyes of those who lived through it. Other directors include Iacopo Patierno, Emanuela Giordano, Flavia Montini, Yuri Ancarani, Alessandro Preziosi, Renzo Carbonera, Manlio Castagna and Chiara Marotta.

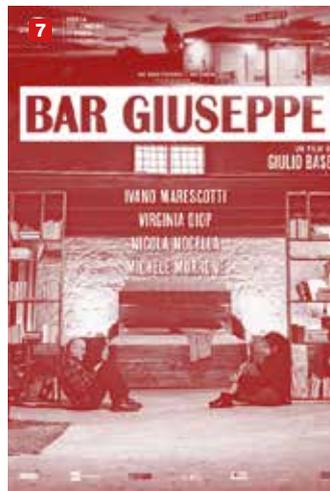
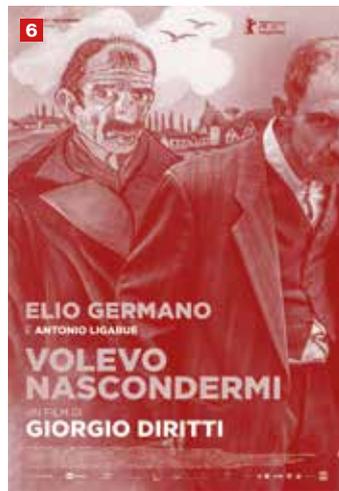
Pietro Marcello, Alice Rohrwacher and Francesco Munzi will work together on the theme of the new generations, travelling far and wide in an Italy full of different and specific local connotations.

Among festivals, we should point out the presentation of *Faith* by Valentina Pedicini at the Berlin Festival and *Makongo* by Elvis Sabin Ngaibino at Cinéma du Réel in Paris, which won the Scam International Prize. Finally there was *Selfie* by Agostino Ferrente, already a finalist at the 2019 European Film Awards and winner of Best Documentary at the 2020 Davids, was included in the prestigious *Étoiles de la*

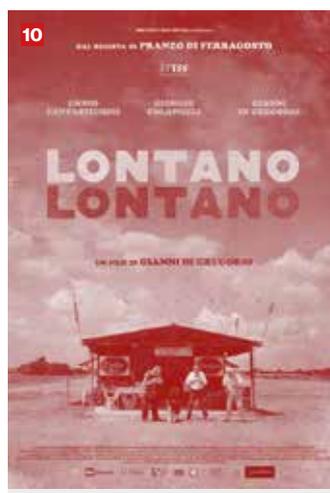
- 3. 1917
- 4. Gli anni più belli
- 5. Hammamet



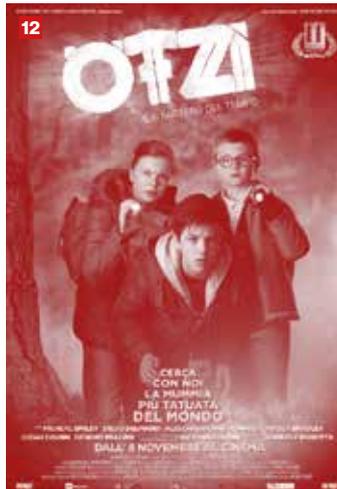
- 6. Volevo nascondermi
- 7. Bar Giuseppe
- 8. Dafne



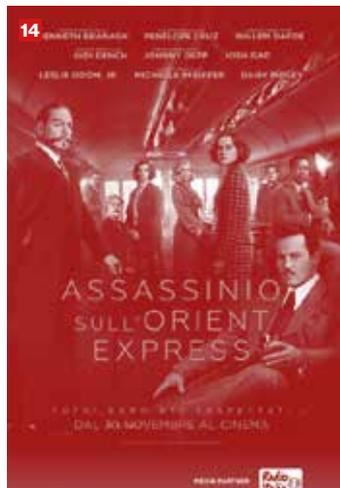
- 9. Un giorno all'improvviso
- 10. Lontano lontano
- 11. Magari



12. Otzi e il mistero del tempo
13. La rivincita



14. Assassinio sull'Orient Express
15. Finalmente sposi



16. La fuitina sbagliata
17. Ricchi di fantasia



Scam, the 30 documentaries chosen by the French company that conserves documentary works to feature at *Les Étoiles du documentaire* on 7 and 8 November 2020 in Paris.

Festivals

There were two major prizes given at the Berlinale (20 February to 1 March): the Silver Bear for Best Actor went to Elio Germano, for his portrayal of the artist Antonio Ligabue in *Volevo nascondermi* by Giorgio Diritti, and the Silver Bear for Best Script went to Damiano and Fabio D'Innocenzo for *Favolacce*, which they also directed.

Besides these, five other films produced with Rai Cinema's support were shown: *Siberia* by Abel Ferrara (competing), *Seminailvento* by Danilo Caputo (Panorama), *Palazzo di Giustizia* by Chiara Bellosi (Generation 14 Plus), *Pinocchio* by Matteo Garrone (Berlinale Special Gala) and the documentary *Faith* by Valentina Pedicini (Berlin Critics' Week).

The Cannes Festival, which had been scheduled for 12 to 23 May, was not held due to the Covid-19 emergency.

Rai Cinema won 20 David di Donatellos. Among these, no less than six went to *Il traditore* by Marco Bellocchio, including Best Film and Best Director. *Pinocchio* by Matteo Garrone was next, with five little statues, then *Il primo re* by Matteo Rovere with three, including for Best Producer. To these we might add the seven Golden Globes given by the Foreign Press in Italy, including Best Film for Giorgio Diritti's *Volevo Nascondermi* and Best Director and Best Screenplay for the D'Innocenzo brothers' *Favolacce*. Then there were the Nastro d'Argento given by the Italian National Syndicate of Film Journalists: Best Film went to *Favolacce*, which also won Best Screenplay, Best Cinematography, Best Costumes and Best Producer, the latter shared with

Hammamet by Gianni Amelio. Six Nastros went to *Pinocchio*, for Best Director, Best Supporting Actor, Best Set Design, Best Sound, Best Editing and Best Costumes (Massimo Cantini Parrini, who also won for *Favolacce*).

Distribution

Due to the Covid-19 pandemic, the Prime Ministerial Decree issued on 8 March 2020 dictated that all cinemas be closed immediately, thereby stopping all work in the sector.

Before the closure, though, Rai Cinema managed to distribute through O1 Distribution: *1917* (€6.6 million in tickets), *Hammamet* (€5.7 million), *Gli anni più belli* (€5.4 million) and *Volevo nascondermi*, which, having come out after the lockdown, only showed for three days.

In the period in question, O1 Distribution's market share for receipts was over 15% with total box office takings of €22.8 million, third place in the distributors' ranking.

Despite the pandemic and the consequent cancellation of Riccione's traditional summer days event, at the end of June Rai Cinema and O1 Distribution made a virtual presentation to the press of its list for 2020–2021, seen by about 1,500 people.

From 1 January 2020 Rai Cinema's home video distribution has been entrusted to Eagle Pictures SpA.

The lockdown has undoubtedly affected product distribution, significantly reducing turnover even for particularly big and attractive titles.

Commercial agreements

Commercial agreements, in the first half of 2020, were also heavily influenced by the lockdown. The shutting down of the cinemas meant the shutting down of the chain to which our company manages the rights. The only *current* title following the normal process in 2020 is *Hammamet*. The chain to which we manage the rights should resume its usual course with the summer cinema releases.

Things are looking good when it comes to TVoD and SVoD marketing. Sole use of the Amazon Video Direct service has brought considerable margins against very low management costs.

In collaboration with Rai Com, a commercial agreement was then concluded with Amazon to grant the rights to certain shows in the 2017 and 2018 pricelists.

As regards the more traditional channels, the existing agreements with Trenitalia and Alitalia had be renegotiated lower, thanks to a collapse in the number of passengers, while news stand sales of films through Mondadori (combined with TV Sorrisi e Canzoni) were significant, including of *Hammamet*, *Pinocchio* and *1917*.

Digital activities

In the first half of the year, commitment to the web, with support as usual from Rai Cinema Channel with promoting all films produced and co-produced by Rai Cinema continued, as well as on the main social networks (Facebook, Instagram, Twitter and LinkedIn).

As for experimentation with new languages and technologies, continuing with last year's activity, which culminated with the production of the first Rai Cinema's first transmedia project *Happy Birthday*, this year our company is committed to *Lockdown 2020 - L'Italia Invisibile* by Omar Rashid, a documentary film that, through virtual reality, tells the story of a unique journey into the beauty and desolation of the most important artistic cities in Italy – Rome, Venice, Milan, Naples and Florence – during the Covid-19 emergency.

Finally, we should note the creation of a white paper on virtual reality, together with Rai's Study Centre and with the help of universities and research centres. This project will be presented at the Venice International Film Festival, at a panel dedicated to the Italian pavilion.

Teche

In the first half of 2020 initiatives again went ahead to strengthen our brand's standing as the public servant in the country's audiovisual history.

The production difficulties linked to Covid-19 meant a large amount of material from the repertoire had to be used for programming both on air and online, as well as to provide a cultural offer involving long-distance education.

This was achieved in part thanks to our participation, as suppliers of material from the repertoire, in many cultural initiatives in Italy and abroad.

Among our most significant collaborations were with various schools and universities in Italy and abroad, including New York, Bologna, Bocconi and Ca' Foscari universities. There were also Italian embassies, like those in Britain and Holland, and Italian Cultural Institutes, like those in Sydney, Berlin and Paris. Other bodies we worked with included the Presidency of the Council of Ministers, the Civil Protection Department, the municipal council of Rome, DIA, the regional government of Piedmont, the regional government of Sicily, the Ministry of the Interior, the state police, Cineteca di Bologna, the Ministry of Justice and the Ministry for Cultural Heritage and Activities.

Again with a view to cultural initiatives – albeit long-distance ones – Rai Teche has provided material from its repertoire for setting up interactive exhibitions, reviews, festivals and public events for municipal councils, associations and foundations including Romaeuropa Festival, the municipal council of Rimini for the Fellini Museum, Futura Network for ASVIS, Trentino History Museum, various initiatives by Istituto Luce Cinecittà (the Fellini Masterclass and Biennale), Ebraica Festival,

GNAM Rome, the Palazzo Ducale in Genova and MIT in Boston.

During the first half of 2020, important efforts continued to promote and get value out of the archive's historical titles, selecting and supplying programmes for the RaiPlay platform. The *Teche Rai* section continued to be one of the most powerful draws for digital users.

The Teche Archives make a vital contribution to networks and media outlets with its multimedia catalogue, which brought available product hours up to 2 million for TV and 2.1 million for radio.

There are over 85 million radio and TV documents in the catalogue, 90,000 books kept in the three Rai libraries in Rome and Turin, and 45,000 photographs. The users who have registered to get hold of archive material for reuse in programmes make more than 2 million searches a month on average.

The Teche Archives check that rights to a product are available before it is put on air, a vital activity in view of the rise in digital use, and are responsible for harmonising the process of digitalising the Rai archive assets; they also handle legal obligations with regard to the utilisation of copyright works.

In 2020 the Teche Archives went on with their essential cultural work promoting Rai's records as a historical source and object of study all round the country. They spread their use by public and private entities, museums, schools, universities and foundations, all of which avail themselves of the public service as a repository of first-class historical material to celebrate all kinds of anniversaries of events in the modern age.

You can now see Rai Teche' in many Italian and foreign museums, Italian Cultural Institutes abroad, universities and libraries.

Radio

Rai Radio

The radio is an original component of the public service and a beacon for hybridisation in the media, an example of the convergence between the most entrenched consumer habits in society and the expectations of an increasingly diversified and demanding audience. Developments in terms of production, distribution and usage have exacerbated cross-contamination in terms content, formats and technologies in an ecosystem that fully incorporates the fluid identity of the audio product and the central role that it plays in the digital society.

These characteristics are reflected in the strategic path mapped out by a media company that adopts a multi-platform approach. The extension of the Dab+ network, all the ramifications of digital radio, visual and social media quality standards, and authentic refarming of the production machine have all fostered a migration of the editorial offering of which listeners to personal, home and mobile devices and the Rai PlayRadio app will already have become aware.

Since February, Rai Radio's work has been affected by the anti-pandemic prevention measures adopted by our company, which it had to fit to the logistical, technical and production needs of the radio sector so as to minimise their harm to the continuity of its offering and transmission.

All Rai Radio channels have kept the structure of their schedules the same throughout the period, but made audiences smaller and done less external production.

Special projects

Due to the pandemic some planned government events have been cancelled or postponed, including a concert by the European Union Youth Orchestra (EUYO) in Berlin to usher in Germany's half-year presidency of the Council of the EU, the 25th edition of the International Feature Convention (IFC) on Via Asiago, Rome, the COPEAM annual meeting, on the same street in Rome, and the 'Beethoven' project for

deaf people. However, Rai Radio also promoted and ran some important initiatives during the lockdown in the name of national cohesion, solidarity and a return to normality.

Radio for Italy. At eleven in the morning on 20 March all the Rai Radio stations and a large group of private, national and local radio stations simultaneously broadcast the national anthem and four songs from Italy's musical legacy, followed by the sirens from the navy ships at anchor. It was an unprecedented event, widely appreciated by listeners and much commented on in the media, and it declared anew the social value of radio in times of emergency.

Radioplayer Italia. On 28 April, Player Editori Radio, a subsidiary of Rai, released the Radioplayer Italia app, a new aggregator of Italian broadcasters, putting radio back in its historic place in the media market, but now in the new digital sphere. The choice to debut in a tough time, proved to be of added value and was well received by the public (100,000 downloads in 100 days).

European Union Youth Orchestra (EUYO). Rai is a partner of the EUYO and Rai Radio is the registered office for the EUYO Foundation. The 2019 hearings, held at the headquarters on Viale Mazzini with Chief Executive Officer Fabrizio Salini, rewarded the Italian candidates, who grew to 22 in the 2020 line-up, who have been confirmed for 2021 too due to the pandemic. EUYO had been commissioned to perform at the prestigious concert to usher in Germany's half-year presidency of the Council of the EU, originally to be held Berlin on 1 July but cancelled due to the health emergency.

For the autumn recovery, a project is bringing radio back to the forefront of digital innovation, to make another editorial and technological advance. After Fiorello's success with *Viva RaiPlay!* in autumn 2019, 2020 sees the debut of Rai Radio 2 streamed on RaiPlay, with some of the public's most beloved talents. It will be broadcast from September, on air, online and on smart TVs, under the banner of the new payoff. *Look at that radio.*

Generalist stations

Rai Radio1

Also in the first half of 2020, which was scarred by the Covid-19 health emergency, Rai Radio 1 reaffirmed its identity as a broadcaster of all news. Reliable and qualified, its information centres around the press review every hour (in the morning, with editions 5.30 am and 6.30 am) with five main editions.

The Covid-19 health emergency has largely dominated all programming. Rai Radio 1 told it in a timely manner (when necessary with insights, direct and special lines), on the Gr stations and all its broadcasts.

It did the same with what was happening in Italy and in the wider world, from current politics (*Radio anch'io* in the morning and *Zapping* in the evening and *Tra poco in edicola* at night) and economics (*Sportello Italia* and *Gr1 Economia*) to news, employment and labour, human rights, fighting crime, violence against women (*Il mattino di Radio 1*, *Italia sotto inchiesta*, *Giorno per giorno*, *Radio 1 in viva voce*, *Numeri Primi*, *Le storie di Radio 1*, *Mangiafuoco sono io*).

Ample space was given to local interest, with the daily programme *Centocittà*, in collaboration with TgR, in which, especially at the time of the Covid-19 emergency, local businesses got a hearing. Then there was intelligent satire (*Un giorno da pecora*), the environment (*Green zone*, *L'aria che respiri*, *Gr1 Economia*, *In viva voce*) and social issues (*Formato famiglia*, *Le storie di Radio 1*, *Giorno per giorno*).

Similarly, information remained unchanged in programmes on the summer schedule. In the morning there was *L'Italia in diretta*, in the afternoon *Onda su onda* and *La radio in comune* and at the

weekend with spaces for *Radio 1 musica - L'estate in diretta*.

In addition, all programmes are committed to always supporting and listening to the campaigns promoted by the Rai social secretariat.

In the first part of the year, attention focused on the health emergency, first in China and then in Italy. In the first part of the year, attention was also paid to the country's political situation, with regional elections in Emilia-Romagna and Calabria. Space was given to the few events going ahead under lockdown, like *Holocaust Memorial Day* (27 January), *National Memorial Day of the Exiles and Foibe* (10 February), *Liberation Day*, *the 40th anniversary of the Ustica massacre* (27 June), *the day of remembrance for mafia victims* (21 March) and *the day of remembrance for victims of terrorism* (9 May).

Sports remains a mainstay of Rai Radio 1 and Gr, with a wide range of sports. Its very wide offering was also heavily punished by the lockdown, and only partially recovered in the summer when some sports resumed, namely football, Formula 1, MotoGP and cycling.

The story of every sport is told through highly successful programmes like the historic show *Tutto il calcio minuto per minuto*, which turned 60 this year and which Rai Radio 1 celebrated with a special evening on 10 January. And then from other broadcasts like *Zona Cesarini*, *Extratime*, *Sabato Sport* and *Domenica Sport*.

1. Tutto il calcio minuto per minuto turns 60
2. New Hall B on Via Asiago



Due to the health emergency it was not possible to show many of the events that Rai Radio 1 covered, like the Giro d'Italia, the Italian tennis Open, the Euro football championships and the Tokyo Olympics, which were postponed or cancelled.

Rai Radio's sports offering is also to be found on Rai Radio1 Sport, the digital station available on RaiPlay Radio on the app, the internet, DAB+, satellite and digital terrestrial, inaugurated for the 2018 football world cup in Russia. Every day Rai Radio 1 Sport is broadcast from 7:15 am to 7 pm with insights and sections dedicated to football and to other sports.

There are six fixed sections: *L'edicola di Radio1 Sport*, *La tribuna di Radio1 Sport*, *Palla al centro*, *Note di Sport*, *Il caffè di Radio1 Sport*, *Tempi supplementari*. For special events Rai Radio 1 Sport broadcasts exclusive content not broadcast elsewhere on Rai Radio 1.

Since March, due to the health emergency, broadcasts on Rai Radio 1 Sport have been interrupted.

Rai Radio 1's programme schedule also includes sections dealing with a wide range of themes: health (*Life*), technology and innovation (*Eta Beta*), the sea (*Radio di bordo*), insights into foreign countries (*Inviato speciale*, *Voci dal mondo*, *Caffè Europa*), travel and tourism (*I Viaggi di Radio 1*), school (*Tutti in classe*), agriculture and the environment (*Green zone*, *L'aria che respiri*), art (*Te la do io dell'arte*), motors (*Top car*), culture and entertainment (*In prima fila*, *Plot machine*, *Incontri d'autore*, *Mary pop*), stories (*Il pescatore di perle*, *Numeri primi*, *Le Storie di Radio 1*, *Vittoria*), religion (*Ascolta si fa sera*, *Babele*, *Culto evangelico*, *In viaggio con Francesco*, *La finestra su SanPietro*).

Music has played and plays a fundamental role in information programmes. It is given space at various times of day (*Radio 1 music club*, *Stereonotte*, *Radio1 In viva voce*, *Supernova*, *Sette su Sette*, *Radio 1 Night club*).

Again due to the health emergency, media partnerships greatly declined; only *Musicultura* was confirmed. Everything that is usually organised was cancelled or put off.

As regards social networks, Rai Radio 1 encourages interaction on all its Facebook, Twitter and Instagram profiles by promoting its programmes, re-broadcasting the news, the guests and highlights of the day, encouraging interaction with the audience. On the digital stations, the editorial staff of the Radio Journal produce special-interest Gr programmes on a daily basis for Rai Radio's five specialist stations.

Rai Radio2

The mics are still turned on at Rai Radio 2. The radio, which is by nature a background to everyday life, was able despite this difficult moment in time to strengthen its bond with its listeners, giving life to a sort of story without borders. A continual dialogue: 24/7, with all its presenters on air and more and more original content on social media, which constitute an additional contact and channel of exchange so it can be ever closer to its listeners and, above all, give them a voice. Working methods have changed, at home, in the studio, on one's mobile phone, on one's iPad. By any means at its disposal, Rai Radio 2 continued to offer more and more company, entertainment, information and music.

Listeners' stories have been collected at all times, from dawn onwards, in the press review *Caterpillar*

AM, Il Ruggito del Coniglio, Radio 2 Social Club, Non è un Paese per Giovani and *La Versione delle Due*, all of them increasingly rich in authoritative and qualified opinions from doctors, psychologists and researchers. These voices are needed to spread information in a simple way and respond to the many doubts cropping up at the moment.

The Rai Radio 2 weekend team has also been assembled, with Lodo Guenzi and *Lo Stato Sociale show*, an absolutely unpredictable appointment every Sunday afternoon, with Marisa Laurito, Pino Insegno, Tommaso Labate, Diletta Parlangeli, Francesco De Carlo and DJ Osso.

Among the novelties that opened the year were *Chiamate Mara 3131*, the historic phone-in radio show with Mara Venier taking calls, and *Viva Sanremo*, with Pino Strabioli, to celebrate the 70th year of an event that made its stamp on the history of Italian music and costume.

In the afternoon and evening the narration remained light, but always attentive to updates. *Caterpillar*, the drive time programme, has started some 'semi-serious services' to entertain its large following in a contemporary way.

Night time was one of the most active times, with *I Lunatici*, who took more calls than ever from all-night workers dealing with the current emergency, the like of which they had never faced before.

Then in June Rai Radio 2 rekindled the stage in Hall B on Via Asiago for the first time since the outbreak

of the pandemic, starting *Back2Back Speciale Let's Play!*, six episodes in which the hero is Italian music and featuring the voices and performances of six leading artists from our national scene, in person or on large video screens.

Over the weekend, all the programmes were broadcast, from dawn to late at night, with the voices of the network's historic conductors, with entertainment and space for live music. It doubled its offering with unreleased songs with an international flavour, plus the most beautiful and intense live shows on Rai Radio 2's schedules. They are summed up in the titles of *Music che Unisce* and *One World Together at home*, the mega-events put on to raise funds and broadcast together with Rai 1.

Another important event, together with TV programming, was *Europe Shine A Light*, the special put on by the organisers of the *Eurovision Song Contest* in a non-competitive format for this 2020 edition, with commentary by Radio 2 from the studios on Via Asiago broadcast on Rai 4.

Great production efforts were made in Sanremo on the occasion of the 70th edition of *Festival della Canzone Italiana*, of which Rai Radio 2 is the official station, with over 90 hours of live broadcast from four different locations, more than 10 on-site talents and exclusive live shows.

As always, Rai Radio 2's concern for sustainability is great. In March 2020 the 16th edition of *M'illumino di meno* was celebrated, the day for energy saving launched and supported by *Caterpillar*, which

for years has been the largest radio awareness campaign on energy consumption and sustainable mobility. The project – organised on air, on the web and on social media – was again sponsored in 2020 by the highest government offices and helped by the main Italian and European cultural attractions, as a symbolic gesture of energy saving.

Special initiatives included *Radio 2 Day* (days dedicated to great Italian musicians) and *Radio 2 Live*, special meetings, on-air and streamed, at the studios on Via Asiago and Rai Radio 2 Indie, the digital channel entirely dedicated to the contemporary indie rock and 'alternative' music scene but also to Italian pop like Brunori Sas, Gigi D'Alessio, Fulminacci, Piero Pelù and Galeffi.

As always, there were plenty of synergies of publishing with TV programming. These included, with Rai 1, *Musica che unisce* and *One World: Together at Home*, the largest musical charitable project ever set up, albeit long-distance, with Rai 3, *Il Concerto del Primo Maggio*, and with Rai 4, *Europe Shine a Light*.

The network also took part in *La Radio per l'Italia*. On 20 March, almost a hundred years after the first ever radio programme, all local and national radio broadcasters came together, for the first time ever in the history of the country, to broadcast the Italian national anthem and other songs from our musical legacy simultaneously on all FM and DAB platforms, on TV and streamed on radio and sites and apps. It is an extraordinary and unique initiative which has given even more strength to Italy as it is required to

go forward united at a time of global emergency.

After this successful experiment, a second project was born, to aggregate 16 other national radios to Rai Radio 2. *I Love My Radio* is a unique musical format designed to relive and celebrate 45 years (1975 to 2019) of public and private radio history with 45 Italian songs to which we sang, fell in love, dreamt and lived.

The offering on social networks also increased. Rai Radio 2 stepped up work on its Facebook profile and enriched it with the warmth of the homes of its hosts and their guests, who met in live streaming every afternoon to tell us about their way of living in isolation and compare it with those of all the people on social networks. The editorial meetings also cleared the path to Instagram, to offer a unique e-learning opportunity by coming up with an open source line-up that works thanks to the content and people suggested by all those who write on the Instagram page, as with *Prendila Così*. Rai Radio 2 also opened an account on Telegram, to reach out to all listeners with material ready for downloading and sharing.

Rai Radio3

Again in the first half of 2020, Rai Radio 3 devoted particular care to the major topics from the cultural and social debate and broadened and improved its musical offerings.

The Covid-19 health emergency upset the station's live broadcasts, as well as everyone's lives. All the procedures necessary to safeguard health were immediately taken and live events cancelled, for everyone's safety. Yet, the radio continued to be an ever-present help, telling us what was happening and comforting us. And this was done, as usual, through in-depth broadcasts, but also with prestigious musical choices.

Despite the cancellation of all live events, the Rai National Symphony Orchestra and major Italian and international festivals like the Euroradio concerts continued to be recorded and broadcast. In addition to concerts, Rai Radio 3 offers continuous in-depth analysis through *Wikimusic* and the extremely popular *Lezioni di Musica*.

But programming has continually sought a dialogue with reality, even in the midst of proposals to escape it. On Monday, 6 April 2020, Rai Radio 3 marked the 500th anniversary of Raphael's death with a whole day on the theme of beauty. It was a temporary, partial but explicit distancing from contemporaneity and therefore from the pandemic. Without in any way taking away from the events of the last few weeks, the invitation to guests and listeners was to think about beauty and also to re-evaluate the right to escape, without ignoring or forgetting anything.

An emotionally very strong appointment was on the night of Easter Sunday, between 10 pm on 12 April and 6 am on 13 April, in which Rai Radio 3, like dozens of other radio stations in Europe, offered unprecedented musical listening. *Sleep. Unifying*

nations in quarantine was eight hours of music composed by Max Richter, in collaboration with the American neuroscientist David Eagleman.

In addition, there were many broadcasts and events that recalled the important dates in the history of our country, such as 27 January when Rai Radio 3, during a live broadcast from the Vascello Theatre in Rome, told the story of Holocaust Memorial Day with Jean Claude Grumberg's show *La mamma sta tornando, povero orfanello*.

Rai Radio 3's traditional concern for themes and forms of expression was also the reason for the *special days*. To commemorate the 75th anniversary of 25 April 1945, the channel traced, through the voices of six historians, the lives and deeds of 40 resistance men and women, partisans and civilians, some interned, some deported, some famous, some little-known. *Belle storie. Donne e uomini nella Resistenza* showed from 13 to 30 April.

For 1 May the whole day was dedicated to the theme of labour, in particular in the cultural industries, one of the worst affected during the health emergency, with live debates and through a concert lasting a whole day, filling up the whole schedule. On Monday, 18 May, for International Museum Day, another special programme was offered: two months after their closure due to the Covid-19 emergency, in fact, some museums reopened their doors to the public that day. On that day Rai Radio 3 promoted *Un giorno al museo* in which every programme presented and adopted a connected museum.

Throughout 2020 Rai Radio 3 confirmed its support for Italy's top cultural events. With all the necessary precautionary distances, the online version of the Turin Book Fair was presented, with links and live streaming.

There is an increased focus on new formats and the needs of an audience who are more and more likely to choose deferred listening over traditional programming. Above all, great attention was paid to the world of schools, with projects to pupils and teachers long-distance. Among these was *Maturadio. Lezioni in podcast*, 150 original podcasts divided by subject, a project in collaboration with the Ministry of Education and Treccani dedicated to graduates. The Radio Scuola podcasts, the new offering on Rai Radio 3, were made available both on the web and on the RaiPlay app for teachers and pupils, with in-depth analysis divided by skills and subjects. With the best voices from Italian culture to support education long-distance, with lively and intelligent materials, without replacing it.

Particular attention was paid to the packaging of content that can be played back in streaming and downloaded in podcasts, a choice appreciated by users, as evidenced by the results obtained by the broadcast *Ad Alta Voce* and *Wikiradio*. The offering of films, images, e-books and non-traditional contents for a radio station increased through the use of social networks, especially video streaming, above all for special initiatives.

Special-interest channels

Rai Isoradio

For Isoradio too, the first half of 2020 was defined, from March on, by the emergency of the pandemic, which had inevitable repercussions on its production methods and editorial offer. Despite this, Isoradio never interrupted its 24-hour-a-day, live-stream programming, every day and every night, even in the most acute phase of the lockdown.

Stopping people travelling in and outside cities has obviously resulted in a significant reduction in traffic and both public and private transport. This has led to a remodelling of its offer, translated into the enhancement of information from local areas, on the various facets of transport in and outside cities in regions, provinces and municipalities large and small.

Particular attention was given to the numerous measures taken by local government, and to the representatives of the police, mayors, councillors, municipal police, Civil Protection and traffic police. The latter, in particular, provided information to Isoradio for the many lorry and van drivers who were still doing the rounds, and anyone else still driving about, few as they were, updating them on travel restrictions and methods. Bulletins and health prescriptions from government bodies were also given in real time.

At the same time, the sections and spaces provided for in the schedule were confirmed, with help from remote workers. These included: *Viaggiare*

in sicurezza con la Polizia Stradale, with Polstrada officials giving rules on the highway code; *Studenti a Isoradio*, the space for student visits which was converted into a form at the beginning of the pandemic for their experiences of long-distance education, as told by them over the phone; *Sulla strada*, a show about the world of lorry drivers; *Arrivi e Partenze*, unveiling events, characters and places; *Ricordeai*, a mix of music, excerpts of programmes, characters and anecdotes from Rai radio and TV; *Casello-Casello*, with its directors taking turns at the microphone to comment on the news of the day, report events, books, meetings, give voice to the shining lights of music and entertainment; *Notte sicura con Isoradio*, a radio happening with music and news dedicated to those who travel about at night.

New this season is the programme *Siriparte*, broadcast from 4 May to 7 August, a journey over the whole country telling the stories of people who have decided to get back in the game, the story of Italy starting again.

Interviews and insights into the numerous awareness and fundraising campaigns by Rai's social responsibility team, during and after the Covid-19 emergency phase, are also on schedule for the entire half-year.

Gr Parlamento

Five parliamentary news bulletins on a daily basis, an extensive press review daily and insight sections make up the news offering on Gr Parlamento, the government station on Rai Radio which deals mainly with parliamentary activities at the Senate and the Chamber of Deputies, besides giving a picture of Italian society through government activities. It covers political current affairs, the economy,

environment, labour, human rights, fighting crime and corruption, and social issues. Here too the Covid-19 emergency was the main topic.

Specialist stations

Rai Radio Kids

Rai Radio Kids is a source of entertainment, music and education for children. In March 2020, coinciding with the start of the lockdown, *Diario Kids* was launched, a new daily fixture with funny things from the day, name days, birthdays, quizzes and lots of messages from children with hellos, birthday wishes and song requests. Presented by Armando Traverso with help from the puppets Lallo, Lella, DJ and Krud and the witches from *Streghe strambe*, the format was very successful, which is why it became a permanent fixture in the schedule until the end of the year, bolstered by the spin-off *Diario Kids Weekend*.

Also on schedule was the *Big Bang* hourly clock, a talk show with Armando, Lallo and Lella exploring facets of everyday life. Then *DJ* deals with music, hosting writers of children's songs, followed by *In cucina con Radio Kids*, which suggests simple and quick but mouth-watering dishes to make with children, and *Krud dal pianeta Cott*, a proper radio sitcom in which the villain Krud tries time and again to pull off his schemes for world destruction, only to realise every time that what he has done is not remotely harmful, but has actually helped mankind.

There is also a lot of music on the air, with songs for little ones from Zecchino d'Oro, nursery rhymes sung by children's choirs, theme songs for cartoons, soundtracks, ballads and pop music for older children.

Come nasce una canzone? lets you discover creativity in a down-to-earth format that speaks even to very little ones. There is even more music in *Pigiama Party*, the first programme to get children and parents off their feet to dance music from the 1980s, 1990s and 2000s.

Finally there is the world of reading, with old classics plus plenty of original productions, from Rodari to Andersen, *Manolito* to *Fiabe della Buonanotte*.

Rai Radio Kids was a media partner at many events, always complying with the rules on distances.

Rai Radio Live

Culture, tourism, food and wine, fashion and design. Rai Radio Live is the story of Italy. The schedule ranges from long-running programmes to new fixtures. *Mediterradio* is one, a new project by public radios who have come together to tell the stories of their communities with one voice and culture. The three main islands of the Mediterranean discuss their common problems, current events and music, and are united in their diversity.

Another novelty is *Stazioni d'Italia*, a journey to rediscover the immense heritage of the railway stations in small towns. Then there are programmes telling the story of fashion, design, food and wine, manufacturing, nature and tourism, including so-called 'slow tourism' to Italy's most beautiful and least known villages.

Of course, there is also music, in all its forms, from *Era ora*, a semi-serious music talk show that tells the

story of the great past artists and the new kids on the block in Italian music, to *Fox in a box*, showing the musical peregrinations of Rai Radio Live from Rai's headquarters in Sardinia, to *Musica Med*, from our headquarters in Sicily.

Dance, music, theatre, circus skills, visual arts but also new forms of creativity, contemporary artistic languages, digital technology, performances, DJ sets, videos, popular and underground culture. Finally there are fixtures focusing on the events of the working week and the weekend.

On the death of the maestro Ennio Morricone, Rai Radio Live was transformed for a day into a pop-up radio, entirely dedicated to his music. Twelve hours of Morricone's musical pieces, uninterrupted, forming a sort of experiment that can surely be a model for the future.

Rai Radio Techete'

The history of Italian radio is entrusted to Rai Radio Techete', whose schedule ranges from theatre to music, drama to comics, all the way to sport stories. In 2020, the complete series of *Alto Gradimento* was broadcast, on the day of its 50th anniversary.

With *Gli Speciali*, Rai Radio Techete' celebrates birthdays and anniversaries with archive material, while *I Grandi Personaggi* recalls the voices and stories that made radio great.

In 2020 *Gli Speciali Specials* were broadcast, with audio materials from the archive, in memory of many past artists, from Franca Valeri to Sergio Zavoli, from Ennio Morricone to Philippe Daverio. Then there are

Le storie della musica, I teatri alla radio, and drama with *Diabolik* and *Racconti della Mezzanotte*.

Finally we increased the number of comic sketches, duets, improvisations and songs taken from the main variety programmes in the Rai Radio archive and broadcast in *Pillole di varietà*.

Rai Radio Tutta Italiana

Rai Radio Tutta Italiana is known for its easy-listening style, with its rapid speech interventions, analyses that never exceeded three minutes and features such as *Mi Ritorni in Mente*, looking back at the most important events year after year, or *Cantare è d'Amore*, showcasing the most beautiful love songs of the last fifty years. Lastly, more than 120 episodes of *Profili* were dedicated to star singers from Umberto Bindi to Tiziano Ferro.

And there is plenty of space for emerging singers and new independent stylings. *Astroprofili* is a new programme in which, at the beginning of every episode, the astrologer Jupiter traces the star signs of a different singer. Another novelty is *Lui, lei e loro*, led by Gianfranco Monti, a journey that takes listeners through the history of Italian music, stopping by men, women and bands.

Rai Radio Tutta Italiana is also on FM as the theme song of Rai Gr Parlamento during the evening and night-time slots.

In 2020 the radio station signed a series of events and concerts in the area, from Aosta to Lamezia Terme, with its *Una serata Tuttaitaliana* format, in full compliance with anti-Covid regulations. All the events had wide video resonance on the web and on the radio station's social networks.

RaiPlay and Digital

RAI PRODUCT
DISTRIBUTED
ON ITS OWN
PLATFORMS



3.5 bn
PAGES VIEWED



705 mn
VIEWS
VIDEO

24.05 mn
UNIQUE
BROWSERS
(MONTHLY
AVERAGE)

2020 was a crucial year for Rai's digital segment. It engaged in a process of profoundly transforming its publishing offer and market positioning which, at the end of the previous year, saw RaiPlay put itself forward for the first time as an independent publisher, launching *Viva RaiPlay!*, the Fiorello show distributed exclusively on the platform.

In fact, back in the first two months of 2020, this process was further sped up thanks to the success of the digital offer for the *Sanremo Festival*, defined by, among other things, *L'Altro Festival*. This was an original, live production, exclusively for RaiPlay, which had record figures both on the RaiPlay platform and on syndicated channels, with increases of 96% and 65% respectively on the 2019 edition.

At this time of great change, the Covid-19 pandemic stepped in and had profound effects on digital consumption habits in Italy and beyond. This unprecedented crisis required a general rethinking of our editorial and distribution strategy, a process that was shaped and complicated by a revolution in internal processes when all staff were allowed to work from home.

We took our first action immediately after the lockdown began, working on access policies for the platform and on the structure of the offering itself. In fact, as of 10 March, the obligation to register for viewing on-demand content was removed, to simplify the user experience and respond to the sudden increase in access to the platform. Furthermore, to increase opportunities to discover content and respond to the needs of some categories of viewer particularly affected by the lockdown, two new content sections were added to the platform: the *Teen* section and the *Learning* section.

The *Teen* section has content aimed at the 10–16-year-old target, previously included in the *Bambini* section. This helped better segment content and give this target audience, which is defined by extremely dynamic and rapidly changing consumption, a dedicated and much more effective offering.

The point of the new *Learning* section, which falls within the broader scope of the Rai's initiatives in collaboration with the Ministry of Education, is to help the school system face the challenge of long-distance education using the vast RaiPlay catalogue, to build collections of content and video playlists to make teaching support tools available to teachers and pupils of all ages.

At the same time, action was also taken on the platform's original offering, to respond to a rising number of viewers and consumption of on-demand content thanks to the exceptional situation of lockdown.

Specifically this work involved creating original formats for the pandemic crisis. It was shaped by the limited production possibilities induced by the situation. These included: *Tanto non Uscivo lo Stesso*, a light production produced and directed by the group The Jackal and online from 6 April; *Un posto a Casa*, spin off of the drama *Un posto al Sole*, online from 11 May; the original drama mini-series *La mia Jungla*, online from 1 May, conceived and interpreted by Giovanni Scifoni together with his family, which tells the story of the pandemic turning daily life on its head, in little and large ways.

The same area also includes some original productions dedicated to themes of and figures from culture, key to the development of the 'Learning' offer, such as: "*Scrittori #Fuoriclasse*", online from 21 April, dedicated to literature narrated by great Italian

1. *Il sindaco del rione Sanità*
2. *Non Voglio Cambiare Pianeta*
3. *Tanto non Uscivo lo Stesso*



writers, and *Beautiful Minds*, online from 23 June, in which some characters from entertainment and culture recount the experiences that led them to change their habits or points of view on things.

Editorial developments occurred for scripted and drama content. Some TV products that had not been available for several years were published exclusively, such as box sets of *Braccialetti Rossi*, from 9 April, and *La Mamma Imperfetta* from 7 May.

This also includes a decision to bring forward the publication of the documentary trip *Non Voglio Cambiare Pianeta* by Lorenzo Jovanotti, telling the story of the 2500 miles the singer-songwriter cycled over South America in the opening months of the year. The documentary trip turned out to be the most viewed original product of the half-year (8 million views and over 1 million viewers), probably because it offered an escape from the narrow world of one's own house during the lockdown, to embrace the vastness of the South American landscape, thus rewarding management's editorial choice.

Content in the period also included films, with exclusive first showings (including Mario Martone's *Il sindaco del Rione Sanità*), and initiatives like *#ilcinemanonsiferma*, under which eight films were broadcast on the platform, four of them never before distributed in cinemas but presented for the first time directly on RaiPlay.

Furthermore, following delays to dubbing work due to the pandemic, some serial products for exclusive purchase were rescheduled, starting with the summer season.

The set of activities done in response to the Covid-19 emergency, which produced an increase in viewers and on-demand consumption throughout the entire Italian

market and beyond, made absolutely extraordinary results possible. These allowed RaiPlay to achieve market leadership, especially during the lockdown period, as on-demand content reached 45% of viewing time, as measured by the digital auditel system.

Rai products distributed on Rai's own platforms had a total of about 3.5 billion page views (+25% on the first half of 2019) and 705 million video views (+35% on 2019), with a monthly average of 24.05 million unique browsers (source: *Webtrekk YT Analytics*).

At the end of June 2020, 14.1 million registered users of the RaiPlay offer (RaiPlay, RaiPlay Radio, RaiPlay Yoyo) had accepted the latest privacy policy (+1.07 million on 2019).

In detail:

- RaiPlay recorded a total of about 611 million page views (+35% on 2019), with a monthly average of 18.6 million unique browsers (+12% on 2019) and 215 million visits;
- In the first half of 2020, RaiPlay Radio, the radio portal born at the end of December 2017, saw a monthly average of 1.7 million unique browsers (+70% on 2019) and a total of 53.3 million media items (audio and video);
- RaiPlay Yoyo, the new children's app launched in mid-April 2018, saw approximately 23.5 million video views in the first half of 2020 and a monthly average of 109,000 unique browsers;
- RaiNews.it saw a total of 500 million of page views (+41% on 2019) and 48.6 million video views (+58% on the first half of 2019 with a monthly average of 20.5 million unique browsers (+8% on 2019); Of note was the excellent performance of TgR which, owing also to the contribution of the new digital newsrooms, recorded 60% of the video views of the portal, with a 23% coverage on RaiNews unique browsers;

- Rai.it generated a total of over 12 million page views (-74% on 2019) and an average of 4.9 million unique browsers monthly (-113% on 2019).

Syndicated content distributed in the first half of 2020 got more than 850 million video views, getting Rai's digital products an average of 140 million views a months.

The most successful applications were:

- RaiPlay – with more than 17.1 million downloads (excluding updates);
- RaiPlay Radio – with more than 2.3 million downloads (excluding updates);
- RaiNews – with more than 1.46 million downloads;
- RaiPlay Yoyo – with more than 1.1 million downloads (excluding updates);

The original RaiPlay offering

On the back of the process we started in the last months of 2019, with a show by and starring Rosario Fiorello, *VivaRaiPlay!*, creation of original projects and acquisition of exclusive products went on.

Below is a list of the biggest titles shown to our audience in the first half of 2020:

- *L'Altro Festival*, the fun and ironic counterbalance to the grandeur of the *Sanremo Festival* has found in its conductor, Nicola Savino, the right interpreter of a product that will entertain network users.
- *Le storie di Mirko*, again in Sanremo, where Mirko Matteucci introduced a series of irreverent forays into the places and landmarks at the centre of media attention at the moment. The show, which started successfully started at the *Sanremo Festival*, began again after the lockdown, with Mirko getting to grips with everyday 'new normality'.

- The series *Passeggeri Notturni*, with Claudio Gioè, Nicole Grimaudo and Gian Marco Tognazzi, is taken from the stories *Passeggeri notturni* and *Non esiste saggezza* by Gianrico Carofiglio. It is the story of Enrico, a radio DJ, who meets Valeria on a night train, a fascinating woman who is hiding a terrible mystery.
- *Beautiful Minds*, the meaning of life in the time of coronavirus, based on the valuable 'homemade' stories of 10 Italians, recorded on their mobile phones – Gianrico Carofiglio, Paola Cortellesi, Ivan Cotroneo, Maurizio De Giovanni, Lino Guanciale, Melania Mazzucco, Sandro Petraglia, Pierdante Piccioni, Francesco Piccolo and Alice Rohrwacher.
- *Play Books*, an author with a book in a short interview about literature and the week's editorial news. Vittorio Castelnovo takes the viewer down new paths for reading more about the literary world and the latest news, with ideas and reflections from its main figures.
- *Diamoci un tono*, the new and hilarious stand-up comedy show by Edoardo Ferrario. Shot live in front of a packed Brancaccio Theatre in Rome, *Diamoci un tono* is a compendium of travel stories, social events, pop culture, weird accents, badly dubbed movies and any other topic that one can laugh one's head off at.
- *Non voglio cambiare pianeta*, a documentary trip in 16 episodes by and with Lorenzo Cherubini, also known as Jovanotti. It is a journey within a journey, into music, words, views, climbs, descents, blood, sweat and tears, to explore a human and sporting adventure that took place over 4000 miles in Chile and Argentina. Unseen landscapes. Unrealised thoughts. Unspoken words. It was a solo undertaking, before being alone became a collective undertaking.
- *Come stanno i ragazzi*, made by Next New Media in collaboration with the public hospital in Padua, tells

- 1.2. *Scrittori fuoriclasse*
3. *La mia jungla*



stories of doctors and patients struggling with the growing psychiatric problems of Italian children, breaking the silence enshrouding the topic of mental illness. It is a detailed and unprecedented snapshot of a generation struggling with the pain of living.

- *Gué Pequeno vs Mr Fini*, a special on an Italian rap giant – Gué Pequeno. Sound, language and verse are constantly pushed to the limit in a confrontation with his alter ego, Mr Fini, his real surname. In this special, fans and newcomers to the musical style will find all his imagination, his musical, geographical, literary and cinematographic influences, which, as in a mosaic, composes and reveals the character through an uncompromising story.
- *La mia Jungla*. Giovanni Scifoni, with interjections from his family, tries to answer the questions worrying us nowadays. How do habits and family quirks change when they are forced to quarantine themselves behind four walls? And what will change when all this finally ends and we return to much-needed normality? What will we take with us and what will we leave behind?
- *Un po' sto a casa*, in which, after the lockdown and before *Un Posto al Sole* starts again, we find the flats in Palazzo Palladini struggling with the second phase of the health emergency. Despite the slow return to normality and the first activities being allowed again, the characters look for each other, call each other, engage in activities of all kinds and get on each other's nerves, all more or less with happy results. In the episodes of the series, everyone will act out short stories, share an idea, a small project or something else on their ordinary activities with friends or relatives.
- In *Tanto non uscivo lo stesso*, The Jackal arrive on RaiPlay with an original show produced exclusively by them, in which *Ciro*, *Fabio*, *Aurora*, *Fru* and the rest of the Neapolitan collective ironically describe the behaviour and dynamics that unite Italians within the home.
- In *Scrittori fuoriclasse*, nine writers, all great cultural figures, give up their time to share with Italians their passion, their competence and their words through lessons on RaiPlay, in this suspended time of coronavirus, using the tools of long-distance teaching, not in classrooms.
- *Playlist 24*. The RaiPlay clip collection gives the highlights of Rai's daily offer: shows, drama, news, sport, talk, reality and much more besides.
- *Il sindaco del Rione Sanità*. Eduardo De Filippo's masterpiece is revisited by Mario Martone and presented as a competitor at the 76th Venice International Film Festival.
- *Into the Dark*, a major series bringing together 12 horror films, one for each holiday of the year.
- *Francesca Michielin – Il mio stato di Natura*, a special with the best moments from three evenings, in which Francesca Michielin talks about herself, performs totally different live sessions and talks about her musical heroes – *Shiva*, the Milanese duo *Coma_Cose* and *Fabri Fibra*.
- *Back2Back – Speciale Let's Play*, a series of seven concerts conducted by *Ema Stokholma* and *Gino Castaldo* from Hall B of the Rai radio studios on *Via Asiago* in Rome, in which artists take turns on stage retracing their careers and private lives, telling their life in and outside music, with comments and stories from famous friends.
- *#ilcinemanonsiferma*, a review of eight films, four of which were never distributed to cinemas, made in collaboration with Rai Cinema to keep up its cinema offering to the public regardless of the forced closure of cinemas. In particular, the following were released: *Abbi fede*, *La rivincita*, *Bar Giuseppe*, *Magari*, *Dafne*, *Lontano Lontano*, *Otzi e il mistero del tempo*, *Un giorno all'improvviso*.

1. *Beautiful minds* – Alice Rohrwacher
2. *Beautiful minds* – Pierdante Piccioni
3. *Beautiful minds* – Sandro Petraglia



Four exclusive products have also been created focusing on the technological future we are already living in:

- *Web side Story*. A six-episode documentary series showing how the web has made history and changed our lives.
- *Che lavor(o)i farai da grande?* with Marco Montemagno, a journey into a world of work that is changing thanks to the demands of emerging technologies.
- *Domande snack*. Starting from the belief that poverty of vocabulary corresponds to poverty of thought, the meanings of key words and concepts introduced by the digital world are explained. Each question is answered by experts and promoters. The intent is to give people the tools they need to develop a critical sense in the subject and exercise their digital citizenship.
- *Interviste snack*. Ideas for moving about in a conscious way at work and in life, from interviews with professors of international importance and figures from the world of science and promotion.

Rai's digital offering

In 2020 Rai strengthened its efforts in other parts of its digital offering. Here are the most significant.

YouTube and MSN. In the first half of 2020 the YouTube platform maintained its previous performance levels, confirming itself as one of the most strategic assets when it comes to Rai products in the digital environment. Together with the MSN offer, which has benefited from an increase in product through Playlist24, methods of audience engagement have been expanded, reaching, free of charge, an increasingly large audience of users, especially among youngsters.

Rai Cultura. The portal aims to make Rai's cultural offer accessible and usable in the digital environment with dedicated content and services. The new platform is organised by thematic areas and full of original content produced by the Rai Cultura editorial staff, cultural programmes from special-interest and general TV programming and titles from the Rai Teche archive.

RaiPlay Radio. The Rai radio world portal which, together with the live broadcasts from 10 radio stations – five on-air and five digital – offers two exclusive digital stations, Rai Radio 1 Sport and Rai Radio 2 Indie, with specific selections and programmes. The offering clearly shows the different identities of all the radio networks, with their network portals and programme pages, on which you can find a rich offering of live-streamed, on-demand and podcast content.

RaiPlay Yoyo. The completely free app giving little ones a safe digital environment. It has no advertising or parental locks. RaiPlay Yoyo has a simplified and intuitive interface and lets children find every cartoon series and TV programme broadcast on the Rai Yoyo channel, to watch live or on demand. The programme schedule is organised to be simple and intuitive even for children, who can find the programme they want to see through their characters. They can also use a handy internal search engine or find content through the last watched, favourites and downloaded sections.

Registration is not needed for access, but it does give parents more control over their children's browsing, because it lets them activate additional services and options, such as customising the offer by selecting the content their children can view, downloading programmes and protection and

1. *Otzi*
2. *Beautiful minds* –
Melania Mazzucco
3. *Magari*



monitoring functions. On the same account, the parent can create a separate profile for each child, so they can have a personalised offer suitable to their ages. The catalogue of available content is enriched every week thanks to a careful editorial offering that takes into account different age targets and different children's tastes. In 2020 around 50 titles were made available on rotation, for a total of around 2,700 episodes available to watch online. Of these, about 1,600 episodes were also available offline.

Rai.it, the inclusive portal that makes the Group's vast digital offer easily accessible. Rai.it promotes and provides access to all TV and radio programming, as well as to the informative and multimedia content from all newspapers, showing the most important news from Rai News 24 and Rai Sport. Rai.it also offers a series of services of great importance and interest to audiences, such as the guide to Rai programmes and access to information about Rai as a company.

Digital offering for teenagers and children

The strategic asset of Rai's digital offer is the segment for children and teenagers, presided over by the RaiPlay platform with its Children, Teen and Learning sections, the RaiPlay YoYo app, the offering on Rai YoYo and Rai Gulp on Smart TV, and the special-interest portal www.raigulp.rai.it.

In the first half of 2020 a specific development strategy was honed for this target, focusing its efforts on the following objectives.

RaiPlay platform and children's section. The section has among its main features an offering for the extended target audience that includes children and families, ranging between different forms of

entertainment like cartoons, films, short films, and programmes. It is a rich and diverse offer with over 300 titles and about 70 hours of on-demand product every month, divided by target and genre, and available on all devices.

In the first half of 2020, the offer strategy changed. It previously focused only on the replay model, and – in synergy with Rai Ragazzi, Rai Fiction and Rai Cinema – the offer was enriched with many titles coming out on box sets rather than as mass broadcasts on television or exclusively. In particular, from January to June, eight exclusive preview box set series were offered (*Baby Boss*, series four of *Molang*, *44 gatti*, *Masha e Orso*, *Lampadino e Caramella*, series two of *YoYo*, *Berry Bees*, *Le canzoni di Masha*) and 29 absolutely exclusive box set series (*Kid Lucky*, *Topo Gigio*, *Hanakappa*, series eight of *Peppa Pig*, *Suuuper!*, series one and two of *Farhat*, *Gino il Pollo*, *Uffa! Che Pazienza!*, series one, two and three of *Milo*, series one and two of *Sandokan*, series one and two of *Cocco Bill*, series one, two and three of *La compagnia dei Celestini*, *Le formiche*, *Acqua in bocca*, *I Bi-Bi*, series one and two of *Le storie di Anna*, *Matt & Manson*, *Linkers*, *L'ultimo dei Mohicani*, *Kim*).

There are also various series and programmes (*L'Albero Azzurro*, *Diario di Casa*, *La Posta di Yoyo*, *Gormiti*, *Baby Boss*, *Kung Fu Panda – le zampe del destino*, *Capitan Mutanda*).

RaiPlay platform and teen section. The new section for children was created in March, with a rich and varied offer that relies on the strongest titles in the catalogue for the new target, ranging between different genres like cartoons, films, live action, children's drama, programmes, documentaries and music. A rich and diverse offer with over 150 titles and about 40 hours of on-demand product per month, divided by target and genre, and available on all devices.

1. *Lontano lontano*
2. *La rivincita*
3. *Beautiful minds* – Paola Cortellesi



In particular, from January to June 2020, five exclusive preview box set series were offered (*Space to ground*, *La stella di Andra e Tati*, *The Athena*, *Club 57* and series two of *Jams*), plus eight absolutely exclusive box set series (*Indomite*, *Psicovip*, *Gino il Pollo*, series one and two of *Cocco Bill* and series one, two and three of *La compagnia dei Celestini*).

The offering is complemented by various series, programmes and new editions of programmes. Among the novelties in the catalogue, we should mention the most recent cult series: *Baby Boss*, *Kung Fu Panda – le zampe del destino*, *Capitan Mutanda*, *Explorers*, *La banda dei #Fuoriclasse*.

RaiPlay platform and Learning section. RaiPlay, based on an agreement between Rai and the Ministry of Education for the Covid-19 emergency period, joined the ministry's *#LaScuolaNonSiFerma* project in early March, providing an offer in its Learning section for children, parents and teachers, to enrich the experience of long-distance education. The section was created to help children of all ages, from nursery to high school, with documentaries, interviews, films, news reports, programmes and cartoons, all carefully selected with schools in mind. The new Learning section takes children on the perfect journey through school subjects, with:

- ranges of programmes divided into eight subjects: literature and theatre, history, science, humanities, geography, art history, foreign languages and music;
- more than 60 thematic collections: collections of videos going into depth on specific topics, carefully thought-out and organised for children at nursery, primary, middle and high school;
- more than 90 playlists with new videos every week from March to June, again for all subjects;
- new, ad hoc programmes with audio descriptions, subtitles and, in some cases, sign language.

From March to June, the Learning section was a showcase for the many quality programmes created by Rai to combat the emergency, with lectures and insights from great Italian cultural commentators. These include: *Scrittori #fuoriClasse*, *Beautiful Minds*, *Come stanno i ragazzi*, *Play Books*, *La banda dei Fuoriclasse*, *Diario di Casa*, *#Maestri*, *Diari 2020 Maturità*, *La Scuola in Tivù*, *Scuol@maturità*, *Scuol@ magazine*, *Scuol@casa*.

RaiPlay YoYo app. The protected app is purely for children and provides a rich on-demand special-interest schedule structured for three different targets, defined by age group. It is updated weekly. In 2020 around 50 titles were made available on rotation, for a total of around 2,700 episodes available to watch online. Of these, about 1,600 episodes were also available offline.

MHP offer for children. An on-demand offer, available via Smart TV, updated weekly in relation to new editorial releases (exclusives/premiers/new series) proposed by the special-interest Rai Yoyo and Rai Gulp channels.

RaiGulp.it. The portal for children offering daily news on TV programming events and launching related offers on RaiPlay. A portal also full of original content created ad hoc and organised by theme.

Social media and traffic building

In 2020, Rai's branding and traffic-building strategy was consolidated on social media and digital platforms, with four main objectives in mind: promotion of TV and digital product; user engagement and advocacy; creating traffic on Rai's digital platforms; monitoring third-party platforms (Samsung, Amazon, Huawei).

1. *Bar Giuseppe*
2. *Beautiful minds – Gianrico Carofiglio*
3. *Beautiful minds – Ivan Cotroneo*





221 PROFILES

24.6 mn
FOLLOWERS



78 ACCOUNT

5.5 mn
FOLLOWERS



242 ACCOUNT

8.3 mn
FOLLOWERS

The social media strategy had excellent results thanks to effective organic approach of the promotion work. There were three main axes of communication:

- flow: flow communication for promotion of TV and digital titles regularly arriving on RaiPlay;
- stock: editorial communication linked to columns with different objectives, like: enhancement of the RaiPlay library; involving the community by inviting them to interact with the content offered; offering content by target audience;
- explosion: communication on special days celebrated on the platform, with collections, including special ones.

In the first half of 2020 the distribution strategy was mostly omnichannel, with some strategic work on vertical channels, in particular Instagram, with an increase in interactions of 107% on the previous period.

The results achieved in the first half for the main organic social media KPIs were:

- Community: FB +55K, IG +82K, TW + 18K;
- Posting: FB +7%, IG +104%, TW +33%;
- Total interactions: FB -26%, IG +107%, TW -28%;
- Organic Reach: FB +34%, IG +186%.

The data points to considerable success on Instagram but also in general on all channels. In fact, the decrease in total interactions on Facebook and Twitter was influenced by the absence of paid activity in the first half of 2020. Despite there being no paid drive for content, however, there was notable growth in organic reach, i.e. the number of people reached by published content.

In the first half of 2020, the Telegram RaiPlay channel opened, with the dual objective of revamping the goodies in the RaiPlay catalogue with a selection of

current content, and offering them to users through a chat, in the reliable voice of someone who is obviously passionate about Rai content.

The 2020 Sanremo Festival, has had great success not only on Rai's own digital platforms but also on social media. During the period of the event, the amount of people hired by Rai social profiles and following the festival was over 11.3 million. They made over 4.2 million interactions and viewed videos 66.8 million times.

Here are some brief insights that give a measure of Rai's presence on each social platform (*sources: Nielsen Social Content Ratings and FanPageKarma*).

Facebook. In 2020 Rai's 221 Facebook pages managed to attract around 203 million people, with an overall fan base that reached 24.6 million. Also notable is the total amount of reactions: almost 59.7 million. Views of video posts were 1.2 billion.

Instagram. In 2020 the number of Rai accounts on Instagram reached 78. The total fan base has reached 5.5 million and stories have proved once again to be the best promotional driver; the 20,000 published in the first half of 2020 got 120 million views.

Twitter. Rai has 242 official accounts on Twitter, with a total of 8.3 million followers. The 164,000 tweets published in the first half of 2020 got 2 million likes.

The promotion and positioning of Rai products on social media are supported by advertising campaigns on the main digital platforms, with the aim of:

- repositioning the Rai digital platforms to reflect the continuous change that defines the OTT market;
- increasing downloads of Rai apps;
- supporting traffic on Rai websites;

1. Maurizio De Giovanni
2. Dafne
3. Beautiful minds – Lino Guanciale



- reaching new and potentially distant targets for Rai, with campaigns aimed at both traffic building and brand awareness about the company's key content, which must be innovative and/or aimed at a young audience.

Below are the results achieved in the first half of 2020 on platforms, Google, YouTube, Twitter, Apple Search, Spotify, WeTransfer and Samsung Smart TV, with the change in percentage on the same period in the previous year (*sources: Google Ads, Facebook Business Manager, Twitter Ads, App Store, Spotify, WeTransfer, Samsung SmartTV*):

- impression: 375,131,340 (-35%);
- clicks to our platforms: 6,303,237 (+173%);
- downloads of our app: 802,700 (+144%).

These results are the effect of optimising campaigns and of a strategy that in 2020 – unlike in the previous year, when a lot of work was done on brand positioning – aims to optimise KPIs (traffic and app downloads) in terms of awareness (impression).

Together with promotional activities for brands, products and platforms, in 2020 our caring strategy was further consolidated to optimise – thanks to a customer care department set up specially for digital platforms – the collection of reports from users. In the first half of 2020, the supporto@rai.it mailbox got more than 168,000 reports, compared with 73,000 in the previous half. The greatest increase was recorded above all in the area of technical reports, which went from an average of 5,000 a month to almost 13,000, while editorial reports remained constant on average, accounting for about 8% of the total.

This increase was concentrated above all in the months of January and February, as a consequence of the release of the new RaiPlay app and greater use of smart TVs.

In the first half of 2020, the numerous events in the local promotion plan were not held, having been cancelled due to the health emergency.

Rai is always attentive to protecting and ensuring rights, including in the digital sphere. Its work on this front – which involves all company people responsible for identifying rights and any authorisations needed to ensure production complies with law – has led to the relationship with Federazione per la Tutela dei Contenuti Audiovisivi e Multimediali (FAPAV) being consolidated, with particular attention to updating the cookie policy and privacy policy for bringing in advertising profiling and defining policies for Youtube content identification.

Public broadcasting service function

Weather and traffic

The radio and TV information offering for weather and transport is still going, 24 hours a day

On TV, the offering covers climate and the environment on Rai 1 (*Uno Mattina, La vita in diretta*) Tg 1, Rai News 24 and Rai 3 (a fixture on Friday with *Tutta salute*). As for the weather, there is still a dedicated space on *Buongiorno Regione* for the regions of Basilicata, Calabria, Campania, Molise, Umbria, Apulia, Sardinia and Abruzzo.

On the radio, *Meteo Europa* continues to be broadcast on Rai Radio 3, as does *Bolmare*, giving weather forecasts and warnings to sailors, on Sundays on Rai Radio 1 and digital radio.

Until 28 February 2020 the *Bolneve* (weather forecast and avalanche bulletin) was broadcast every week in collaboration with the forestry department of the police, with experts from different mountain locations, to get a better picture of the local area.

For digital radio, integrated weather and transport forecasts for the weekend are still being made.

Since the beginning of the health emergency, programming has undergone changes or suspensions. In some cases formats had to be changed to make remote packaging possible. Twelve coronavirus-themed videos were made for children on the Rai Accessibilità Facebook page, with sign language and subtitles. At the end of the lockdown period, a new twice-weekly show began, split into 12 episodes with interviews, stories and analysis of fake news, totalling 24 segments.

Accessibility

Rai's strong commitment to and care for achieving ever greater inclusion have led to an increase in subtitled programming, audio descriptions, sign language and web offerings.

As regards subtitles and audio descriptions in particular, in the first half of 2020 saw the following:

- over 8,500 hours of subtitled product, usable on general channels, with a significant increase of subtitles on information programmes: in fact, starting from the end of March – i.e. over the Covid-19 emergency – two further editions of the main national news broadcasts began to be subtitled (Tg 1 at 1.30 pm and Tg 3 at 7 pm), and the regional editions at 2.30 pm in Lombardy, Emilia-Romagna and Veneto;
- over 100 hours on the Rai Premium Thematic Channel;
- over 300 hours of subtitled English programmes;
- over 850 hours of subtitled programmes on the web; partly to meet the needs arising from the Covid-19 emergency in the field of education and children's entertainment, from April to June over 60 hours of subtitles were made for Rai Scuola programmes (*Scuola@maturità* and *La Scuola in Tivù*) and about 90 for the Rai Ragazzi *Fuoriclasse* programme. For the first time, 30 episodes of the cartoon *La Pimpa* have been made accessible for little ones;
- more than 700 hours of audio-described product on general networks, now covering three quarters of prime-time film and drama programming;
- over 900 hours of audio-described product on Rai Premium and over 50 on Rai Movie.

In line with the service agreement, Sport Stories began to be subtitled, broadcast on Rai Gulp and, as of last March, on the regional news for Lazio.

Live audio descriptions continued to be broadcast: these included the five evenings of the Sanremo Festival (for a total of about 25 hours), and *Concerto da Assisi – 'Con il Cuore, nel nome di Francesco'* – on 9 June, lasting about three hours.

Programming with sign language continued, with over 700 editions of news broadcasts featuring sign language (one ad hoc daily edition, lasting about three minutes, of the news broadcasts on general channels and an ad hoc daily edition of Rai News 24, lasting about eight minutes in total). In April, an additional daily information window with sign language was added to Rai News 24, lasting approximately 10 minutes. In the regions of Tuscany and Basilicata alone, a further edition of Tg with sign language is also broadcast on *Buongiorno Regione*.

Weather and transport news for the first half of 2020

Radio

Onda Verde:

- **210** editions per week throughout the schedules of the three radio networks;
- **35** editions per week with slots from 01:05 to 05:05 in the Rai Radio1 night time schedule;
- **6** editions per week on Gr Lazio with slots at 7:18 from Monday to Saturday.

Meteo Radio:

- **119** weekly editions of weather reports from 6:00 to 23:30 in the generalist networks schedules;
- **7** editions per week of *Meteo Europa* on Rai Radio1 and Rai Radio3;
- **2** editions per week of *Bolneve* on Rai Radio1;
- **1** editions per week of *Bolmare* on Rai Radio1 and on digital radio;
- **84** Meteo editions per week with scheduled events (from 5:30 to 00:30) in the Rai Isoradio station schedule;
- **48** weather forecasts for regional radio news at 7:18 in Abruzzo, Basilicata, Calabria, Campania, Molise, Umbria, Sardinia, Puglia.

Television

CCiSS News:

- **35** editions per week with scheduled slots from 5:55 to 19:30 distributed in the schedules of Rai 1, TgR Regionale and Rai News 24. On 15 March, the broadcast of the programme was interrupted due to the closure of the studio as a result of the Covid-19 emergency.

Weather:

- **121** editions per week with scheduled slots over 24 hours in the schedules of Rai 1, Rai 2, Rai 3 and Rai News 24.

As regards regional news, production is as follows:

- **280** weekly editions of automatic weather forecasts,
- **60** slots in *Buongiorno Regione*,
- **5** slots in *Buongiorno Italia*.

As a consequence of the emergency, programming with sign language has been extended to:

- all live coverage from the Chamber and Senate and the speeches of the President of the Republic and of the Prime Minister (for a total of over 30 hours);
- all important liturgical events shown live: Mass by the Pope from Santa Marta and Easter celebrations (over 80 hours);
- the educational programme for children “I Fuoriclasse” available on RaiPlay (about 90 hours);
- The “La Pimpa” series, for very young children on RaiPlay (about 2 hours).

Programming accessible in sign language has been extended for the first time to entertainment programmes – musical and theatrical – available on RaiPlay, and provided live for the following (among others): *The Sanremo Festival* (about 25 hours); *The 1 May Concert* (about 4 hours); *The Assisi Concert - With the heart, in the name of Francis* (about 3 hours); *Vasco Rossi concert* (about 4 hours).

Programmes created on a delayed basis and remotely (about 10 hours) included: *a Laura Pausini concert*, *a Fiorella Mannoia concert* and *I 10 Comandamenti* by Roberto Benigni.

Rai Easy Web is the website for visually and hearing-impaired people offering cultural entertainment and leisure content for all age groups. The entire website is accessible to the blind through a Braille bar and speech synthesis. In the first 6 months of 2020, it offered 4 new multimedia works, weekly reflections on current events, updated information on events and news of

particular interest for the visually and hearing impaired. Starting from May, the offer was further expanded with the possibility of downloading 3 audio-video games for blind and deaf people directly from the site.

Starting in April, the Rai Accessibilità Facebook page was released, which as of 30 June had published over 100 videos and on the same date had over 3,500 followers.

Televideo services

Televideo began in 1984 and, since then, has been a stable point of reference on the information landscape and an Italian habit. It is broadcast in its national format on all Rai channels and, in its regional format, on Rai 3. From only 300 pages of 1984, Televideo has progressively grown and now includes 15,000 pages per day on National Televideo and the 21 Regional Televideo sites.

Also available in web version, Televideo is still one of the most usable products and support for people's daily lives. In January 2019, the national programme schedule pages dedicated to Public Service were fully updated, with a user index on page 400 making the sections clearer and more identifiable.

Currently, the Televideo offer has sections on the environment, social inclusion, digital literacy, books, culture and Italy. The temporary closure of the cultural locations and spaces open to the public, due to the Covid-19 emergency, caused a reduction in the offer compared to the same period of the previous year, in particular in the areas of Culture, Environment and Territory.

Televideo services (first half of 2020)

National Televideo published:

- **Environment:** 700 pages across the Renewable Energy, Reduce-Reuse-Recycle, Environmental Sustainability, Green Agenda, Sustainable Mobility, Green Economy and Coast Guard information service sections.
- **Social:** 3,900 pages across the Audio descriptions, Fundraising and Services for Visual and Hearing Impaired Accessibility sections; 1,300 information pages on Work, Health and Digital Literacy.
- **Culture:** 1,100 pages across the areas of: Pagine da Leggere, All'Ordine del Giorno, Scaffale, La Rai da Leggere, Un libro, Accadde oggi and Parma 2020 Capital of Culture sections.

For the 21 regional sites, Televideo published:

- **Environment:** about 1,400 pages for the Green Agenda and Natural Parks sections;
- **Culture:** 2,200 pages for the Borghi da Gustare section, whose content of high cultural interest has been covered as part of the digital station programming for Rai Radio Kids and Radiocorriere TV.

TV production

The realisation of Rai's television editorial projects – general and specialised channels, news and sports – is entrusted to highly specialised internal professional staff and supported by the highest standards of technology, so as to offer the viewer a product which is always in line with the public service mission and at the level of quality, including technical, that this requires.

The activities of the first half of 2020 were heavily influenced by the health emergency which led, starting from March, to a substantial reduction in production activities not linked to news and current events. The need to maintain social distancing and the inability to travel around Italy led to the suspension of most of the planned programmes and severe changes to the production models of those kept in the schedule (no studio audience or guests, reduction in the research team, simplification of activities, etc.).

With the exception of the news, therefore, shooting activities in the studio and around Italy has drastically reduced, partly as a consequence of the simultaneous suspension of cultural and sporting events, which, at least in part, should be postponed to the second half of the year.

On the other hand, the commitment to guarantee maximum news coverage on the status of the Covid-19 epidemic and its impact in the country was increased; in some cases new important initiatives have also been produced, such as the productions made in collaboration with the education ministry to support distance learning activities.

With regard to the activities for news coverage, shooting services with ultra-light connection were invaluable. Particularly useful in a situation of an almost complete ban on travel, they made it possible to easily guarantee connections with the areas most affected by the emergency as well as the remote participation of guests in broadcasts.

Among the significant activities carried out before the health emergency, alongside the *Sanremo Festival*, it is worth noting the development, in parallel with the Festival, of the new cross-media project *Tra palco e città*, which had as its cornerstone and emblem the productions staged in piazza Colombo.

Technological activities

Information and Communication Technology

Information and communication technologies have supported and enabled the Company's strategic plans for a long time. In the first half of 2020, they were essential in facing the serious health emergency caused by the spread of Covid-19 and the consequent provisions adopted by the Government, as a result of which Rai launched a *smart working plan* in the Company and in the Group companies, to allow employees who are assigned compatible tasks to carry out their work remotely.

Since technology is the foundation of "agile work", it is easy to understand how Rai has been – and still is – strongly impacted by the implementation of the aforementioned *Plan*, being mandated to enable thousands of employees to work remotely by providing them with the suitable technological tools and preparing the relevant assistance.

To support the *smart working plan*, Rai had to coordinate efforts aimed at agile working methods, taking advantage of all the opportunities afforded by *Mobile Working*:

- providing employees with adequate technological equipment;
- strengthening the infrastructure for remote access to the Rai network (via the VPN access infrastructure using Pulse Secure technology) and corporate services (via Token Software and Token SMS);
- enabling employees to use the components of the Unified Collaboration & Communication platform, exploiting the integration of real-time services for communication and collaboration, such as VOIP, video conferencing, instant messaging, etc.;
- enhancing cloud services, especially for individual productivity;
- strengthening the Help Desk service and on-site safeguards, essential especially in the initial phase of the emergency to support employees in configuring the tools;
- ensuring risk management by protecting company activities and information.

Governance of the emergency plan was backed up by continuous monitoring of access to the IP network and services, evaluation of requests for authorisations and equipment, and analysis of the problems that users brought to the attention of the channels assigned to deal with technical problems.

To prevent and manage any critical issues relating to the IT area, including from the point of view of protecting personal data and the related cybersecurity, as well as the 231 prevention system, Rai had to carry out the appropriate assessments on

the IT security level, verifying that substantially the same level of protection was offered as in normal work circumstances. With this in mind, two accountability documents have been drawn up – "*Smart working in the Covid-19 virus emergency and privacy*" and "*Recommendations of the European Union Agency for Cybersecurity "ENISA" on cybersecurity applicable to smart working for the current health emergency period – compliance verification within the ICT Department*".

The experience gained, key to providing an answer to the Company's obvious need to be operational, provided positive indications on the feasibility of working models that are free from traditional place and time constraints, and can therefore be capitalised upon to guide future decisions.

With regard to long-term development, the consolidation of the platforms to support editorial planning, financial and production processes continued, in line with the scenarios agreed with company stakeholders:

- on *Editorial Planning*, actions were aimed at releasing the Broadcast Schedule for the closure of the Radio Corriere of Rai Sport and Rai Movie;
- in the area of Management, Administrative and Management Control processes, work focused on the design and implementation of solutions for the *Economic Planning* of Rai SpA and its Subsidiaries, and *Financial Planning and Industrial Accounting*, which uses a new model currently limited to TV Production activities. In addition, some changes were made to the *Integrated Planning System* (SIP), which was also extended to the RaiPlay and Digital Publisher;
- with regard to the *Planning of Production Resources* (*Primsys*), steps were taken to achieve integration with the Company ERP, which will allow the REL (External Light Shooting), Assembly, Vehicles and Connections services to be certified on the new platform, and to consolidate the data warehouse tool for the analysis of planning data on editorial and masthead orders.

In addition, with particular regard to the topic of *Business Process Integration*, the initiative to integrate the macro-processes of Publishing, Economic and Production Resources Planning was launched to optimise link-up of actions and information throughout the product planning lifecycle.

Projects were carried out to improve the services already available and to build specific solutions to be integrated into the overall application architecture:

- the Company ERP was optimised and developed for the management of invoices payable, certifying the performance of *collaborators* and *clagues* (paid audience members) and for reporting on Rai Cinema Rights. Intensive support was

also provided on the application of international accounting standard IFRS 16;

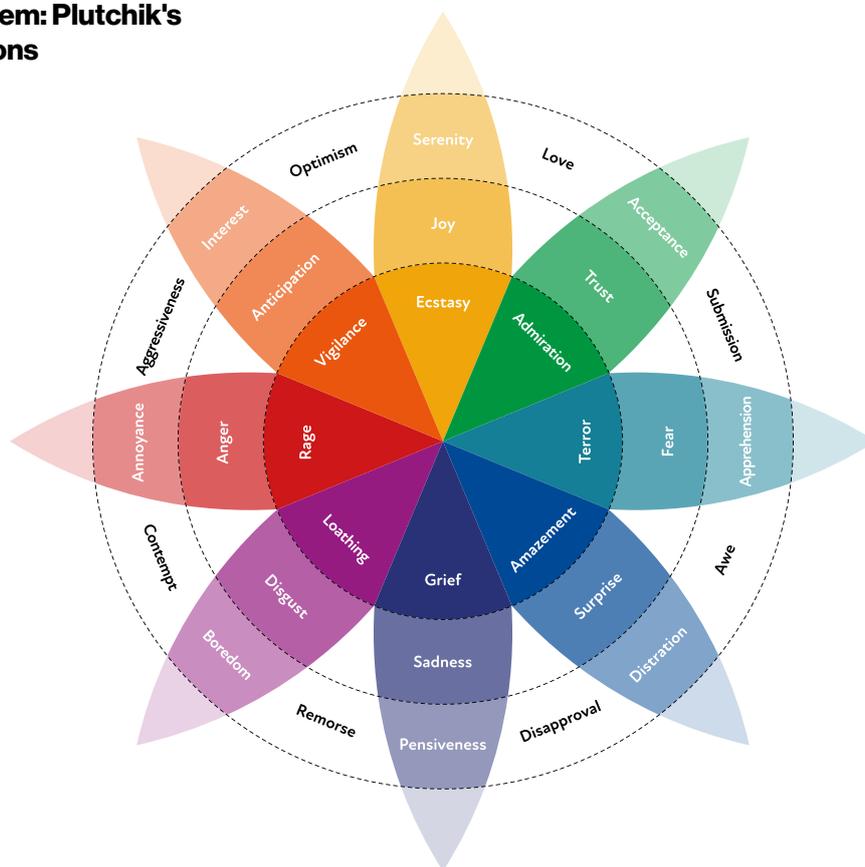
- in relation to the changes that Rai and the Italian Tax Revenue Office have agreed in relation to the management and treatment of the ordinary TV licence, in compliance with the technical set by the Agency for Digital Italy, preparatory studies have been completed for the launch of a large-scale project aimed at developing a new accounting management system consistent with the evolution of the regulatory context;
- with regard to the use and extraction of value from the Company's audiovisual assets, the *HypermediaNews* solution is currently being developed which, based on a prototype prepared by the Technological Innovation and Experimentation Research Centre, will make it possible to aggregate, store and share the information generated by the automatic analysis of television news with that published on online news sites. In addition, the upgrade of the system that controls the stacker crane of Teca Sport in Milan has begun;
- work on the *Facility Management* tool for the management of movable and immovable assets continued;
- the *Prix Italia* system has been optimised and has become the model for developing the tool to manage the Sanremo competition.

Work on the *enhancement and structured management of information assets* has resulted in the expansion of the tools for predictive analysis and final reporting:

- In the Marketing context, services for the detection of sentiment on Rai programmes have been optimised and extended (*SARAI, Instaraï*) through data from Twitter and Instagram. In addition, in collaboration with the University of Turin, the architecture and logic of the *M.Emo.Rai* solution have been defined, which will use AI algorithms to analyse emotional responses to television programmes (figure 2);
- Functions for the adjustment of the calculation relating to the Cost of Broadcast have been integrated into the company Datawarehouse System (BIP) and some reports relating to copyright, necessary for the verification of payments to SIAE, have been optimised.

With regard to supervision of *CyberSecurity*, following the *Compliance and IT Risk Assessment*, the organic security plan was appropriately updated with the set of initiatives to ensure the adaptation of policies, processes and technical procedures, as well as technologies aimed at raising the degree of protection against cyber risk.

M.Emo.Rai system: Plutchik's wheel of emotions



Furthermore, in line with the provisions of the GDPR:

- activities started in 2019 have continued, with a view to expanding the information for codifying and showing user authorisation for the main ICT services on the Identity Management platform;
- the Data Loss Prevention (DLP) platform was introduced.

The enabling infrastructure, which combines *on-premises* components within the Data Centres and others in the Company according to the *hybrid cloud* approach, guarantees the availability of the digital business support platform for the management of services, information and content. During the first half of 2020:

- work was carried out to upgrade and consolidate the technological platforms for backup, middleware, data integration, information protection, accesses and management of workstations;
- significant changes have been made to the application components of the Voice Gateway system to ensure the continuity of the provision of services on Voice IP and of the new *MAM (Multimedia Asset Management)* platform for managing audio/video content;
- the traceability was assured of incoming and outgoing calls from the telephone numbers dedicated to the Alarm Centres of each TVPC location in Rome, operating in compliance with the privacy legislation;
- functions that allow users of the Regional and Foreign Offices to report outages or requests for information have been integrated into the consolidated *Ticket Remedy* platform.

Services for *Events* were designed and provided, first of all for the *Sanremo Festival*, ensuring connectivity and transport on the IP network, the provision of WiFi services, VoIP, the configuration of network equipment, the construction of cabling, on-site and remote support, access and accreditation control systems, and the supply of workstations.

Broadcast and Frequency Management Services

Activities during the first half of 2020 were developed over multiple strands. Below are the main activities.

Refarming of the DTT platform - Release of the 700 MHz band

The activities outlined by the 2019 Budget Law (Law 145/18) continued, covering the release of the 700MHz band and the timings and approaches for setting up new terrestrial television networks (DTT). In detail:

- The new DTT networks. Following the process of assigning the rights of use to the transmission capacity of frequencies for the digital terrestrial television service, whereby the Ministry of Economic Development sent Rai the decision on assigning the right to use the frequencies for the operation of the national PNAF networks called "National Network no. 8" (also containing regional news) and "National Network no. 7", as well as the decision for assigning the right of use, without specifying the frequencies (corresponding to half of a national multiplex in DVB-T2 technology), work continued for ministerial approval of each of the sites (over 2,000 for the Regional Network no. 8 and over 1,000 for the Regional Network no. 7) which will constitute the new DTT networks of Rai from the second half of 2021. Detailed assessments are still underway for the approval of just under forty extra-regional plants (i.e. plants operating in a region serving portions of a neighbouring region) of the network, which are also intended for regional programming (RN8).
- "Must carry" obligations. In compliance with Rai's obligation to reserve transmission capacity for network operators holding rights of use on channels 51 and 53 of the UHF band, the technical transport methods were defined and the contract was finalised for the sale of transmission capacity by Rai to a local broadcaster (holder of rights of use to channel 51 in the Lazio Region), to broadcast one of their programmes. Consequently, as of May 2020, Rai has fulfilled its legal obligation by transporting the content of the private broadcaster within the regional public service multiplex for Lazio.

1. *The Control Room during the Sanremo Festival*



Analogue (FM) and digital (DAB) radio.

Rai always pays close attention to protecting the analogue radio service: monitoring is constant, often with the need for administration activities, at different levels, ranging from participation in measurement campaigns, when there has been interference situations, to participation in technical meetings, up to formal actions, including of a judicial nature.

As regards DAB digital radio, following AGCom resolution no. 455/19 / CONS of 11/27/2019 ("Amendments and additions to the Regulation containing the new rules on the start-up phase of digital terrestrial radio broadcasts"), the activities have been carried out related to the obligations deriving from the hosting on the Rai DAB block of the content of independent national radio providers, through the sale of the necessary transmission capacity. Consequently, an offer was published on the Rai website to establish the "Technical-economic conditions of the service for accessing the transmission capacity for independent national radio content providers". This activity ended with the definition of the technical means for transporting the signals as well as the contracts for the sale of the transmission capacity.

Currently, Rai's DAB+ network was made up of 57 stations for a mobile outdoor coverage equal to 56% of the national population.

International technical activities and frequency coordination

The activity consists in the evaluation of the interferential scenarios produced by the installation and/or modification of transport and diffusion infrastructure both in Italy and abroad. Specifically, international coordination of frequency entails a planning activity to ensure harmonisation and compatibility with the use of spectrum resources between the countries to have signed the various coordination agreements. In the first half of 2020, over 20 frequency coordinations requested by the Ministry of Economic Development were managed.

Rai participates in many national (Ministry of Economic Development and Confindustria Radio TV) and international (ITU and EBU) spectrum management working group, as well as numerous national and international meetings, including those relating to the questionnaire proposed as part of ITU activities on the use of the radio spectrum intended for DTT services in the UHF band ("Questionnaire on spectrum use and spectrum needs for terrestrial television broadcasting in the UHF frequency band in connection with WRC-23 agenda item 1.5").

Relations with Rai Way

During the first half of 2020, numerous contracts were agreed with the subsidiary Rai Way both for the supply of connectivity services for the production of television and radio broadcasts,

and aimed at extending/modifying terrestrial broadcasting networks and the satellite platform. With particular reference to the terrestrial television platform (DTT), the possibility of further expanding the project already underway to extend the MUX2, MUX3 and MUX4 networks was examined. Rai Way was also given a mandate to enhance the ancillary services on the DTT platform such as the Electronic Program Guide (EPG) and the audio description and subtitling services, extending them to channels that previously did not have them (e.g. Rai YoYo, Rai Gulp, Rai Movie, Rai 5).

The contribution on DAB must-carry was particularly significant, where as part of the relationship with Rai Way, commitments were defined to host independent radio content providers and to create an independent Head End for the broadcast of MUX Dab + in Trentino- South Tyrol.

Services Management

A range of activities were carried out in the half year, including: the creation of an entire broadcast chain in DVB-T / DVB-T2 for the simulation and verification of future configurations of post refarming DTT services; the first planning and implementation phase of the quality monitoring system and outages on the incoming and outgoing content to the MUX1 DTT platform; the system of measures for monitoring the DAB + technology platform in the Rome area; the supply for completion of the monitoring of the remaining DTT platforms; the creation of a continuous control room for all Rai Way platforms.

Monitoring of coverage

In the first half of 2020, a database was developed which makes it possible to view the degree of population coverage of MF services by navigating on geographical maps: Rai Radio1, Rai Radio2, Rai Radio3, Rai Classic Radio, Rai Gr Parliament, Rai Trst A (linguistic minorities in Friuli-Venezia Giulia), Rai Südtirol (linguistic minorities in Trentino-Alto Adige).

Activities continued to complete the commissioning of the SCQ system which makes it possible, using receivers installed at the Rai assets of the various regions (mainly regional offices), to detect inefficiencies in the transmission systems of the networks managed by Rai Way which operate in those locations. These findings are then processed, together with those obtained from other sources (user reports, Rai Way reports), to calculate the service levels of the Rai Way networks.

Reports from institutions, regional bodies or everyday users regarding problems with the terrestrial television and radio broadcasting network are collected and processed to allow an overview of the entire flow of the reports and the status of the network services.

Research and Development

The focal point of Rai's Research and Development strategies is the testing and implementation of new technological solutions aimed at broadcasting, telecommunications, television production and accessibility support. These are essential prerequisites for the evolution of services in line with the requirements of the Service Agreement 2018-2022.

The references that guide these activities can be found in the technological and legislative context that currently, and looking ahead, affect the radio and television world both nationally and internationally.

In line with the evolution of technologies and legislative changes, the main research and development topics for the Research, Technological Innovation and Experimentation Center (CRITS) during the first half of 2020 were focused on the evolution of production systems and audio/video coding and of fixed and mobile distribution networks, on the study and distribution of new multi-platform services and on the development of technologies and services to support accessibility. These themes have also been partially developed in collaboration with third parties and as part of funded projects, managed in close synergy by different company representatives.

Furthermore, CRITS actively supports Rai Com with the commercial extraction of value from its patents, in particular those essential for the DVB-S2, DVB-S2X and DVB-T2 standards, with the latter technology mandatory since 2017 on all television receivers for sale in Italy.

As regards the evolution of production systems, new technologies and appliances were developed and analysed able to handle very high quality television signals all along the production and distribution chain, paying particular attention to standardisation problems of new formats, also with a view to a pervasive transition to the IP technology. Study and experimental activities were performed aimed at understanding the maturity and concrete applicability of emerging standards, such as SMPTE 2110 and AMWA NMOS, including through laboratory tests and developments and the participation at events organised by national and international entities.

Support continued for the broadcasting of the experimental channel Rai 4K via satellite, both in terms of signal encoding and providing technical advice for the production of programmes in UHD-4K (Ultra High Definition-4K) format.

To support the diffusion of UHD television formats that require high bandwidth capacity, research was carried out on video coding techniques based on deep neural networks, also with a view to contributing to the future technical-scientific development of international standards (MPEG, ISO-IEC, ETSI).

In this context, a prototype of a video encoder entirely based on neural networks is being developed. The work is taking place in synergy with the Politecnico di Torino thanks to a doctoral thesis funded by Rai.

Regarding the digitisation of archives – the DigiMaster Project – the Rai departments involved (Teche, Production, Technologies, ICT and CRITS) are working closely together to improve the migration process. Development activities continued for the digitisation of films and the testing of solutions for the Quality Control of digital master files, as part of the evolution of the digital archive.

The problems of migration and protection of – and access to – digital content, in terms of the technological evolution of storage methods continue to be updated, analysed and projected. Internationally, CRITS is involved together with Teche in the international association of FIAT/IFTA television archives.

Speaking of advanced content management systems, in the first half of 2020 research began on a further phase of testing in the field of indexing and visual search of video content, through the setup of new functions on the platform for the integration of Artificial Intelligence services in the Cloud, called Rai Media Cognitive Services (MCS), and by readying flexible tools for indexing and real-time search on video streams.

Systems for the semi-automatic creation of training datasets for facial identification technologies were tested and experimental studies continued in the field of automatic classification systems based on deep neural networks (Deep Learning), in particular in the area of automatic segmentation of programmes. These systems enable documentation cost optimisation and increase the potential for exploiting content.

The expansion of the ANTS system (Automated Newscast Transcription System) was launched with new analysis services such as the extraction of descriptors for visual search, automatic classification and real-time detection of audiovisual events (theme songs, clips). A project has also been launched for a system to orchestrate Artificial Intelligence services in the cloud, aimed at extracting metadata from real-time and VoD flows to support Business Intelligence and Data Insight activities.

The News.vid.io project, co-financed by the Google DNI programme, was in its final phases, in which Rai participates within a team of European researchers and system integrators, for the design and implementation of a news content for online platforms production system, assisted by artificial intelligence technology. In the first half of 2020, an automated deep network-based classifier for disaster image detection was designed and developed.

Thanks to the acquisition of two 3D scanners, it is now possible to acquire highly realistic models of environments and objects for augmented reality applications. These technologies are being studied and tested both as part of the H2020 5G-TOURS project, where CRITS is creating a 3D reconstruction of some rooms of Palazzo Madama in Turin, one of the sites of the experiment.

Furthermore, a partnership has been set up with Fondazione Links for the creation of a system for the dynamic detection of the position of the actors in a studio, with the aim of providing video support for the positioning of virtual scene elements during live programmes.

In the field of connected TV applications, the new version of the RaiPlay 2020 application on the HbbTV platform was maintained and updated with new features, such as the tracking functions for Auditel purposes, marketing automation and watermarking functions for superimposing logos or editorial text in the player.

Remining with services for Smart TV on the HbbTV platform, the development of the new "TV-Hub" continued, the next step for the Rai Remote Control application that can be activated with a red button from all Rai channels, which will also support interactive and personalised advertising. In this context, the service scenarios were discussed with the concessionaire and the technical requirements on televisions were discussed with the consumer electronics industry. In addition, tests of live streaming of very high quality content (UHD 4K and 8K) was carried out in collaboration with Open-Fiber and the Networks and Platforms Department.

As part of the activities relating to content accessibility, the integration phase with company systems of the platform for semi-automatic subtitling of regional news was completed and live testing started with the transmission of automatic subtitles on the Piedmont regional news.

The development of a tablet app to assist children with autism has been completed, featuring La Pimpa, the famous character created by Altan and star of an animated series broadcast every day on Rai Yoyo. The initiative is the result of a collaboration between CRITS, Rai Ragazzi and CPTO, as part of the AutiTec – Technological Solutions for Autism project, which is led by the scientific institute IRCCS Eugenio Medea in Lecco.

Furthermore, in view of the restructuring of the New Radio and Television Museum, an accessibility working group was set up to adapt accessibility technologies for the new museum structure, integrating them with new applications.

Co-production activities on the second season of the Rob-O-Cod television programme continued at the Turin Production Center in collaboration with Rai Ragazzi. The show is a game-

show for the promotion of coding in schools broadcast on the Rai Gulp channel, with new competition areas.

Speaking of research efforts dedicated to the development of systems for the creation and use of innovative contents, Rai Bridge is a system that allows linear TV to be enriched with synchronised content that can be used through an Android application. Based on the positive tests carried out in 2018 and 2019, this system was brought into full operation in the first half of 2020. The system is now able to support companion screen productions, including continuously, linked with generic programmes both live and broadcast online.

In collaboration with ICT, the industrialisation and commissioning of a production platform geared towards data journalism is in progress; it is based on Hyper Media News and Concept Book systems, also developed by CRITS. After the engineering of the front-end of the system – the interface component for users that will be released during the second half of 2020 – the industrialisation phase began for the back-end, i.e. of the data processing, indexing and aggregation engine.

The study of new radio applications continued, starting with the Hybrid Content Radio application developed for customising content with a mix of linear and on-demand content, allowing Rai radio content, such as news and Radio Rai podcasts, to be accessed and browsed through voice commands using smart-speakers or voice assistants. A feasibility analysis was started for a proprietary Rai voice assistant to be used to browse the RaiPlay catalogue.

Still in the radio field, the DAB+ network is the digital radio service that goes alongside the current FM broadcast. During the first half of 2020, joint testing continued by ASPI (motorway company), Rai, Rai Way, EuroDab and DabItalia, with the coordination of CRITS, of a multi-operator DAB service in the Monte Mario tunnel on the A1 in Bologna. In light of the so-called Must Carry DAB obligations which require Rai to sell 25% of the total capacity of the DAB multiplex to national third-party content providers, the implications on the current broadcasting platform and the new structure of the multiplex were analysed. A proposal was also developed for the reconfiguration of the DAB multiplex for the transmission of regional programmes on the SFN network.

Work continued on the study on the development of terrestrial distribution networks, with specific reference to the introduction of broadcast modes in next-generation 5G mobile technology. In this context, CRITS participates in the activities of the 5G-MAG group to promote 5G Broadcast technology and stimulate the introduction on the market of terminals compatible with the new standard. Testing continues to this end, in particular in Turin, where a test from the Turin Eremo transmitter is planned as part of the European project H2020 5G-TOURS.

In order to increase the offer of broadcasters through the distribution of OTT multimedia contents on broadband networks, Rai participated in DVB activities for the definition of the new DVB-I standard for the distribution of live TV and VoD TV services on the Internet that can be used via connected TV or mobile devices in the same way as the traditional broadcast services. Furthermore, CRITS leads the DVB group that is defining the new DVB-HB (DVB-Home Broadcast) standard for the domestic use of television content on devices such as smartphones or tablets, without the need to use a high-speed Internet connection.

As part of the Rai-UNCCEM agreement to close the digital divide between urban and mountain areas, a project was launched based on the use of fixed wireless access over IP, to allow the reception of Rai radio and television signals in the most isolated mountain areas not reached by digital terrestrial, to supplement the satellite broadcasting TivùSat.

In the first half of 2020, work continued on the H2020-5G-TOURS project, which provides, together with partners such as TIM, Ericsson, the Municipality of Turin and the Fondazione Musei, for the study and development of applications in the media sector, such as remote production and immersive media, which will exploit the 5G network infrastructure in Turin made available by the project partners.

Again within the European H2020 programme, proposals for the 5G-RECORDS, AI4MEDIA, SignFriend and AI-SIGN projects have been prepared and are currently in the evaluation phase.

Networks and Platforms

The main activities in the first half of 2020 are described below.

Management of operations relating to IP distribution and satellite broadcasting of Rai services

The activities relating to the distribution of Rai content and services over IP were mainly directed towards maintaining expected service levels while carrying out an unprecedented dematerialisation of the web farm in relation to the Covid-19 health emergency and on the basis of company instructions on remote working. Simultaneously with the transition to agile management of digital infrastructures, the application development process was reset and also moved towards forms of remote work. The management of the traffic volumes provided was particularly challenging due to the increase in consumption.

In the Digital area, activities continued for the technical positioning of RaiPlay in the most popular platforms and ecosystems on the market (Smart TV, IP receivers-Chromecast, Fire TV, smartphone).

The ordinary broadcast of Rai content from the satellite platform continued, in coordination with both RaiWay, to ensure continuity of operations, and with Tivù Srl for maintenance activities on the TivùSat platform. Broadcast of 4K content also continued where rights were available and the technical conditions were met. The preparatory activities for the 2021-22 switch-off were prepared on the basis of the Road Map drawn up by the Ministry of Economic Development. In addition to the activities with the Ministry of Economic Development, corporate coordination initiatives in this area were developed, with particular attention to the Communication Plan and the free Rai Smart Card Project.

Progress of projects for the development of infrastructures and services in the Digital sector

The central project of the first half of 2020 was the upgrade of the Digital Web Farm: following the structural consolidations starting with Viva RaiPlay! that are still in progress, the technological upgrade plan for the encoding and transcoding infrastructures was approved, aimed at supporting next-generation audiovisual formats (4K, immersive audio, multi-track audio) and the changing needs of editorial structures. The measures aimed at protecting the digital assets of the Public Service were also increased through the acquisition of DRM (Digital Rights Management) and Watermarking systems.

The project is underway to create a metadata platform based on artificial intelligence and aimed at enriching the information content of live streams and VoD content distributed over IP with the aim of: increasing the effectiveness of the Business Intelligence processes for the extension of the current census

ratings tools to be used both in the conception and production of content and in personalised advertising delivery projects; supporting the publishing area in the creation and distribution of Rai content (syndication); providing the Concessionaire Rai Pubblicità with new tools in the Targeted Advertising project.

Finally, the project for the creation of a Rai proprietary voice assistant – that is not based on existing technologies – is being launched, which represents the first step towards integrating advanced human-machine interfaces into Rai services.

Technologies

The design and construction of the technical systems at the Production Centres in Rome, Milan, Turin and Naples, at the Regional and Foreign Offices and for Outdoor Shooting are managed in line with the company's production needs and in light of the most innovative technologies on the market.

In recent years the technological environment has been affected by a rapid and intense change, following two fundamental requirements:

- to complete the transition from SD to HD production and to deal with UHD production in a structured way;
- to gradually move away from traditional SDI production technologies towards IT and IP technologies in the processing and transport of audio video content, both files and live, according to a multi-platform approach.

The management of this technological change involves a profound methodological review and requires an in-depth knowledge of the actual needs of the productive world, while maximising at all times system reliability and operating efficiency.

The management of the Covid-19 emergency required a strong acceleration of the projects – which have already started – to move production remotely, especially for national and regional news.

The main actions carried out in the first half of 2020 are shown below, broken down by technical area.

Channel broadcasting, central controls and networks.

The design of a new UHD transmission station has been completed and the construction of the relative plant is about to begin at the Saxa Rubra site.

Planning is underway for a "Disaster Recovery" system for general television channels, assuming the use of technical synergies between the Rome-Saxa Rubra and Turin-via Verdi plants.

As regards the infrastructures for the management of connections to support television production, the expansion of the CPMI video/audio routing system and the upgrading of the infrastructure at the Production Centre in Rome are proceeding (HD links for television studios, LTE reception systems, vision network). The acquisition of a new general intercom system to be installed at the production centres is underway and infrastructure for the generation of the Televideo Services, including the subtitling of programmes, is being updated.

With regard to IP networks, the renewal of core and aggregation nodes and of distribution infrastructures is in progress at all the Production Centres, and the band was expanded at production facilities, as a preliminary activity for improving the quality of the product, also in view of the migration to UHD. Work is also underway on updating firewalls and balancers and migrating the entire production network to the new IS-IS routing protocol. Finally, testing was started, at the connection infrastructure level, of the technology for transporting video/audio signals over the IP network.

IT infrastructures for the processing and storage of audio/video content.

The planning of the evolution of the management infrastructure of digitised Media factory products has begun with a view to simplifying and adapting the requirements to the changed business conditions, also in light of the needs that emerged following the Covid-19 emergency. At the same time, the MAM infrastructure is being upgraded with the aim of strengthening the resources dedicated to the processing of content managed by the programme editors.

The Tape Library is being expanded and migration of media from LTO5 to LTO7 has concluded in the existing Tape Library.

The update of the Storage infrastructure was started for the centralised NAS areas of the RMPC (Teulada and Saxa Rubra) and for the areas near the Turin PC; the technological update of the storage for the area near Saxa Rubra was also completed.

We continued the testing and integration between the production infrastructure on "Media Factor" files and the "OnAir" programme management system, in order to automate the publishing and production chain.

Production, post-production, graphics and light mobile links systems

Extraordinary production support activities were implemented during the Covid-19 emergency, developing smart-working solutions in the news and programmes area, including: equipment for media management and national news titles; WebSpace functionality for regional news; Skype reception systems; storage for editing the Report program; mobile production stations; broadcast equipment to support technical and editorial areas.

In the Regional News area, the storage upgrades continued with the installation of a second block in Trieste and the installation of a unit for "Sede Zero" in Rome.

The release of two digital audio post-production systems using Avid ProTools technology was launched for the Naples TVPC, where staff training was also carried out. The release of the render engines for the Rome and Naples graphics area has been finalised, to be used in processing in UHD and 4K formats; the opening of the two new testing rooms was started at CSS Salario 1, following building and acoustic upgrade work.

The conversion of the Avid Media Composer editing licenses to floating access mode is being completed, with a view to optimising resources and centralising management. Updates to the ultralight connection systems (the so-called "backpacks") using WMT technology have started, while the acquisition and testing of a first block of receivers using Aviwest technology was completed. In addition, the purchase process was started for camcorders using new formats in the news sector and for playback and recording devices based on the XDCAM standard.

The design relating to the construction of an audio/video/fibre-optic data system at the TVPC in Milan Corso Sempione was completed, intended for the enhancement of the post-production operational areas and the upgrade of the production systems for Rai Sport. and the executive design of the post-production areas included in the Nomentano studios in Rome was completed.

Research

The construction of the new production centres at the Fabrizio Frizzi TVPC on the Nomentano road is nearing completion. This includes, among other things, 5 new control systems in 3G HD standard in a UHD-Ready infrastructure. Also in Rome, work is underway on the transition to 3G HD technology of two new control rooms.

In the 18 control rooms for the TgR studios at the regional offices, the digital upgrade of the audio mixers is nearing completion. In addition, work is underway on the construction of new HD production facilities at the RAI offices in Berlin and London.

Mobile vehicles and systems for external filming.

The UHD upgrade of 2 OBVANs equipped with mobile control systems for difficult television productions has begun and the construction of the "Flight 4" flight-cast mobile control unit using HD/UHD technology has been completed. In addition, 3 OBVANs equipped with medium-sized mobile control panels are being built, which are necessary to support the technological evolution to the UHD-12G standard.

The technological upgrade to HD/HEVC standard continue for some satellite vehicles in the KU band, together with the construction of a new vehicle for the management of moving footage, used for sporting events (cycling, marathons, etc.).

Seven light vehicles are being built for single-camera shooting and editing for regional news, equipped with satellite uplinks in the Ka-Sat band.

The flight-case production system with double controls for the coverage of major sporting events was completed: in 2021 it will be used for the Alpine World Ski Championships in Cortina and subsequently for the Tokyo Olympics.

Electrical installations for stage lights.

The scene lighting systems of the Saxa3 studio and Cosenza regional news are being upgraded; 5 support vehicles have been assigned and others are being released.

Transmission and distribution activities

Rai Way is the Group company that owns the infrastructure and systems for the transmission and broadcasting of TV and radio signals.

In the course of its activity, the company manages more than 2,300 sites equipped with infrastructures and systems for the transmission and broadcasting of radio and TV signals in Italy. Its 21 local offices are located throughout the country and it avails itself of highly skilled staff. The technology assets and specialist know-how are key resources for the present range of services, as well as for the development of new businesses.

The services provided by Rai Way are developed within the following areas:

- Broadcasting Services, meaning services for the terrestrial and satellite transmission of TV and radio signals, through the Broadcasting Networks, to the end users within a geographical area;
- Services for the transmission of radio and TV signals via the connecting network (radio links, satellites, fibre optic) and in particular the provision of Contribution Services, to be intended as one-way transport services:
 - between fixed sites and/or video/audio/data via analogue or digital circuits;
 - of the radiofrequency signal from the satellite within a geographical area of a certain size, and connected services;
- Tower Rental Services, to be intended as:
 - services for the hosting of transmission equipment at broadcasting points (sites) related to radio, TV, mobile telephony and telecommunications signals; services for the management and maintenance of the transmission equipment hosted at our sites;
 - complementary and connected services;
- Network Services, which consist of a vast range of heterogeneous services which can be provided by the Company in relation to networks of electronic communication and telecommunications in general (design, construction, installation, maintenance and operation, as well as consultancy, monitoring and radio protection services, etc.).

The experience Rai Way has gained in operating transmission and broadcasting networks allows it to play a central role in its reference scenario, in a favourable position for also being able to explore markets related to the development of new generation telecommunication networks.

In 2020 Rai Way's commercial initiatives focused, in continuity with past years, on supporting Rai as its main customer and analysing and scouting for potential new markets, with a view to expanding services and diversifying the offer.

In the first half of the year, plant activations were completed for the extension of the coverage of thematic MUXs 2, 3 and 4 continued in compliance with the regulatory measures adopted by Public Authorities at national and/or local level for the Covid-19 emergency. These are preparatory to the refarming process and the activities for extending the coverage of the DAB+ digital radio broadcasting service.

In order to ensure connectivity between external studios in Rome set up in accordance with Covid-19 emergency rules, Rai Way set up various video/audio connections, facilitating the development of a production model tending towards "remote production".

In relation to the business segment for third-party customers, the trends already observed in recent years have also been confirmed in the first half of 2020, with new activations of Fixed Wireless Access Provider (FWAP) customers, other TLC customers, TV and Radio broadcasters balanced by the pressure on revenues in "hosting" services for mobile telephone operators, with an overall turnover that was essentially stable on 2019.

On the innovation front, activities continued aimed at the development of technological skills and innovative projects, with a view to providing new services to customers.

Sales activities

Advertising

The sale of Rai advertising space – on generalist and specialised radio and television channels, on digital and satellite free-to-air channels, on Rai domain, on product placements, on teletext and on other minor media – is managed exclusively by Rai Pubblicità, a wholly-owned subsidiary of Rai.

The international scenario in the first six months of 2020 was heavily affected by the Covid-19 epidemic which, starting from January, spread rapidly all over the world and led to a slowdown in the economy that is unprecedented in its speed and intensity. The necessary measures to contain the virus have caused a shock that affects both supply (closure of production activities and interruption of value chains) and demand (collapse of consumption, reduction of incomes), resulting in different choices and possibilities for production, investment and consumption, changing the functioning of the labour market, and also reducing international trade and therefore foreign demand for our companies.

In this scenario, the overall advertising market in the first half of 2020 saw a sharp decline – according to official Nielsen data – of 26.8% compared to the first half of 2019. Looking ahead, given the climate of uncertainty generated by the fear of a second wave of the pandemic, the main institutions are estimating considerable annual contractions in GDP.

Against this context of unprecedented collapse in demand from advertisers, the television sector – despite its great communication opportunities and the expansion of the television audience, in particular, during the lockdown period – was affected (like all other media) by lack of demand resulting from customer budget cuts and/or the need to avoid commercials that are not in line with the current situation. Cinema advertising was wiped out from March with the closure of cinemas until June. In contrast to the trend, web advertising saw increased revenues thanks to the greater use of the media as a whole and the quality of the content that has made and makes the Rai offer attractive due to the authoritativeness of its content.

Sales

Rai Group's sales activities are managed by the wholly-owned subsidiary company Rai Com.

Agreements, tenders and partnerships

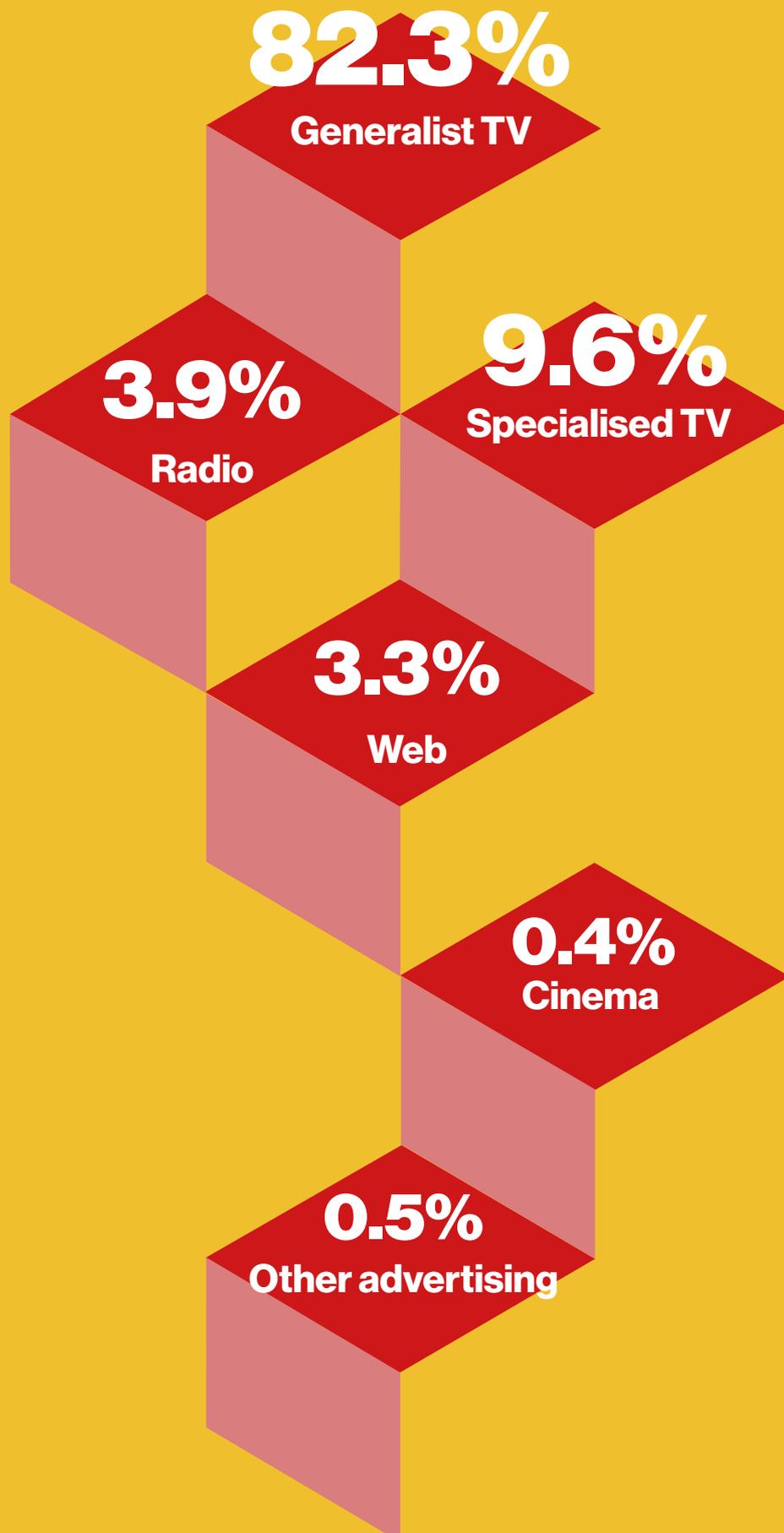
One of the areas of commercial activity of Rai Group managed by Rai Com is the conclusion and negotiation management of all agreements with the local Public Administration, with institutional bodies and with private organisations, as well as contracts arising from obligations of the Rai/State service agreement (linguistic minorities and Rai Italia) with the exception of Ministries. This area also includes the management of agreements relating to the activity of the Rai National Symphony Orchestra and national and European calls for tenders, the management and formalisation of agreements for Televideo and, free of charge, for programming needs (e.g. partners such as CNR, ARPA, Polygraphic Institute and State Mint, Italian Red Cross, Trenitalia, Italo etc.).

During the first half of 2020, the Covid-19 health emergency caused a significant decline in activities due to the cancellation by the Public Administration of any form of investment for promotion and communication activities, and the simultaneous stoppage of some of the television broadcasts proposed for the implementation of these communication initiatives. In recent months, the health emergency has also resulted in the cancellation of all activities related to the events planned around Italy, including events organised in partnership with Radiofonia (e.g. international tennis in Rome, Musicultura, the Rai Radio3 party in Cesena, Caterraduno in Senigallia, etc.) and the events organised directly by Rai Com (Festival of Cartoons On The Bay 2020 and the Screenings 2020). On top of this there was the cancellation of all the concerts, some of which already planned in Italy and abroad, of the National Symphony Orchestra of Turin, as well as the impossibility of renting the Auditorium for concerts and/or other events.

During this period, work was therefore carried out on consolidating some important partnerships such as the one with the Grana Padano protection consortium, which renewed the Agreement with the Uno Mattina programme for the fourth consecutive year, confirming the effectiveness of the initiative.

The agreements relating to Slovenian, Friulian and French language minorities, as well as to the programming for Italians abroad, were extended for another year.

Advertising of the Rai Group - breakdown by medium - 1st half 2020



In addition to the usual activities carried out by the Rai office in Bolzano with the Autonomous Province of Bolzano for the protection of the German and Ladin linguistic minority, it is worth noting the signature of a four-year Memorandum of Understanding which sets out a significant and strategic communication plan that will see the contribution of many Rai editorial realities (segments within the container programmes, ad hoc documentaries, special projects for RaiPlay, events, animation series on the areas' specific characteristics, etc.).

Sales of rights to foreign countries: cinema and television

As regards the distribution of TV and cinema content, the first half of 2020 reported a slowdown in sales for both cinema and TV product sales, caused by the pandemic.

Among drama productions that are obtaining considerable success, the long series *Il Paradiso delle Signore* is worth mentioning: a real drama developed in several episodes that has successfully supplanted many programmes with an exclusive soap-opera focus in Western and Central Europe, achieving important commercial results in Spain and Japan, too, through its considerable number of broadcasted hours.

The undisputed star of recent international distribution is the *Montalbano* series. Thanks to the creation of the two new episodes, it was possible to conclude important agreements both in the UK (BBC) and in France (France TV). The commercial success of the series is also confirmed by the negotiation of sales in all territories where the title was already distributed; among these, the greatest interest was seen in those countries where it is acquired directly from the producer – Spain and countries in Latin America – but also in the territories where it is distributed under mandate including Japan, USA, Finland, Croatia, Hungary and Portugal.

Good commercial results were also achieved by the second season of *L'Amica Geniale*, as well as investigative series such as *Non Uccidere*, *Ispettore Coliandro* and *I Bastardi di Pizzofalcone*.

Drama such as *Vivi e Lascia Vivere*, *Mentre ero via*, *La Vita promessa*, *Scomparsa* and *L'Allieva* found success in major markets such as the USA, Canada, Latin America, Western and Eastern Europe.

With respect to the distribution of documentaries, among others it is worth mentioning the success of *Alberto Angela's Meraviglie e Notti a...* (Saint Peter, Pompeii, Venice, Florence), which were distributed in over 40 countries around the world. Of the documentary genre, we also note international markets' interest for crime series involving crime investigations, including *Maxi Processo* and *Mafia Capitale*.

With regard to cinema sales, in the first half of the year there was a slowdown in activities due to the closure of cinemas. It was possible to start the distribution of the film *Volevo nascarmi* by Giorgio Diritti by participating in the Berlin Film Festival (Silver Bear for Elio Germano).

The good distribution performance of the film *Tutto il mio folle amore* by Gabriele Salvatores, recently selected by the broadcaster Arté for France and Germany, should also be noted. Good results were obtained by the remake *Song 'e Napule* (Manetti Bros. 2013) whose localisation rights have been negotiated in India, South Korea, Spain, Mexico and Spanish-speaking USA.

Sales are currently made up of 80% dramas, 15% cinema and the remaining 5% from documentaries (2%) and formats (3%).

With reference to the sales of Classical music content, overseas sales suffered more than any other activity due to the negative effects of the lockdown, which saw the cancellation of the production of operas and concerts. Activities mainly focused on the distribution of the *Concerto di Capodanno 2019* of the Teatro La Fenice in Venice, on the cinema release abroad of the opera *Tosca*, which had opened the 2019 Teatro alla Scala season, and on a DVD project for the same opera in collaboration with Intesa Sanpaolo.

In addition, new opportunities were developed relating to the distribution of VoD rights to some catalogue productions of Il Teatro alla Scala, in particular on the Medici TV platform and on new Japanese players.

Sports broadcasting rights

The agreements in place for the marketing of the archive rights of the club libraries held by Rai Com continued and a new agreement on sports libraries was formalised with Ascoli Calcio. In addition, various archive images from various sports in the Rai library were marketed, with various agreements set up, including with the Lega Basket, with the Spanish group Telefonica and with Mediaset.

Given the exceptional situation caused by the Covid-19 pandemic and the consequent postponement of the conclusion of the Serie A and B football championships, the terms for defining the proxies or retrocession to clubs for the television coverage of home matches for the 2020/2021 sports season were deferred. The option rights for the marketing of sports libraries and for the production of Genoa matches have also been deferred.

Several events scheduled, including the Giro d'Italia, the Settecolli, the Piazza di Siena horse competition, as well as the

friendlies of the Under 21 and women's national teams, were not held and have been cancelled or postponed.

Editions

Rai Com develops and manages Rai's music catalogue and handles the realisation of rights related to light music, contemporary and classical music.

The entire music sector suffered a contraction during the first half of 2020 due to the closure of public establishments and the shifts in schedules as a consequence of the lockdown and social distancing policies put in place to combat the Covid-19 emergency.

In the half-year of reference, 19 new layouts of TV and radio programs were created within the programming schedules to support Rai programming. There were also scientific and educational documentaries such as *Ulisse Il Piacere della Scoperta*, *Superquark* and *Passaggio a Nord Ovest*.

The important synergy for the edition and musical productions of scores in collaboration with or covered by pre-purchase agreements with Rai Fiction was confirmed.

For TV movies, the work on the 2 new episodes of the series *Il Commissario Montalbano* should be highlighted; *Permette? Alberto Sordi*, *Una piccola grande donna*, *Rita Levi Montalcini*.

Among film projects – which have suffered a slowdown due to the pandemic and the stop on theatrical distribution in recent months – the release in cinemas of the film *Hammamet* directed by Gianni Amelio, with a soundtrack by Oscar winner Nicola Piovani, has been a great success with audiences and critics.

The contemporary music catalogue was enriched by performances broadcast by both Rai Radio3 and RaiPlay.

Teche archive and production services

The archive material available from the Rai Teche has retained its appeal on the national market. Work on facilities suffered particularly because of the pandemic due to the postponement or cancellation of almost all events.

Home Video and Licensing

With regard to the home video sector, newsstand distribution continued even during lockdown with good public success for the series of *Il Commissario Montalbano* (36 DVDs) and *L'Amica Geniale* (16 DVDs), as well as those dedicated to *Il Teatro di De*

Filippo (35 DVDs), *I Medici* (8 DVDs) and *Rocco Schiavone* (14 DVDs). The DVD series *Meraviglie* by Alberto Angela (16 DVDs) also achieved good results.

Despite the closure of stores and the change of distributor due to Rai Cinema no longer offering the service, distribution to commercial establishments and specialised bookstores also confirmed the strength of Rai's drama offering.

As regards the sale of trademark licenses linked to entertainment, the importance of major events such as the Sanremo Festival and the long-established collaboration with Rai Pubblicità remained clear. Animation, on the other hand, saw a slowdown in its business due to the closure of many companies in the sector that had often relocated their production to Asian territories that were hit hard by the Covid-19 pandemic.

The trend in publishing activities was positive thanks to the sales of magazines – such as the *PJ Mask* and *Reazione a Catena* magazines – which continued to be distributed on newsstands.

Patents and Cultural Heritage

The marketing of the Opera Omnia project continues despite some shifts in activities linked to exhibitions in South Korea and China in light of the closures due to the pandemic.

As for the marketing of patents, there was a slowdown in negotiations due to the health emergency as many companies in Asia have had to stop their business.

Digital

The segment has seen an exponential growth in performance both in the TVoD and EST areas and in the SVoD area. The distribution of EST/ TVoD rights continued to grow in 2020 thanks to the consolidation of commercial agreements with the main transactional platforms in Italy (iTunes, Google, Chili, etc.) and the activation of the Premium TVoD mode on all platforms. The SVoD area benefitted from new agreements with the main market players (Amazon and Netflix).

Audio Video Content

Over the first 6 months of 2020, various video contents conducive to conventions or commercial agreements were produced and developed. Among these, the production of the magazine *Italiana* was particularly important as a new look and a production totally in 4K, despite the Covid-19 emergency, has led to changes in timing of distribution and broadcasting of the first 7 episodes.

Rai Libri

The first half of 2020 was characterised by a stop on distribution due to the pandemic and the activities related to the change of commercial distributor. Consequently, the commercial activities of Rai Libri suffered a significant slowdown starting from March and up to the middle of June.

The volumes released during the first two months of the year suffered due to the stoppage of the market both in terms of promotion and sales, while the absence of major publishing events in the spring – including the Turin Salone del Libro – negatively affected titles released in the first half.

The first launch of the year was the new volume by Massimiliano Ossini Kalipè, “Il cammino della semplicità”, his second book after the excellent result of almost 30 thousand copies sold of his debut book. The winning themes of the mountains, of the journey and of reflection were the protagonists of the story. In the same month Rai Libri published the celebratory 70th anniversary volume of the Sanremo Festival, with words and images of the protagonists of the most important musical event in Italy.

The theme of bureaucracy was addressed with wise irony and historical rigour by Professor Alfonso Celotto, a constitutional expert known to the television public, with the volume *È nato prima l'uomo o la carta bollata*, released in February together with the new book by Natalia Cattelani, the long-term face of *La Prova del Cuoco*, entitled “Dolci per mille occasioni”. Just before lockdown (March 5) the book by Federica Sciarelli “Trappole d'amore” was released, inspired by one of the most successful inquiries of *Chi l'ha visto*, covering the most significant and touching Italian cases of romantic fraud.

Publications resumed in June, in conjunction with the gradual reopening of the bookstores, with the book by Valentina Bisti which collects the editorials of the *L'Italia che vale* section on Unomattina and the volume by Donatella Bianchi called *L'eredità del mare*, inspired by the long journey of the *Linea Blu* show along the coasts of the Mediterranean.

Distribution of Rai channels abroad

The distribution of Rai Channels abroad continued in the first half of 2020. Given the extraordinary circumstances, this also included promotional and temporary free preview initiatives with some platforms (for example in France, with the operator Bouygues Telecom, or in Canada with Rogers).

In Europe, the arrangements started at the beginning of the year continued successfully (Orange and Proximus in Belgium, SFR in France and Melita in Malta) with good performances by the

Rai channels, given the increased demand among Italian users resident abroad for Rai 1, Rai 2 and Rai 3.

Outside Europe, agreements were signed with new US and Latin American OTT operators for the retransmission of Rai Italia and club channels (Inter TV and Lazio Style Channel) and contracts were negotiated with important US and Canadian operators.

In Sub-Saharan Africa, numerous negotiations are in progress with satellite operators and OTTs, interested in including Rai Italia in their offering, as well as in Asia where, in anticipation of the Tokyo Olympics, several hotel chains are interested in including Rai Italia among the channels available to their guests.

Marketing and Business Development

In the first half of 2020, work continued on the consolidation of some projects such as Italiana TV Magazine, with the next edition confirmed by the end of 2020, and on the development of new international co-production projects such as the documentary on Fellini and the one on Rome, both developed with the Franco-German publisher Arte. In addition, 2 new branded content publishing projects were set up, which are expected to be completed by the end of 2020.

Other activities

Communication

Rai's communication activities are carried out with a view to protecting, improving and strengthening the corporate image both as a public service and the country's largest media company. During the first half of 2020, and, in particular, during the long lockdown due to the Covid-19 emergency, relationships were maintained at all times with all, internal and external interlocutors to evaluate, monitor and often reschedule events and activities. This was a way to keep looking ahead, strengthening the brand and the reputation of Rai which never stopped during the emergency, given its role as a Public Service.

Many corporate communication initiatives were put in place in the first half of 2020 to support the actions taken by Rai. Communication plans, event projects, concept proposals and guidelines have been developed for various activities, including: the cross-media plans dedicated to the *L'Amica Geniale* series, the *schooling offer* during the pandemic, the *Day of Legality*, and the launch of *Visual Radio*.

For the Rai Newsletter *Settegiorni*, 26 articles on the history of cinema co-produced by Rai were provided. In agreement with Rai Gold and Rai Cultura, the collaboration led to the publication of 8 articles on the history of cinema co-produced by Rai, to be used on the social channels Rai Movie, Rai Premium, Rai Storia and Rai 5, and the Rai Cultura website.

During the emergency phase, another important area of activity was added, that in support of the *Technical Working Group on Social Issues*. In April a new information tool was launched called *Progress Rai per il Sociale* (Rai Progress for Social), a report for the Company on all its activities focusing on social issues. This will become a shared asset for the creation of an information bank on fundamental subjects for the Public Service. Prepared weekly, this detailed document brings together information on the social activities carried out by all company departments (TV networks, radio, digital, mastheads, archives, international relations, digital inclusion, etc.).

Communication plans – activities in the first half 2020

<p>January</p> <p>Switch off 2022 – Road map and communication</p> <p>L'Amica geniale – Storia del nuovo cognome</p> <p>The hidden museum</p> <p>From Networks to Types. Centrality of contents and new organisation for the Public Service Rai media company</p> <p>Road to Euro 2020</p>	<p>Cross-media communication plan</p> <p>Cross-media communication plan for the series broadcast on Rai 1</p> <p>Value-creation and communication activities relating to the Rai art collection</p> <p>Communication project for the Business Plan presentation event</p> <p>Events and communication proposals</p>
<p>March</p> <p>"Use less light" Day of energy saving and sustainable lifestyles (Rai Radio2)</p> <p>The new news portal: road map for communication</p>	<p>Cross-media communication plan</p> <p>Cross-media communication plan</p>
<p>April</p> <p>The new Rai service for children and students - #LaScuolaNonSiFerma</p> <p>Technical Workgroup on Social Issues</p> <p>Rai Progress for Social report nos. 1 and 2</p>	<p>Cross-media communication plan on the new school offer created in collaboration with the Ministry of Education</p> <p>Presentation of the Technical Workgroup on Social Issues and of the Rai Progress for Social report</p> <p>Creation and issue of the progress report</p>
<p>May</p> <p>Day of Legality - The courage of every day</p> <p>Social Cohesion</p>	<p>Cross-media communication plan marking the anniversary of the Capaci and Via D'Amelio massacres</p> <p>Brief for a progress advertising spot</p>

Rai prepares various kinds of initiatives in cases where the communication project involves strengthening product content and enhancing the Rai brand through the organisation of events (e.g. for the launch of strategic television products or national cultural events through workshops, conferences,

exhibitions and media partnerships particularly representative for the Company). In relation to these initiatives, in the first half of 2020 the national health emergency resulted during March to June in either the cancellation of the planned events or their reformulation/reduction from “on site events” to “online events”.

1H 2020 events

Category	Event	Date	Place	Location
Drama preview	La Guerra è Finita	11 January	Rome	Il Pitigliani-Italian Jewish Centre
Press Conference / Event	L'amica Geniale 2	21 January	Rai Rome	Sala Arazzi
Sponsorship	70th Sanremo Festival	4-8 February	Sanremo	Teatro Ariston
Press Conference / Event	Shortlist David di Donatello awards	18 February	Rai Rome	Sala Arazzi
Press Conference / Event	“Use less light” initiative	3 March	Rai Rome	Sala Arazzi
Lighting	World Autism Awareness Day	2 April	Rai Rome	Palazzo Viale Mazzini
Press Conference	Week of Legality	6 May	Rai Rome	Sala Arazzi
Lighting	Republic Day	2 June	Rai Rome	Palazzo Viale Mazzini

The promotion of Rai products also includes advertising spaces outside radio, television and multimedia. In the first half of 2020, advertising plans were made for 16 products using dynamic billboards, newspapers and periodicals, web and cinema, dedicated promos and cross promotions. Among the various plans, particular importance was given to the dramas *L'amica geniale – Storia del nuovo cognome*, *Il Commissario Montalbano* and *Il Cacciatore – seconda stagione*.

Rai promotes the work of its internal resources and programmes produced, enhances the corporate brand in all its forms, from social inclusion to diversity, through a continuous and constant presence both in Italy, in small festivals, and abroad, in major international events.

With the health emergency due to Covid-19, most festivals have been cancelled, moved to next year or organised in a reduced version online. Despite the significant work done on selecting and registering programmes which, in the first six months of the year, reached about 230, only at the end of the

year will it be possible to see the exact scale of the impact of the Covid-19 emergency on the national and international awards and festivals.

The Company always keeps an direct communication channel open with the public through the Contact Center. Users can always contact Rai either by telephone, by calling the freephone number 800.93.83.62 (in Italy), or via the web, using the Scrivere@i.service.

During the first months of the year a great effort was made in the transition to the new digital terrestrial television (DVB-T2). Collaboration continued with the editorial staff of TV programmes – including *Uno Mattina in Famiglia*, *Vieni da me*, *Per un pugno di libri* and, in April, *Domenica in* which required the implementation of new features – to receive bookings for games and telephone prize competitions.

The adaptation of the contact centre to needs that have emerged in recent years is under review, including the integration

1. Press conference for the presentation of *L'amica Geniale 2* at the Rai headquarters in Viale Mazzini, Rome
2. Palazzo on Viale Mazzini illuminated with the colours of the Italian flag on Republic Day
3. Presentation of the five David di Donatello nominations for each category



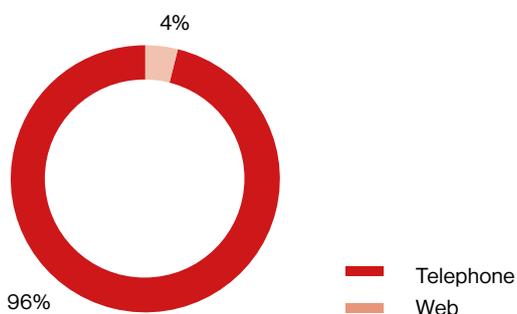
of the service for RaiPlay, strengthening the collection of game bookings and telephone prize competitions, to be able to

receive different types of files (currently audio only) and a chat that meets the new needs of users.

Services (1st half 2020)

	Contacts	(%)
RispondeRai 800 93 83 62		
Telephone channel regarding the licence fee, editorial issues, TV games, RaiPlay	332,709	93.1%
ScriveR@i		
Web channel to contact Rai	13,011	3.6%
Pronto la Rai		
Web channel to book telephone appointments to discuss licence fee issues	3,876	1.1%
Prize games and telephone competitions - telephone reservations		
Web channel for games and telephone prize contests	6,694	1.9%
Prize games and telephone competitions - web reservations		
Web channel for games and telephone prize contests	1,099	0.3%

Contact channel



As for activities related to external relations and ceremonies, these mainly concerned *the Sanremo Festival* and other events with the presence of top management and institutional guests, including the press conference for *Use Less Light*, attended by two ministers, *L'Amica Geniale*, the presentation of the shortlist for the *David di Donatello* awards, the presentation of the drama *La guerra è finita* at the Pitigliani centre and the one about *Gino Bartali* at the Chamber of Deputies. There was also the official visit of the Maltese Minister and the Ambassador of Santo Domingo.

Starting from March, working methods changed due to the Covid-19 emergency and the top management and guests attended events according to new methods for remote press conferences as for the *New educational service for schools*, *The courage of every day* and for events such as the *Marathon for a new Green Deal for Italy*.

In addition to the daily preparation of the press review, the press office was engaged in numerous product promotion activities (above all *the Sanremo Festival*, an event that involves the entire management of the two press rooms, accreditation and communication from the initial phases of the event), as well as institutional communications and communication of Public Service information which assumed a central role in the Covid-19 emergency.

During the period, approximately 3,300 press releases and 100 corporate statements were produced, 27 press conferences were organised and 51 photographic services were held.

The weekly *Rai Settegiorni* newsletter should not be forgotten, now active for over a year to increase knowledge of the company among employees and reinforce the sense of belonging. In the first half of the year, the usual 26 issues were released but with a different significance to usual. Indeed, in the months when it was almost impossible for anyone to have daily contact with colleagues in the workplace, it was of course even more important to have an internal link that (together with others) made it possible to maintain a sense of belonging during the months of the coronavirus.

Rai also granted a lot of media partnerships and sponsorships in 2020. As the main communication player in Italy, each day Rai brings to the attention of the public thousands of projects, programmes, news, institutional and social initiatives, and is therefore the ideal partner for all those who want to convey messages to a large number of people, with different targets, throughout the national territory.

Selected in line with the founding principles of the Public Service and with the 17 Sustainable Development Goals defined by the UN and included in the Agenda 2030, with a regulation, application forms and methods of participation published on the Rai.it website and on RaiPlace, the first half of 2020 saw the activation and agreement of 216 partnerships, of which 170 media partnerships, 15 main media partnerships and 31 sponsors.

Of these, 56% of the agreements involve at least one radio station and in 44% of cases at least one television station.

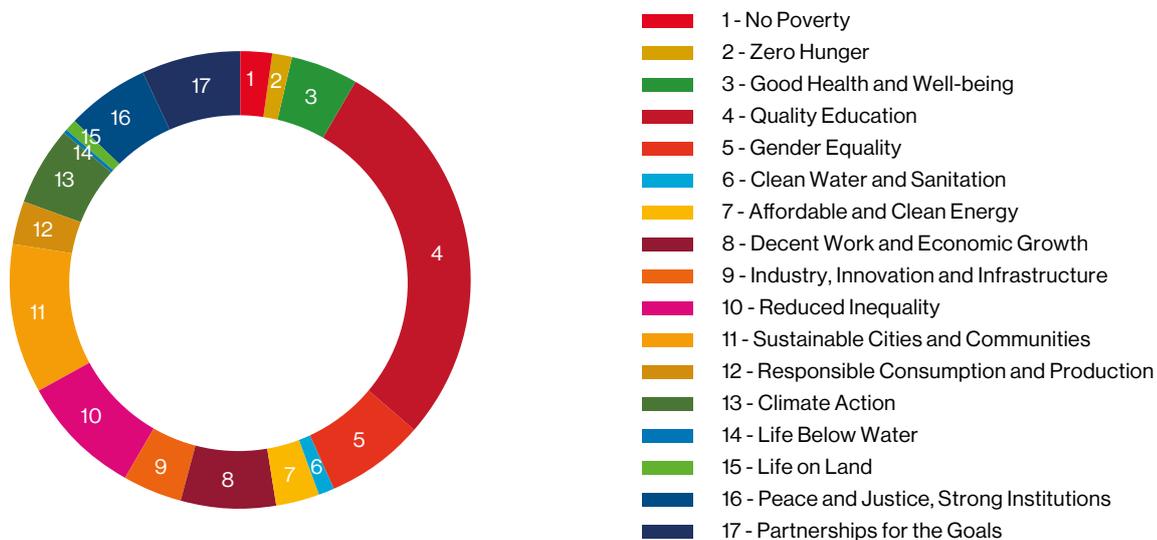
RaiPlay is involved in about 10% of partnership agreements, following the successful launch of the digital platform in 2019.

The main themes at the heart of the initiatives are art, culture, music, cinema and reading. The most supported of the 17 UN SDGs from the UN Agenda 2030 is easily no. 4 *Quality Education*.

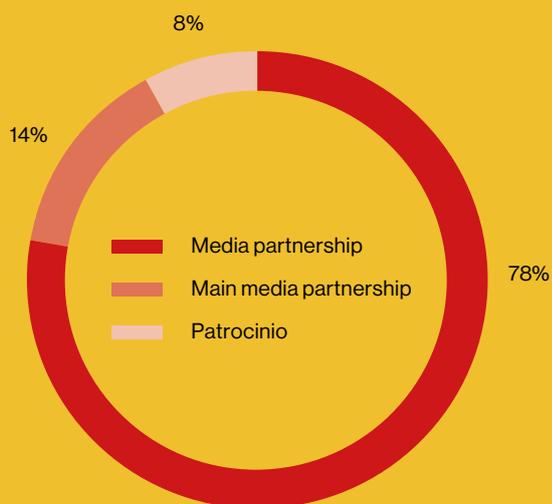
As for the geographical distribution of the partnerships, 31% were located in the North, 25% in Central Italy, 16% in the South and the Islands. About 5% of initiatives were nationwide and 23% were exclusively online.



Sharing of the 17 goals for sustainable development of the UN's 2030 Agenda in Rai partnerships



Partnerships



Focus



56%



44%

Media partnerships main media partnerships

In 56% of cases, partnerships involved a radio network and in 44% a television network

216 partnerships

- 15 main media partnerships
- 170 media partnerships
- 31 partnerships

TV

42% **Rai Cultura**
 13% **Rai Movie**
 8% **Rai 5**
 6% **Rai Storia**
 31% **Other publishers**

RADIO

62% **Radio3**
 15% **Radio2**
 7% **Radio1**
 16% **Specialised channels**

DIGITAL

10% **RaiPlay**
 Out of total agreements, partnerships involved RaiPlay in 10% of cases.

Geographical distribution of partnerships

North	31%
Centre	25%
South and islands	16%
National territory	5%
Web	23%



The main strategic projects launched and developed in the first half of 2020 include:

1. Development of projects for Millennials

Rai Porte Aperte

Three years after the launch of the initiative, nearly 50,000 students have come to Rai through educational visits, training internships, special events, getting a personal and unforgettable experience. The Coronavirus emergency made it necessary to rethink the initiatives following the abrupt suspension of any live events. In this difficult period, these initiatives were mainly carried out through social channels where – in addition to strengthening presence and communication on the project and networking – a great deal of focus was given to publicising the special programming and Corporate initiatives deployed for the emergency, with particular attention to the student target.

In 2019 the @RaiPorteAperte account was launched on social

networks to promote the project and today the Instagram profile and the Facebook page have 706 and 1,175 followers respectively. On social networks it is possible to find feedback on the Porte Aperte experience, covering all the activities: from stories during events to the involvement of the participants, from interviews with young people to the documentation with photos, videos and messages after educational visits. On top of these there is #dilloconunpostit, a Thursday regular spot dedicated to the most original post-its left by young people at the end of their visits.

In June, Rai Porte Aperte became part of the Facebook *Kids Community* group, a community organised by the Romaeuropa Festival, to share cultural, in-depth, education, information, gaming and entertainment content for the public of families and children.

Rai Porte Aperte Project 2019

2020
(January-June)

Total 2017-2020

Rai Porte Aperte Project 2019	2020 (January-June)	Total 2017-2020
School visits carried out	71 visits (for a total of 1,875 students)	1,140 visits (for a total of 28,500 students)
School-work alternation projects received in the previous school year and selected and activated in the following school year	22 projects received in 2019 and 14 selected and implemented in 2020 (approx. 350 students)	149 projects received and 42 selected and implemented (1,050 students)
Internship requests received and implemented	342 requests received and 58 internships activated	3,771 requests received and 720 internships activated
Participants in special events throughout Italy	0 participants in 0 events	16,630 participants in 39 events
Total students met	2,283	46.00

Rai and Osservatorio Permanente Giovani – Editori

In the first half of 2020 and as part of the multi-year collaboration with the Osservatorio Permanente Giovani-Editori, Rai organised a series meetings for teachers and students participating in the “ *Il Quotidiano in Classe* ” project for the seventh edition of the special initiative “ *Education to the knowledge of television journalism, through the role of the public service* ”.

The initiative, coordinated by Rai Porte Aperte and carried out with the collaboration of the regional news, regional Rai offices and the TV production centres, saw a number of meetings being held in the first half of 2020 with the heads of the local newsrooms and their journalists and with the editors of local

newspapers. The debates focused on local information, the differences between news on the TV and those on the front pages of newspapers, and the relationship between news and the media.

2. Development of internal communication tools New section of Rai Place *La Nostra Parte*. Rai news for the emergency

To identify forms of communication for employees, to keep them updated on the company's activities and to inform them of the main news relating to the emergency, the RaiPlace internal communication portal (created 4 years ago, precisely with the aim to create *your place in Rai*), a section for *Coronavirus operational indications* was added and is updated daily with all

the company directives on the subject. However, at a time when the Company was experiencing a critical situation, the technical rigour of these communications did not make it possible to speak with more empathic and reassuring tones to the 13,000 employees who would soon, at least to a large extent, start working remotely. Consequently, a new section was created, entitled *La Nostra Parte. Rai news for the emergency* where an average of 10 articles per day began to be published, divided over three areas:

- **Coronavirus – Rai Value:** all the news on Rai corporate activities for the emergency and always told “from the employee's side” (e.g. the activities of the task force, the sanitation of offices, the *#iorestoacasa* campaign, etc.);
- **Coronavirus – Rai Product:** all the news on how the Rai schedules have reacted to the emergency. (e.g. changes in the programme schedule for students, RaiPlay accessible without registration, etc.);
- **Coronavirus – News from Italy and the world:** updates with the main news from Italy and the world created using the news flow from the *rainews.it* portal.

The aim of the project was to ensure that colleagues doing remote working are always kept up to date, through a single access point, on operational guidelines and company directives on the subject, and on the main information about the epidemic and on the activities that Rai and each colleague is carrying out, as they pursue the mission of public service.

3. Other projects: Rai highlights video

To capture the value of Rai's radio and television offering and its commitment and presence in Italy, five short videos were created and produced from January 2020. They were produced on a monthly basis, except for the months of March and April, when due to the pandemic, only one was produced entitled “Together to restart”. Thanks to quick filming and clear and captivating graphics, the enormous cultural potential that the Public Service makes available to users every day, 365 days a year, was conveyed through images.

The videos, called *Highlights of the month*, are used to communicate the variety and quality of Rai products with a view to corporate positioning inside and outside the Company. They are published at the beginning of each month on RaiPlace, publicised through the internal newsletter *Settegiorni*, and sent to the many external stakeholders who pay particular attention to the content offered by Rai.

Agreements with Central Government

Agreements with the Central Government are managed directly by the Parent Company. Despite the restrictive measures that came into force with the Prime Ministerial Decrees of 8 and 11 March 2020, which led to a slowdown in both Rai's activities and those of the ordinary administration of government ministries, the half year was characterised by significant engagement, both in relation to Agreements already in place and the signing of new agreements linked to the emergency situation.

Among the most significant activities of the first half of 2020, the following should be noted.

New Agreements

The situation arising from the Covid-19 emergency and the related measures led to some government ministries – particularly those involved in the management of the emergency – requesting strong support from Rai, both in the spirit of *communio in intent* (sanctioned not only the Rai-Government Service Agreement, but also by specific Memoranda of Understanding in place), both in the short-medium term, through the stipulation of specific Implementing Agreements or *Value-Added* Agreements and also through the creation of ad hoc initiatives. These included:

- **Ministry of Education.** Following the suspension of ordinary teaching, the ministry – counting on Rai's strong support for distance learning for all education cycles, as well as for programming aimed at pre-school children – signed a charter of intent with Rai aimed at actions to identify the most suitable methods of activating distance learning for educational institutions across Italy for the entire period of the educational emergency caused by Covid-19. A relationship was first set up with Rai Cultura, RaiPlay and Rai Ragazzi to identify the materials already available, which were immediately put online on websites and in dedicated spaces on the TV schedule, to support schools, pupils and families and to allow them to reach the educational goals of the current school year (with particular attention to those in their final year), pending the production of ad hoc materials. Later, again with a view to strengthening the tools supporting distance learning, an agreement was signed for the production of podcasts by Rai Radio3 to be made available to students ahead of final exams. A simultaneous discussion was initiated with the ministry for a further agreement on developing a project dedicated to the great philosophers and thinkers of the 20th century, with material from Rai Teche and the production of further learning material for the dedicated autumn schedules.
- **Prime Minister's Office.** Starting from the need to create a commercial to thank the staff involved in guaranteeing essential services to citizens, tying in with the slogan *#iorestoacasa* [*#istayathome*], an agreement was signed for the creation of a video and subsequent products in

institutional campaigns organised by the Prime Minister's Office, including the one dedicated to the *114 - childhood emergency* campaign promoting help to combat violence and the maltreatment of minors.

- **Ministry of Cultural Heritage and Activities and Tourism.** Following the start of Phase 2, the ministry asked Rai for a project for the creation of an ad hoc programme dedicated to tourism in our country, taking into account the new ways of moving around, in a sustainable and conscious way. This resulted in a 6-part programme called *L'Italia non finisce mai* being created for Rai 1.

Existing agreements

- **National Agency for Active Labour Policies.** Planning continued for the 6th edition of the programme *Il Posto Giusto*, the airing of which was postponed from March 8 to 28 June as a result of restrictive measures due to Covid-19.
- **Ministry for Employment and Social Policies.** The communication activities envisaged by the implementation agreement of November 2019 were interrupted due to the Covid-19 health emergency. With the start of Phase 2, the planning of the activities set out in the communication plan resumed.
- **Ministry of Education.** As part of an agreement for *Dantedì*, over 20 shorts dedicated to the reading of Dante's triplets by major actors were made and broadcast on generalist and semi-generalist networks on "Dante day" and the following days.

Changes in the regulatory framework

Assignment of rights of use of frequencies, reforming of the so-called 700 band, and adoption of related deeds

In compliance with the provisions of AGCom resolution no. 457/19/CONS, adopted pursuant to Article 1, paragraph 1031, of the 2018 Budget Law (as amended by Article 1, paragraph 1104, of the 2019 Budget Law), Rai has published a list on its website containing, for each region concerned, the total price for the transfer, in the transition period, of the transmission capacity, which in any case is not less than one program in the *multiplex* containing regional information in favour of subjects assigned rights of use at local level for channels 51 and 53 UHF; in April, the Concessionaire finalised the negotiation phase of the agreement with the sole party applying for access.

Ministry activities continued, related to: the assignment of rights to use the frequencies for the digital terrestrial television service to local network operators; the creation of rankings of audiovisual media service providers at local level; operations to shutdown channels 50 and 52 and channels 51 and 53 (migration to different broadcasting frequencies) during the first phase (no later than May 2020 for the provinces of Sardinia, Liguria, Tuscany and Lazio) and, subsequently, for the "limited area B" (from 1 June 2020 to 31 December 2020) and optional shutdown of the frequencies of network operators at local level; the right, for local network operators, to issue television frequencies in advance of the deadlines indicated in the roadmap, also regarding the definition of the conditions and timing for the payment of the indemnities provided for by the 2018 Budget Law as amended.

With Resolution no. 232/20/CONS, AGCom launched a public consultation on the definition of procedures for assigning additional transmission capacity available nationally and terrestrial frequencies pursuant to Article 1, paragraph 1031 – *bis*, Law 205 of 27 December 2017, as introduced by Law 145 of 30 December 2018.

Provisions related to radio broadcasting

With Resolution no. 455/19/CONS, AGCom decided to introduce amendments and additions to the Regulations governing the start-up phase of terrestrial radio transmissions in digital technology as per Resolution no. 664/09/CONS as amended, in particular for all national network operators such as Rai an obligation to reserve a share of transmission capacity units for independent content providers, in order to boost the launch of the national and local digital radio market. Pursuant

to the aforementioned resolution, Rai prepared a Service Offer containing the technical and economic conditions of the service for access to broadcasting capacity for independent radio content providers, which was then published by AGCom, along with the conditions of other national operators of the DAB+ digital technical radio network.

Promotion and support of reading

Article 5 of Law 15 of 13 February 2020 containing "*Provisions for the promotion and support of reading*" entitled "*Promotion of reading at school*", gave schools identified in the law the possibility to "promote collaboration between schools in the network and local schools, with particular reference to public libraries and other cultural institutions or associations, in order to promote reading among young people. The related projects can also be implemented using materials from the libraries of *RAI - Radiotelevisione italiana Spa.*"

The Directive of the Ministry of Economy and Finance of 14 April 2020 on procedures for identifying members of corporate bodies of investees of the Ministry

The Ministry revised the Directive of 14 April 2020, with procedures to appoint members of corporate bodies (operators and controllers), of its direct or indirect investees, which are overseen by the political steering body, setting out in detail requirements applicable to the Department of the Treasury. In particular, procedures to renew the corporate bodies of investees directly controlled by the Ministry were revised, excluding investees of companies with listed shares, indicating specific and detailed activities of the parent company, based on the relationship of direct control with the Ministry. A specific internal regulation is being prepared.

Determination of the special television licence fees

The Decree of 20 December 2019 of the Ministry of Economic Development, published in the Official Gazette no. 98 of 14 April 2020 kept the amount of special TV licence fees unchanged for 2020 (compared to the measures established in tables 3 and 4 attached to the ministerial decree of 29 December 2014): *i*) for the possession of radio receivers or television sets on non-

household premises; *ii*) for the possession of radio receivers or television sets in cinemas, theatres and comparable premises.

Suspended payment of the Rai licence fee for people affected by the health emergency

Article 72-*bis* of the law converting the “Cura Italia” Decree Law (and prior to that Article 4 of Decree Law 9 of 2 March 2020), among other things, delegated ARERA, the Regulator for Energy, Networks and the Environment to provide, for municipalities most affected by the Covid-19 epidemic identified in attachment 1 to the Prime Ministerial Decree of 1 March 2020, the temporary suspension, until 30 April 2020, of the terms of payment of invoices and payment notices, issued or to be issued, for the supply of electricity, gas and the integrated urban waste management service. As regards radio and TV licence fees, suspended payments can be settled, without penalties or interest, in a single amount, with the first electricity bill following the end of the suspension period.

Code of Ethics

In March 2020, the Company revised the corporate Code of Ethics, also supplementing the section on “*Principles of general conduct on the use of digital devices by Rai employees*” in line with approval from the management body of the Company, setting out the general principles of conduct and diligence, fairness, good faith and loyalty in the use of the aforesaid devices by employees and external staff. This is the result of the Parliamentary Commission for general guidance and supervision of radio and TV services issuing a “*Resolution on steering principles and guidelines for the use of social media by RAI employees and external staff*” with particular reference to the use of official profiles of newspapers and network broadcasts and the private use of social media and attention to the principles set out in the National Service Agreement, and to the prohibition of discrimination, respect for the dignity of the person and combating all forms of violence, hate speech, fake news.

Public contracts

Regulatory measures

Considering the health emergency, the national legislator adopted various measures regarding, among other things: a suspension of the terms of administrative proceedings (with suspension of public proceedings regulated by a circular

of the Ministry of Infrastructure and Transport, and various proceedings of ANAC); the purchase of IT goods and services, as well as connectivity services; contractual delays or breaches deriving from the adoption of containment measures; an advance on the price of public contracts.

The European Commission has also issued guidelines on the use of the public procurement framework in the emergency situation connected to the pandemic.

Law no. 120 of 2020 published in the Official Gazette no. 228 of 14 September 2020 converting Decree Law 76 of 16 July 2020, on “*Urgent measures for simplification and digital innovation*” (the “Simplification Decree Law”, see *below*), establishes in Chapter I (Articles 1-9), a number of simplification measures and deferments regarding public contracts, with the introduction of temporary regulations, valid until 31 December 2021 (Articles 1-9), in particular concerning: *i*) the simplification of award procedures (both with reference to sub-threshold and supra-threshold contracts, as regards the award method, criterion and provisional guarantee in sub-threshold contracts); *ii*) the provision, with reference to the aforementioned award procedures, of the possibility of economic operators participating, also as joint ventures; *iii*) the provision of measures to accelerate the times for the award and execution of the contract (with times for the award of: a) two months for direct awards; b) four months for negotiated procedures and c) six months for procedures involving amounts above the EU threshold respectively; the obligation to stipulate the contract as a rule within 60 days from the award, unless otherwise specifically agreed with the successful bidder, provided this is justified in any case by the interest in the prompt execution of the contract; the provision of a possible hypothesis of tax liability for the entity in charge of the procedure in the event of delays in stipulating and starting the execution of the contract or, if the delay is attributable to the operator, the possibility of exclusion from the procedure or termination of the contract; provision that a pending judicial appeal, unless stipulation of the contract is prevented as a precautionary measure, is not considered adequate justification for not proceeding to schedule; obligation to award by 31 December 2020 procedures whose deadline for submitting offers ended on 22 February 2020; precise identification, for works of national importance or above the threshold, of causes for suspension of execution); *iv*) the possibility of resorting, to the extent strictly necessary, exceptional forms of procedures negotiated urgently for reasons related to the epidemiological emergency caused by Covid-19; *v*) actions to streamline anti-mafia checks and legality protocols (generalisation of the system for the urgent issue of anti-mafia documentation; provision of a provisional waiver released immediately by the BDNA which allows for the stipulation of public contracts, with termination conditions subject to the release of a prohibitory waiver; introduction of legality protocols to the Anti-Mafia Code,

which the Ministry of the Interior may also sign with companies of strategic importance for the national economy, in order to extend anti-mafia prevention measures to further cases. The protocols may provide for the applicability of provisions of the Anti-Mafia Code also in relations between public or private contractors and third parties); *vi*) interventions in procedural matters, both in relation to disputes relating to sub- and above-threshold award procedures, and with regard to “contract procedures”; *vii*) the rapid resolution of disputes relating to works through the establishment – mandatory for procedures above the EU threshold – of a technical advisory body before the start of execution or in any case no later than ten days from that date. For contracts which have already started on the date of entry into force of the decree, the technical advisory body is appointed within thirty days from the same date.

The provisions issued by ANAC

ANAC has also issued a series of provisions related to the Coronavirus health emergency, both in relation to the public contracts sector and to “transparency and anti-corruption”: reporting documents; indications relating to the conduct of tender procedures and related execution phase; measures on the deferral of deadlines; notices on collaborative supervisory activity; statements regarding exemption from the payment of contributions due to the Authority; suspension of activities concerning the adoption of Guidelines on the application of minimum environmental criteria in the building sector; on the issue, by contracting authorities, of the progress of works also for suspended work sites (also departing from the provisions of tender and contract documentation), limited to the services performed up to the date of suspension of activities; as regards the effects of anti-contagion measures on public contracts being awarded (intended to allow the object of the contract to be modified, in the phase prior to execution); with reference to the publication and reporting of data on donations to support the fight against the epidemiological emergency due to Covid-19. It also reviewed regulatory provisions accelerating and simplifying procedures for the award of public contracts for works, services and supplies; to make observations relating to the so-called “Simplifications Decree Law”, and the provisions contained therein, also regarding public contracts; to identify proposals to speed up procedures and promote economic recovery: digitalisation of tenders; simplification and reduction of times to check requirements in certain cases; the introduction of provisions which, until 31 December, allow administrations to justify resorting to urgent and emergency procedures already permitted by the Code of public contracts.

Lastly, the Authority adopted the Regulation for the management of computerised records of public contracts for works, services and supplies, amended by the Council decision of 29 July 2020.

Integrated communications system

With Resolution no. 25/20/CONS, the Authority closed the procedure for assessing the economic dimensions of the Integrated Communications System for the year 2018: none of the subjects present in the SIC achieved revenue in 2018 exceeding the 20% limit envisaged by Article 43, paragraph 9, of the TUSMAR: *“the top ten groups operating in the SIC jointly represent – with almost €11.5 billion – 62% of total resources. In particular, the most significant shares are held by Comcast Corporation/Sky (15.7%), Fininvest (13.4%) and RAI Radiotelevisione Italiana (13.2%). They are followed by Alphabet/Google, Cairo Communication, Facebook, GEDI Gruppo Editoriale, Italiaonline, Discovery and Netflix”*.

With the subsequent Resolution no. 319/20/CONS, the Authority started the procedure for assessing the economic dimensions of the Integrated Communications System (SIC) for the year 2019.

Resolution on the strengthening and continuity of the educational offering by RAI (“RAI does school”)

In the meeting of 14 May, the Parliamentary Commission for general guidance and supervision of radio and television services approved the resolution in question which, also in consideration of the health emergency and following the signing, on 24 March 2020, of a charter of intent on the theme *“Covid-19 educational emergency. Distance learning”* by the Minister of Education and Rai, aimed at promoting *“actions dedicated to identifying the most suitable methods of activating distance learning to be proposed to educational institutions throughout the country for the entire period affected by the educational emergency caused by Covid-19”*, commits the Company to a series of actions in relation to content dedicated to training and teaching (Rai Scuola channel), building and implementing a special multimedia platform also accessible from RaiPlay, promoting a coordination with the Rai archive and online resources, including external ones, aimed at integrating content. Lastly, the resolution deals with the production of television and multimedia content dedicated to risks on the web in general, digital literacy and the conscious development of digital citizenship, also in order to combat crimes such as revenge porn and cyberbullying and the usability of content for people with disabilities and for linguistic minorities.

Gender equality in listed companies

For the purposes of applying the new legislation (as introduced by the conversion law of the so-called “tax decree”, Article

58-sexies of Law 157/2019; the provisions of the 2020 Budget Law, Article 1, paragraphs 302-305, Law 160/2019) the National Commission for Companies and the Stock Exchange published a specific Communication, providing clarifying interpretations on how it should be applied to corporate bodies composed of three members and subsequently amended the Issuers' Regulation (Consob Resolution no. 21359/2020, and specifically Article 144-undecies.1 on the criteria for applying new gender quotas), clarifying that the new 40% allocation criterion applies for a further six terms of office starting from the first renewal after 1 January 2020; the criterion is applied on rounding up basis, with the exception of three-member boards, in which case the basis is to round down to the lowest unit.

Aid for businesses for the spread and strengthening of the social economy

The decree of the Minister of Economic Development of 11 June 2020 amended the Ministerial Decree of 3 July 2015, laying down incentives for businesses for the dissemination and strengthening of the social economy, including cultural and creative businesses as possible beneficiaries of the aid scheme (or "*companies that have as their exclusive or main business object the conception, creation, production, development, dissemination, conservation, research and enhancement or management of cultural products, such as goods, services and intellectual property relating to literature, music, visual arts, applied arts, live entertainment, cinematography and audiovisual arts, archives, libraries and museums as well as cultural heritage and innovation processes connected to said*"), set up in the form of partnerships or corporations, which operate or intend to operate in the specific economic sectors listed under attachment no. 1 to the decree (including production, post-production and film, video and television program distribution activities).

Measures issued in relation to the health emergency

To deal with the health emergency, various measures have been adopted since February 2020, which include, in addition to measures in favour of workers (smart working; protection measures and anti-contagion security protocols; leave and allowances; activities of company doctors), activities related to: the procurement of IT goods and services; measures to support the culture, entertainment, cinema and audiovisual sectors; measures on contractual delays or breaches deriving from the adoption of containment measures; measures on the conduct of meetings of company bodies; provisions on access to credit, liquidity support, investments; temporary

measures to ensure business continuity (in terms of capital reduction; on principles for preparing financial statements; on corporate loans); the consolidation of special powers in sectors of strategic importance and of transparency obligations in financial matters (inter alia in relation to companies that hold assets in the sector of "media freedom and pluralism"); fiscal and accounting measures including the tax receivable for the purchase of protective devices in the workplace; provisions on trial and proceeding deadlines.

In particular, with Decree Law 18 of 17 March 2020 (the so-called Cura Italia Decree), converted, with amendments, by Law 27 of 24 April 2020, the Government intervened to provide financial support for families, workers and businesses; the Decree Law 34 of 19 May 2020, the so-called Relaunch Decree, converted by Law 77 of 17 July 2020, provided for numerous spending measures to support the sectors most affected by the epidemiological emergency, with measures concerning, among other things, work and credit, while Decree Law 23 of 8 April 2020, converted by Law 40 of 5 June 2020, introduced measures to ensure business continuity, as well as suspend some tax and social security payment deadlines.

The company organisation complied with the provisions of the aforementioned measures and decrees of the Prime Minister that were issued, at national level, from 4 March 2020 onwards, on different types of containment measures aimed at limiting the spread of the epidemic, and from May onwards, on their gradual easing, on the basis of provisions in the Decree Laws 19/2020 and 33/2020.

To sum up, the measures concerned limits on movement; the suspension of congresses, meetings, social events, demonstrations, events and shows of any kind, including cinematographic and theatrical events, sporting events and competitions; the right for employers to use smart working for employees, even in the absence of individual agreements. With the aforementioned Prime Minister's Decrees, information and prevention measures were also introduced for all of Italy, including the recommendation for all elderly people or people suffering from chronic diseases or with congenital or acquired immunodeficiency to avoid leaving their own home, apart from strictly necessary cases, the dissemination in different places of information on health and hygiene prevention measures, the laying down of specific obligations, information and notices for persons staying or transiting in areas at epidemiological risk.

The Company's activities have never been suspended, notwithstanding compliance with the contents of the shared protocol regulating measures to combat and contain the spread of the Covid-19 virus in workplaces signed on 14 March 2020 between the Government and social partners and updated on 24 April 2020, which among other things provided for: specific information obligations; measures on entry to company sites;

measures on cleaning and sanitising areas, on the use of personal protective equipment and in general on company organisation in the new context.

Since 23 February 2020, a Task Force with management and editorial coordination functions regarding the “Coronavirus” emergency has operated at Rai, continually issuing instructions to all Rai sectors in order to manage the emergency situation.

Rai promptly issued specific company procedures addressed to its workers (in particular, “*Rules of conduct for workers*” and “*Management of positive, suspected, cured cases - Operational Approaches*”), also with regard to methods for entering the company and the management of symptomatic cases and has also adopted specific measures for the access of visitors and suppliers to company premises.

Workers were given adequate personal protective equipment in all professional and production contexts and extensive training initiatives were implemented for their correct use.

In addition, specific information was given at all times to employees on the rules contained in decree laws, Prime Ministerial Decrees and rulings of the Minister of Health, on entry and exit restrictions at regional and national level and on obligations related to returning to Italy and/or certain Regions.

Lastly, the Company: *i)* set up the technical “Covid-19 social emergency” PANEL for the promotion and harmonisation of corporate activities in the social field with the aim, among other things, of formulating content proposals, awareness campaigns, “calls to action” and other initiatives deemed suitable, the functions of which were then merged with the newly-established Rai Department for Social Affairs; *ii)* with reference to the need to redefine and adapt information activities, Rai has adopted organisational provisions aimed at coordinating and optimising the flow of information relating to both news and information programmes of the different Networks and to monitoring and coordinating initiatives to combat the so-called fake news phenomenon.

Corporate governance

AGCom measures and proceedings

1. With AGCom Resolution no. 38/20/CSP, Rai was ordered to pay €25,000.00 for the violation of Article 34, paragraphs 2, 6 and 7 of Legislative Decree no. 177/2005 in conjunction with paragraph 3.1 of the Media and Minors Self-Regulation Code. The proceedings, no. 2739/Sm/MZ were launched for the broadcast in the program *La Vita in Diretta* on RaiUno on 19 September 2019 of the report called "Diavoli della Bassa". The proceedings were appealed against;
2. with Resolution no. 42/19/Cons, AGCom launched preliminary proceedings to verify the public service duties of Rai pursuant to the 2018-2022 Service Agreement, regarding accounting separation and transparency in advertising sales pricing. In the meeting of 23 July 2019, a further AGCom proceeding – AGCom 14/19/DCA – 2733/LF was started, to investigate, pursuant to Article 48, paragraph 2 of Legislative Decree 177 of 31 July 2005, an alleged non-fulfilment of radio and television general public service obligations and of the national 2018-2022 service agreement, concerning the transparency of the advertising space sales policy. The proceedings ended with Resolution no. 61/20/CONS, in which AGCom "Ascertained the (...) non-compliance (...) with the principles of transparency and non-discrimination as per Article 25, paragraph 1, letter s) point iii) of the 2018-2022 Service Agreement" and warned Rai "to immediately cease conduct similar to that subject of the established infringement.". Both of the aforementioned proceedings (14/19/DCA and 42/19/CONS) were brought before the Lazio Regional Administrative Court. With Ruling no. 3180/2020 of 22 April 2020, the Board suspended Resolution no. 61/20/CONS. Lastly, the Council of State, with Ruling no. 4635 published on 4 August 2020, accepted the precautionary appeal proposed by the Authority and annulled the order of the Lazio Regional Administrative Court no. 3180/2020 believing that the precautionary requirements could be guaranteed by promptly setting the date of the hearing on the merits of the case (date not yet set);
3. with Proceedings no. 13/19/DCA – proc. 2732/RC, AGCom started an investigation pursuant to Article 48, paragraph 2 of Legislative Decree 177 of 31 July 2005 for alleged non-fulfilment of the radio and television general public service obligations and of the national service agreement for the years 2018-2022 regarding information pluralism. The investigation ended during 2020 with Resolution 69/20/CONS, containing a notice ordering a series of measures regarding information pluralism as well as a fine of €1,500,000.00. Resolution 69/20/Cons was appealed against before the Lazio Regional Administrative Court and is currently suspended as a result of the Court's Order no.

2805 of 16 April 2020. The proceedings will continue on 11 January 2021.

Drama in 2020: Editorial and production guidelines, annual planning and projects of strategic importance

In February 2020, the Company's management body approved the editorial and production lines for drama in 2020, as well as the annual planning by destination network/medium, and authorised, with reference to strategically important initiatives, the start of negotiations with production companies concerned and with relative and specific investment estimates for Rai.

Contributions due to the Authorities

Rai arranged for the following payments, within deadlines: (i) with the specific right to make appeals and repeat such actions, contributions to cover the administrative costs incurred for activities pertaining to the MISE for the year 2020 and for the radio links for the year 2020; (ii) the contribution due for 2020 to AGCom to cover the overall administrative costs incurred for the exercise of its functions, according to the rate set for entities operating in remaining markets (equal to 1.9 per thousand of revenues), with the right to make appeals and repeat any amounts not due definitively undertaking, also for 2020, judicial actions deemed necessary; (iii) the contribution due for the operating costs of the Italian Antitrust Authority; (iv) the contribution requested by the National Commission for Companies and the Stock Exchange, since Rai is required to publish the non-financial statement pursuant to Article 2 of Legislative Decree 254/2016.

With reference to contributions due to the National Anti-Corruption Authority, in February 2020 the Company appealed against the notice of 16 October 2019 (with which the Chair of the Authority provided indications, with effect from 1 January 2020, relating to the obligation to acquire the contract ID code (CIG), to notify data and to pay the contribution in favour of the Authority for the cases excluded from the scope of application of the Code of public contracts, including those *pursuant to Article 17, paragraph 1, letter b, "contracts in the audiovisual or radio media sectors"*) with a specific extraordinary appeal to the President of the Republic, then transposed to the courts and currently pending before the Lazio Regional Administrative Court in consideration of the impact on Rai's *core business*, which is also the recipient of a special regulation for the negotiations in question.

With reference to the payment requested for the first four months of 2020, considering that the contribution was also requested for the cases excluded from the scope of application of the Public Contracts Code, according to the provisions of the aforementioned Notice of the Chair of 16 October 2019 and the impossibility of proceeding with a split payment, Rai paid the requested amount in full within the deadline, specifically reserving the right to repeat action concerning the sums relating to the excluded procedures in the event of a positive outcome of the case pending.

The right to repeat any action must refer to future payments of contributions relating to procedures excluded from the scope of application of the Public Contracts Code.

It is understood that until 31 December 2020, the payment of contributions to participate in tender procedures launched starting from 19 May 2020 is not required, pursuant to Article 65 of the so-called "Relaunch Decree", no. 34/2020, converted with amendments into Law 77/2020.

Establishment of the English language channel and institutional channel

Within the framework of the requirements in the 2018-2022 service agreement, the management body of the Company, in the session of 17-19 June 2020, approved the establishment: of the "English language channel", which reports directly to the Chief Executive Officer; of the "Institutional Channel", within the Rai Parliament sector.

Approval of guidelines to avoid conflicts of interest between producers, artists and agents representing artists

Taking into account the resolution adopted by the Parliamentary Commission for the general direction and supervision of radio and television services concerning the adoption by Rai of company procedures aimed at avoiding possible conflicts of interest on the part of entertainment agents and the specific measures adopted by AGCom on the subject, the Board of Directors of Rai, in the meeting of 17 June 2020, approved the Guidelines aimed at avoiding possible conflicts of interest arising in negotiations with producers, artists and agents representing artists.

Corporate Governance Report – the Control Model Governance of Rai and the Internal Control and Risk Management System (SCIGR)

The Internal Control and Risk Management System (SCIGR)

Within the scope of the risk control and management tools there are structural similarities of the systems implemented in the various Group companies. The companies have set up their own Internal Control and Risk Management System (SCIGR), which, in terms of structure, contemplated roles and operation mechanism appears similar in all associates, as required by the Code of Ethics and inspired by the system currently in effect at the Parent Company.

The SCIGR is “*all the instruments, organisational structures, company rules and regulations that enable the company to be managed in a healthy, correct way consistent with company goals established by the Board of Directors, through a suitable process to identify, measure, manage and monitor the main risks, and by structuring suitable information flows to guarantee circulation of information*”.

The SCIGR is integrated in the most general organisational and corporate governance structures and is organised into three levels: Management (I level), Management with monitoring functions (II level), Internal audit (III level).

An efficient SCIGR facilitates making informed decisions and helps protect corporate assets, the efficiency and effectiveness of company processes, the reliability of financial information, compliance with laws and regulations and the Articles of Association and internal regulations.

The goal of the System is to mitigate risk by managing it in each process.

Rai uses the *Committee of Sponsoring Organizations Report* as its framework of reference, recognised both nationally and internationally for the implementation, analysis and assessment of the Internal Control System.

The regulatory framework and device of Rai's SCIGR is mainly represented by:

- Company Articles of Association;
- Service Agreement;
- Code of Ethics;
- Organisation, Management and Control Model, pursuant to Legislative Decree 231/2001;
- Three-year Corruption Prevention Plan;
- Regulatory, organisation and powers system of Rai SpA;

- Model for the management and processing of notification of potentially illegal, irregular or reprehensible facts;
- Internal disciplinary system;
- Guidelines on Internal auditing activities, integrating the Guidelines on the Internal control and Risk Management System;
- Regulation for the management and coordination activities performed by Rai on its subsidiaries.

It is also pointed out that during the first half of 2020 the main activities on the subject of Internal Control System were:

- the continuation of the Integrated Risk Assessment Project at Rai SpA, with the aim of gaining an overall view of corporate risks (compliance and operational), including the updating of the anti-corruption risk areas and the risks tied to observance of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01. This is to be achieved by defining a unique methodology of reference and an integrated risk identification and management model that offers an overview of the company's phenomena, and attainment of an adequate overall risk profile. Through this initiative, Rai further contributes to reinforcing the risk management culture through enhanced awareness of management and of the employees, and to the progressive structural strengthening of the SCIGR and prevention measures, including risks of corruption;
- the consolidation of the new integrated reporting management model (also anonymous) for Rai SpA and the Group's subsidiaries (with the exception of listed companies with their own Internal Audit structure), governed by the new specific procedure approved in January 2019 by the Board of Directors of Rai SpA. Thanks to the integration of the various aspects of the internal control system under analysis, this model has made it possible to improve the process of investigating a report and ensure the completeness of the analyses with a positive impact on the effectiveness and efficiency of the Internal Control and Risk Management System;
- continuous training and awareness-raising of management and employees, through information and training activities on Legislative Decree 231/2001 and Law 190/2012, which saw the provision of e-learning courses on anti-corruption and the Organisation, Management and Control Model, classroom sessions (for the entire time before the Covid-19 emergency) and newsletters. In addition, new, updated e-learning courses on Legislative Decree 231/2001 and Law 190/2012 (currently in the test phase) were started.

The Rai Corporate Governance Model



CCE: Stable Commission for the Code of Ethics
RASA: Manager of the Register for the Contracting Entity
RPC: Corruption Prevention Manager

The Code of Ethics

The Code of Ethics regulates all the rights, duties and responsibilities that Rai has with the stakeholders it interacts with when performing its activities. It is addressed to the corporate officers, the Chief Executive Officer, the senior managers, employees, collaborators and everyone that has business and/or financial relations of any type with Rai or that act on its behalf on the basis of specific mandates.

The Code of Ethics was drawn up for the entire Rai Group so is binding for all companies controlled directly or indirectly by the Parent Company. The Code is valid both in Italy and abroad, with any adjustments needed for the different situations of countries where Rai operates, also through its subsidiaries.

The Code is broken down into three macro-areas:

1. initially, to underscore its importance, the principles considered essential by the Group are set forth: correctness and transparency; honesty; observance of the law; pluralism; professionalism; impartiality; value of the human resources; integrity of the people; confidentiality; responsibility towards the community; fair competition;
2. afterwards the general principles of conduct are described, which in agreement with the principles above must tangibly guide Rai's activity: diligence, correctness, good faith and loyalty; information and transparency; protection of the company's assets; respect for privacy; prevention of conflict of interest; strict policy concerning gifts and acts of courtesy;
3. lastly, the various areas deemed relevant and "critical" from the behavioural correctness viewpoint are specified, as well as specific methods of implementation and the supervisory programme.

In particular, the following are regulated in the Code of Ethics:

- the relationship with personnel, with special attention paid to promoting merit, equal opportunities, occupational safety and environmental protection;
- administrative and financial management, which emphasises the essential role of an internal control system;
- relations with the Public Administration with regard to conflict of interest, risk of corruption and abuse of power;
- the relationship with suppliers and collaborators, underscoring the obligations of transparency, correctness and discrimination when selecting the supplier and execution of the contract, and commitment to protecting ethical aspects along the supply chain;
- the relationship with customers and users, particularly the obligations required by the Service Agreement such as protection of minors and minorities, a socio-cultural function, a varied and quality programming;
- protection of the share capital and of the creditors;

- relations with the other interlocutors, highlighting the obligation of independence from critical subjects such as political parties and trade union organisations.

For monitoring purposes, the Stable Committee for the Code of Ethics, which reports to the Chief Executive Officer, has been set up; it ensures information flows to the RAI Supervisory Board pursuant to Legislative Decree 231/2001 and periodic reporting on the initiatives taken as a result of reports received and their outcomes. In compliance with the company procedure on managing and processing reports, the Committee also sends the Corruption Prevention Manager the reports received presumably pertaining to corruptive profiles, even only abstract in nature, and informs him/ her of their result.

The Code also establishes that the Supervisory Body and the Corruption Prevention Manager provide observations on ethical problems and on presumed breaches of the Code of Ethics that could occur as part of their areas of responsibility and that they report any breaches of the Code of Ethics to the Stable Committee for the Code of Ethics.

Other aspects to be highlighted are the provision of a confidential email address for reports of alleged violations of the Code and the related penalty system and the communication and training of personnel on the principles and ethical rules set out in the Code.

The Organisation, Management and Control Model

All companies part of the Rai Group are formally autonomous in adopting their risk control and management mechanisms, and they are bound only to the Code of Ethics, which is valid for all Group companies. What is fundamental, however is the policy function carried out by the system of the Parent Company, from which the other companies draw inspiration.

In carrying out its management and coordination activities, Rai SpA promotes and fosters the independent performance by its subsidiaries, which are individual recipients of the requirements of Legislative Decree 231/2001, of the activities of preparation and revision of its Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, providing indications also considering the Group's organisational and operational structure. It also promotes the adoption of general principles to ensure legality also at associates.

In the first half of 2020, activities to update the Organisation, Management and Control Model (MOGC), adopted by Rai SpA pursuant to the aforementioned Decree on the administrative liability of entities were finalised with respect

to legal developments and changes in the organisational and governance structure taking place since the previous update of the Model, in July 2017.

Currently the Model includes standards and control measures with reference to the types of offences included in Legislative Decree no. 231/2001 until June 2020. Control standards are prepared based on principles and indications in the Guidelines of Confindustria, and on the best international practices.

The Model also contains a description of the methods and responsibilities for approving, implementing and updating the Model. Proposals for updates and/or adjustments, submitted by the Chief Executive Officer to the Board of Directors, are prepared by a special team called "Team 231". The most recent update to Model 231 was approved by the Board of Directors of the Parent Company in its meeting of 27 July 2017.

The Supervisory Body is entrusted with updating the Model and supervises its suitability and effective implementation. The Supervisory Body of Rai SpA is a body established pursuant to the Articles of Association, and has autonomous powers of initiative and control to exercise its functions, and reports to the management board (Part IX, Article 32 of the Articles of Association). It is a collective body with two external members, one of whom takes the chair and the Internal Audit Manager pro tempore, depending on the function performed.

The Supervisory Body carries out specific interventions and monitoring in order to check the adequacy of the Model and to ascertain the level of effective implementation and efficiency of the prevention system, and also in-depth study and preliminary investigations on the subject of compliance with the provisions.

Special attention is reserved for the results of audits conducted by the Internal Audit Department and monitoring of the resulting corrective actions identified to improve company efficiency and strengthen controls established to prevent crimes.

In addition, training initiatives and seminars are promoted for management and employees; In addition to these initiatives, a "newsletter" was drawn up in 2019 specifically for communication and updating on "231" issues.

The Supervisory Body promoted and supported the launch of the Risk Assessment on "231" risks, with the aim of keeping the framework of risks with an impact on the Model updated and ensuring the adequacy of the crime prevention system. This activity is part of the broader Integrated Risk Assessment Project mentioned above.

Every six months, the Supervisory Body, collectively, sends the Board of Directors, the Board of Statutory Auditors and the Chief Executive Officer a Report on activities carried out and

on the other information established by the Model, expressing its recommendations for the best suitability and effective implementation of the offence prevention system indicated in the regulation referred to.

The current Supervisory Board was appointed with effect from 1 August 2019 and falls from office when the Board of Directors that appointed it expires.

Anti-corruption

Considering the heavily regulated context in which the Company operates and the business of reference, anti-corruption is a significant issue for all of the Group's companies. In particular, it is emphasised that Rai has acquired procedural and organisational tools over the years that are able to manage and monitor what is established by the current legislation on the subject.

Specifically, the monitoring of this issue is handled individually by each Group company: in fact, they have their own Three-Year Corruption Prevention Plan (PTPC) or an MOGC pursuant to Legislative Decree 231/2001 which includes the Anti-Corruption provisions, as well as a Corruption Prevention Manager (RPC) or an Anti-Bribery Representative as a member of the Supervisory Board. In this regard, as part of its management and coordination activities carried out with regard to its subsidiaries and in compliance with the logics set forth in the regulation issued on 29 December 2014, Rai SpA ensures that the subsidiaries identify the aforementioned roles and adopt their own PTPC or MOGC that includes anti-corruption provisions.

Since 2015, the Board of Directors of Rai SpA, in compliance with Law 190 of 6 November 2012, containing "Provisions for prevention and repression of corruption and illegality in the Public Administration", has appointed a Corruption Prevention Manager and has adopted the Three-year Corruption Prevention Plan (PTPC) of Rai SpA (2015-2017), then presented to ANAC, which also indicates the implementation standards and criteria for Rai's subsidiaries. During the following years, the PTPC was updated, re-projecting structure, method and logic. The main changes introduced were the result of three separate activities: implementing the National Anti-corruption Plan, the guidelines and recommendations of ANAC, Risk Assessment and analysis of the results of audit reports and investigations into notifications received.

The corruption risk identification, assessment and management process is clearly identified in the PTPC, published on the institutional website and to which the reader is referred for more details, and the possible areas of risk that can be linked and the probability and impact assessment indexes based

on the Control Risk Self Assessment performed in 2015 are analytically listed in it.

Identification of the risk areas and of the related activities was periodically monitored within the scope of the Annual Information Forms drawn up by the single Anti-corruption Representatives if it was requested to confirm the overall mapping for the areas of competence and related risk assessment. Moreover, in the perspective of monitoring these Areas on an interim basis, specific flows of information, set out in the methodological notes, going to the RPC from the Representatives in charge were made operational.

The objective of the current Integrated Risk Assessment Project already mentioned above is also to enable the implementation of an increasingly integrated internal control and prevention system, taking advantage of the opportunity, indicated by Law 190/2012, to adopt new measures and/or consolidate those already in place through coordinated action, in order to fight the phenomena of corruption and illegality more effectively.

Specifically, the PTPC adopts the following tools to support the prevention of risk:

- transversal control principles that apply to all processes and the company areas;
- specific protocols for the “General Areas” set out in the National Anti-Corruption Plan (PNA);
- anomaly indicators, identified on the basis of experience/knowledge and that can encourage management to pay more attention to its activities.

The function of Anti-corruption Representative is aligned with the organisational changes underway. As of today, it is covered by the heads of Top Management organisational structures (those reporting directly to the Chairperson, the Chief Executive Officer, Chief Officers and all Management heads), the Heads of Regional Offices and of the Regional Editorial Offices of Regional News, the Heads for foreign Correspondence Offices and the Heads of the TV Production Centres of Rome, Milan, Naples and Turin.

To further enhance these roles and update them continuously, a periodical newsletter system is active, as well as a specific dedicated area on the company intranet network containing important data, documents and information on anti-corruption and transparency, with a section reserved for managers and one accessible to all employees.

Moreover, during the year, classroom training sessions were held (before the Covid-19 emergency) for new personnel and the rest of the company population (also through e-learning modules) targeted at analysing corruption prevention and enabling personnel to understand the contents and updates of the aforementioned Three-year Plans.

As concerns transparency, considered one of the main anti-corruption levers and measures available to the Company by the PNA, it is worth mentioning Law 220/2015 Reform of the Rai and the Public Broadcasting Service introduced important company transparency changes; consequently, on 28 May 2016 Rai prepared and adopted the Plan for Transparency and Company Communication establishing the criteria and methods for defining, publishing and updating the data, documents and information set forth in regulations in force. That data was published on the Company website in the section called “Rai for Transparency” as of 25th July 2016.

The aforementioned Plan replaces the previous “Three-year Program for the Transparency and Integrity of Rai SpA”; as a result, the Head of Transparency no longer exists (that responsibility had been assigned to the Head of Corruption Prevention). The relative responsibility has been attributed to the Chief Executive Officer.

Other information

Human Resources and Organisation

The strategies for managing and developing the company's human capital, organisational structure, design and operation of the processes are implemented in line with the vision, value and culture of the Rai Group. Human Resources management, development and compensation activities are implemented according to performance management models and in an HR business partner perspective, guaranteeing fair industrial relations and ensuring compliance with labour legislation and inspectorate functions.

The development of the organisational structure, design functions and operation of the processes, support computer systems, and monitoring of the administration activities and management of the remunerations, labour cost dynamics and optimisation and control functions connected with the activities of the personnel are also ensured.

Finally, Rai Academy ensures personnel training and research activities as well as the development of the "knowledge hub" and the alignment of skills with company strategies.

Workforce and turnover

During the first half of 2020, Rai's workforce decreased by 110 units, from 11,666 units (of which 139 with fixed-term employment contracts) at the beginning of the year to 11,556 (of which 52 with fixed-term employment contracts) at the end of June.

In particular, 120 terminations were recorded for permanent staff, of which: 60 for having reached retirement requirements; 29 for incentives; 18 for resignations and consensual termination; 13 for other causes (intra-group mobility, layoffs, etc.).

97 people were hired, detailed as follows: 80 as temporary staff, in compliance with law and trade union agreements (Dignity Decree, Protected Categories, etc.); 17 for other reasons (intra-group mobility, reinstatement following litigation, etc.).

Human resources recruitment, management, development and selection

Rai pays particular attention to the recruitment, management, development and empowerment of human capital, seen as a strategic factor for corporate growth, in a perspective that supports and promotes the creation of value and the achievement of corporate objectives, while ensuring sustainable results and full employee engagement.

In this context, with reference to recruitment policies, during the first half of 2020:

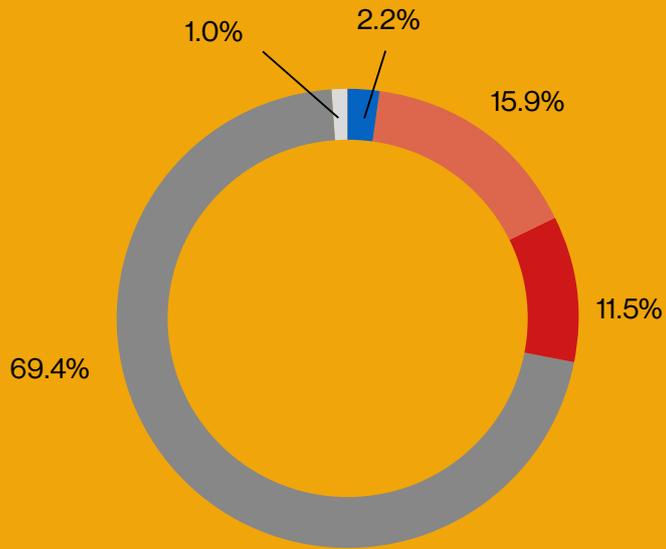
- the recruitment of young graduates as suitable candidates, which began in 2018, continued, in accordance with the "2018 entry plan";
- a recruitment notice was published for the position of production technician, to identify 80 resources to join the workforce. Due to the Covid-19 emergency and in order to comply with government guidelines for the containment of the virus, recruitment will be carried out using – for the first time ever – only "remote" operating methods;
- internal appraisal activities continued to identify and hiring staff on permanent contracts, and namely: i) professional journalists already operating in the Company with different types of contracts (so-called fair contract) based on agreements signed with the journalists trade union Usigrai; ii) web specialists and music consultants who worked on a continual basis with the Company in previous years;
- the suitability of 15 resources for different professional figures was assessed, in compliance with mandatory recruitment obligations deriving from Law 68/99 (Rules for the right to work of the disabled).

In general, people were employed under vocational apprenticeship contracts, pursuant to Article 10 of the Rai CCL for Middle Managers, Office Staff and Workers. use was also made, residually, of recruitment with set-term contracts, limiting them to workers belonging to the obligatory placement segment (for whom there are obligations to hire people as a percentage of those employed and commitments taken due to the convention signed with the Disabled Work Inclusion Service of the Lazio Region) and cases where the CCL is applied related to the employment of the widows/widowers and orphans of employees who died whilst employed.

To value the skills of internal resources and optimise their use with respect to specific production and organisational needs of the company, the following activities continued in the half year under review:

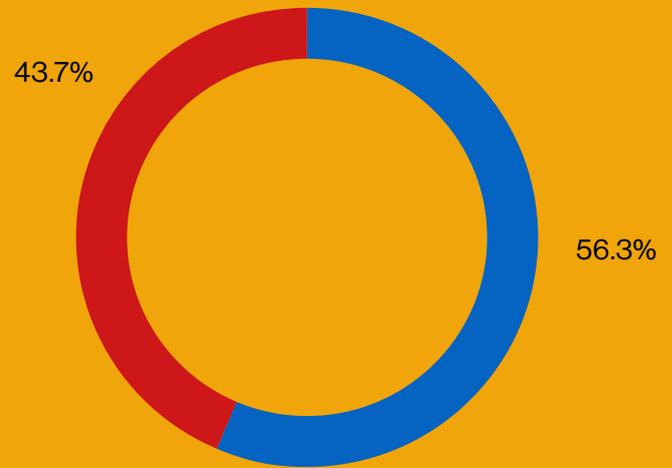
- stabilisation of temporary resources, if successfully integrated and in the case of staff requirements, in accordance with current legislation on temporary work (so-called Dignity Decree) and/or trade union agreements;
- assessment of staff resources to identify career developments in other professional profiles (so-called job changes);
- assessment of the potential of graduate employees for the possible contractual recognition of qualifications in order to change salary and career paths (so-called crypto-graduates);
- promotion of internal staff mobility through job posting, a staff development and growth strategy em to fill vacant positions

Breakdown of workforce by macro categories



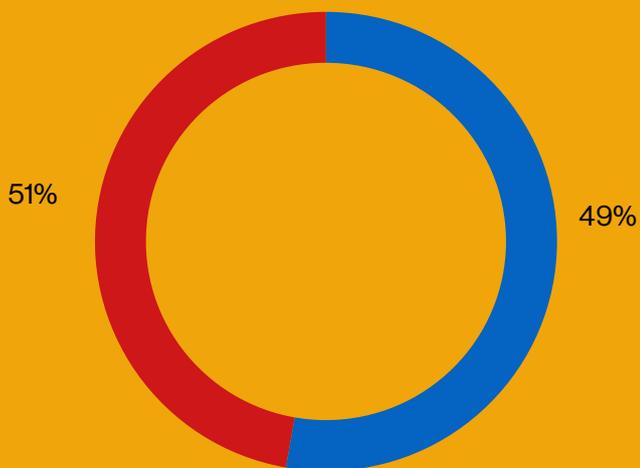
- Managers
- Journalists
- Officers (Middle managers)
- Other personnel
- Orchestra players

Breakdown of workforce by gender



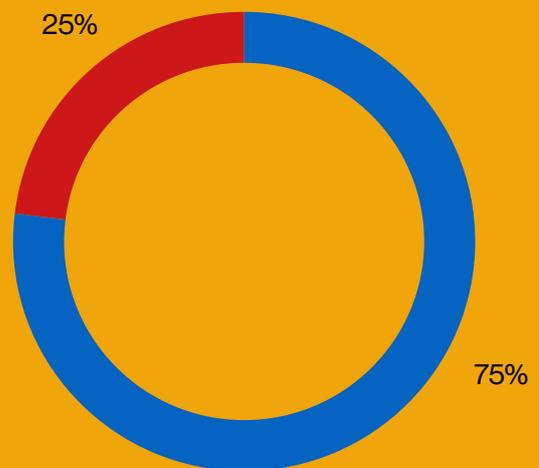
- Men
- Women

Breakdown of hires by gender



- Men
- Women

Breakdown of terminations by gender



- Men
- Women

in-company through internal applications and, at the same time, enabling employees to expand their expertise and professional experience, empowering their potential and increasing their motivation.

In addition, with the aim of consolidating Rai's image and attracting new talents, employer branding initiatives continued through the Rai Porte Aperte project, aimed at welcoming students of all ages to raise awareness of the Company and the professional expertise of all its employees and staff. In this context, the following initiatives were launched and then stopped due to the health emergency:

- 14 school/work placement projects on the topics of "Communication and Journalism" and "TV Production and Post Production";
- over 50 curricular internships with main Italian universities.

With a view to a greater empowerment of human resources, Rai: i) promoted the consolidation and further development of online curricula for a better integration with personnel management processes, in order to enhance the knowledge of the Group's employees, with updated and detailed information regarding professional history (both Rai and non-Rai) and training experience; ii) launched the operational phase of the "Skills Project" aimed at developing a skills system, as a support tool for the management of human resources centred on professional know-how. The new skills management system will make it possible to acquire even more detailed and targeted information on the skills existing in the Company for the roles and professional profiles concerned, to define the main strategic planning actions for human resources (planning, development, training and possibly recruitment) and accurately identify the areas of investment to develop the skills necessary to meet the operational needs of both individuals and the organisation.

Finally, the following additional management initiatives took place:

- the consolidation of holiday transfers, following agreements reached with trade unions representing middle managers, employees and workers, journalists and senior managers that, in the spirit of solidarity, with the creation of a solidarity time bank, allows employees to transfer unused days' holiday and day's leave to other employees who no longer have holidays available and who have requested additional time off, for justified, specific reasons (mainly health needs or assistance for family members);
- the assignment to company management of specific objectives, both in quantitative and qualitative terms, connected to the remuneration system;
- the definition of implementing procedures for "Guidelines on Personnel Rotation", adopted by the Company in application of specific laws, as a preventive organisational measure aimed at limiting the consolidation of relationships that can be behind improper dynamics in administrative manage-

ment, due to certain employees remaining in the same role or function for a long period of time;

- the creation, as part of disability management activities, of an anonymous questionnaire for all employees in order to analyse the needs of disabled employees and caregivers, to assess the current level of satisfaction, compare their needs and expectations in relation to perceptions of other employees and identify any critical issues and consequent actions. The initiative is part of activities designed to support employees suffering from chronic illness or disability to optimise their professional performance, limiting the negative effects of the disease on performance, through a global, consistent and progressive approach put in place by the Company;
- preparatory work required for the launch of a "European" tender for the acquisition of an electronic platform for the management of welfare services for employees.

Smart working

In the first half of 2020, the project for the introduction of smart working at the Company was stepped up considerably, due to the effect of the Covid-19 health emergency.

In fact, in March, in order to protect the health of workers and maintain production sites which the continuity of the public radio and television service depends on (in particular the Saxa Rubra news studios, the studios dedicated to in-depth information programmes in Via Teulada and studios dedicated to regional information), the process to assign human resources to smart working, where compatible with their duties, was begun.

The introduction of smart working, which involved more than 50% of staff, was particularly fast and effective, facilitated by the existence of an electronic infrastructure set up for remote connection to corporate IT systems and supported by intense work on regulations concerning the management of quarantine and disease, occupational disease due to Covid-19, specific measures for assistance for disabled children and family members (Covid leave and additional leave) and regulations on the transfer of holidays.

In this context, the company intranet (the RaiPlace portal) proved to be fundamental, serving as the regulatory, operational and training reference for all employees. To support remote working activities, a special section was created in which all documents related to the health emergency were made available (regulatory references, company regulations, press releases, operating indications, instructions for accessing virtual workstations, for installing and using audio/video services and for using all work tools remotely, etc.).

With the easing of the health emergency, in agreement with trade unions representing all categories of workers (middle managers, office staff and workers, senior managers and journalists), with whom an agreement was signed concerning "Guidelines for Phase 2 of the health emergency", the Company confirmed the extension of smart working, with staff returning on a rotation basis, to guarantee the necessary physical distancing of workers as required by the emergency provisions.

Organisational Structure

In order to strengthen the corporate governance system, allow effective business management, improve performance in line with the guidelines of the 2019-2021 Business Plan, in the first half of 2020 Rai focused its attention on the analysis and consequent redefinition of its organisational structure.

As part of the process to strengthen the corporate governance system and with the aim of guaranteeing a more precise and careful monitoring of certain critical issues and activities, the following initiatives were completed:

- establishment of the Gender Coordination Department and of the "Gender Departments";
- closure of the Television Schedule and Schedule Editorial Coordination Departments and concurrent setting up of the Distribution Department;
- modification of the structure and responsibilities of the News Production entity within the perimeter of the TV Production Department, also in order to ensure more effective management of the "Troupe ENG / Ultraleggeri" services in the metropolitan area of Rome;
- relocation of the RaiPlay and Digital Department reporting directly to the Chief Executive Officer and consequent internal reorganisation in line with the objectives of enhancing the digital offer;
- reorganisation of the Governance Department and Corporate Secretariat, with a focus on issues supporting the Board of Directors and other control bodies.

As regards the Corporate General Management, the following activities are noted:

- reorganisation of the Human Resources and Organisation Department;
- reorganisation of the ICT Department in the CTO – Technological Infrastructures area, with the aim of supporting the transformation and strengthening of IT Governance and CyberSecurity as well as facilitating the introduction and dissemination of procedures in a full digital perspective.

The process to review the corporate regulatory system continued, with activities to: i) reclassify and revise the internal regulatory sources, according to a logic that provides for a division into classes; ii) formalise/update processes to implement

organisational requests and indications from internal control bodies (Internal Audit, Prevention and Corruption Manager,...).

As regards personnel information systems, actions focused on the following two main guidelines, defined on the basis of an overall assessment of the systems completed in the previous half year:

1. the progressive development of "Rai per me" applications, which is the 'backbone' for allocating available services (also in self-service mode) for Rai employees. Along these lines, the operation of the Performance Appraisal System was absolutely fundamental, enabling the first appraisal campaign supported by a digital process to be launched in June;
2. start of the analysis and design concerning the complete re-engineering of the founding applications for all Personnel Systems, and namely Centralised Master Data, Payroll (payroll process) and Time Management (attendance and travel management), with the aim of closing down 'mainframe' applications to switch over to SAP on enterprise platform already in use at the Company.

Labour law litigation and disciplinary area

In order to undertake actions aimed at preventing and/or reducing labour disputes, consultancy activities continued for requesting structures. Over 50 positions were settled and support was given to the Legal and Corporate Affairs Department for negotiations and the formalisation of out-of-court settlements, when these could not be managed in court.

The disciplinary area examined and investigated, following a report by the company structures concerned, as well as by the Permanent Commission for the Code of Ethics and Whistleblowing, over 70 cases potentially relevant from a disciplinary point of view, settling around 40, and over 90 disciplinary proceedings pending from previous years. All activities related to investigations and corporate representation were also carried out in the context of settlement and arbitration procedures provided for by Article 7, paragraph 6 of Law 300/70, as well as those provided for by the Rai/Usigrai agreement of 21 May 2007.

Staff training

The Covid-19 health emergency was found to be a strategic lever for redirecting training services towards an innovative approach, drawing on the potential and advantages offered by digital technologies for the provision of training.

The first half of 2020 was characterised by the need to adapt project initiatives, preliminary organisational activities, technical support actions, as well as internal administrative actions to

the changed context of how training is used, in finalising the activities carried out.

Thanks to the widespread diffusion of the company web conference system, and the possibility for everyone to access other Internet platforms as well, it was possible to reschedule training thus guaranteeing the continuation of ongoing projects.

Specifically, ad hoc virtual classrooms have been created for participating in lessons, sharing content, interacting with teachers, carrying out exercises and providing feedback in real time.

The initiatives taken confirmed the focus on courses offered via the web: the renewed Rai Academy portal, in fact, recorded a significant increase in overall training hours attended, compared to previous months, with a peak in May.

For comparison, at 30 June 2020, 91,271 hours of training had been used, equal to 97% of the total training hours in 2018, and 89% of the total training hours in 2019, for a per capita use of 10 hours in the first half of the year (in 2018 the annual per capita average was 9 hours).

In order to have greater efficiency in the training coverage of large groups of employees and an optimisation of direct and indirect costs related to training, some extraordinary and structural measures were prepared, such as the strengthening of training online, the consolidation of the automatic data entry of the training CVs of course participants and a review of the graphics and layout of the Rai Academy portal.

As regards training for journalists, which has traditionally been delivered through classroom training, a new distance learning proposal was activated with the launch of the "Social Media" video course series recognised by the Journalists' Association and aimed at providing useful notions for operating on main social communication platforms (Twitter, Facebook, Instagram) and acquiring practical information to recognise and verify online content for journalistic use.

During the first half of the year, mandatory training was also guaranteed through a revision of existing contracts, amending the delivery method from classroom to online. It was thus possible to maintain control over initiatives relating to sustainability and environmental management, anti-corruption and transparency, privacy legislation, training on impacts deriving from the adoption of the corporate compliance programme, as well as on all issues relating to health and safety at work, without interruption.

Lastly, all preparatory activities for the launch in the second half of 2020 of new mass campaigns on Compliance and Security were completed.

At 30 June 2020, the Rai Academy Catalogue offered 160 courses, of which 101 already organised for remote use, 40 in the process of being redesigned, and 19 referable to training on specific risks and therefore feasible only through frontal face-to-face teaching in the classroom.

Safety & Security

As a generally accepted principle, the fundamental objective of a company is to guarantee its production without compromising the moral and regulatory obligations of protecting the health and safety of its workers.

Rai therefore combines its public service mission with the pre-eminent objective of guaranteeing a safe, integrated and sustainable environment for its staff and for all third parties involved in company activities and, in accordance with this purpose, in the recent context of the epidemiological emergency caused by Covid-19, it has aimed to protect occupational health and safety since the onset of cases of infection in Italy.

On 22 February a permanent multidisciplinary corporate Task Force was established with management and editorial coordination functions concerning the Covid-19 emergency, chaired by the Corporate General Manager.

This team, in line with the emergency rules issued by the Government, immediately established – and subsequently updated – general procedures such as rules of conduct for workers, the management of positive/suspected/cured cases and also gave out over 100 specific operating instructions referring to various functional contexts.

To protect the community of employees, stringent procedures were adopted for access to company sites, with temperature recorded by infrared cameras installed at all main sites.

The Company Safety Department has supplemented the Risk Assessment Report with a specific section relating to biological risk from Covid-19 and has managed numerous local meetings at regular intervals with workers' safety representatives.

In line with the "shared protocols for regulating measures to combat and contain the spread of the Covid-19 virus in the workplace" of 14 March and 24 April, the Company also set up a discussion panel with social parties to contribute to the best management of the emergency.

Aware of the sensitive nature of the context, the Company, through its Task Force, maintained a continuous, direct and supportive dialogue with workers, setting up a specific mailbox that received over 10,000 emails; the Company Health Department, in addition to managing emerging criticalities within

the Task Force, was also a reference point in health matters for workers with approximately 6,000 contacts.

Right from the start, all employees were given adequate protective equipment such as surgical masks (made mandatory at facilities) and gloves, as well as other devices functional to specific technical and editorial activities. In this regard, from March to June 2020, over one million masks, 1.6 million gloves, around 9,000 litres of sanitising solutions and 80,000 additional devices such as overalls/gowns, headcaps/shoe covers, goggles/visors, etc. were purchased. Workplaces were also sanitised, with volumes in the range of one million cubic meters.

To best protect workers and guarantee work processes, the company enabled 8 thousand employees to work from home, ensuring their work with the use of smart working tools, without prejudice to protecting occupational safety conditions.

Recently, with the resumption of production activities, behavioural guidelines and specific anti-contagion work procedures have been put in place for employees, guests, external staff and suppliers, as well as specific cooperation and coordination protocols for individual production that set out the rules which all subjects, corporate and non-corporate, who participate in television and radio production in the preliminary and broadcasting phases must observe.

Lastly, the company has recently launched a screening process for all employees, in compliance with indications contained in the decisions of the various regions, through the use of voluntary and free serological tests.

Although the coronavirus emergency involved a substantial commitment, during the first half of 2020, "more ordinary" activities also continued.

As regards security, a process was launched to identify the level of security of corporate assets through the use of standardised assessment tools. On the occasion of the 70th Sanremo Music

Festival (prior to the emergency), an excellent result in terms of protection was achieved with the collaboration of the Police, although the event represented a particularly demanding challenge not only to protect the Ariston Theatre - the Festival venue, but also the countless events organised outside it. A specific innovative platform based on the latest technologies was implemented to manage accreditations and access control.

For the security of company information, the analysis and revision of some company guidelines continued, and relations with competent institutions were consolidated.

In the safety field, considering the emergency context, internal and third-party audits were performed remotely for some Sites and Centres, to ensure the maintenance of certification according to the BS OHSAS 18001:2007 standard.

As regards environmental protection, work continued to adopt the Environmental Management System (UNI EN ISO 14001) aimed at reducing the production of waste and impact of company production activities. In this context, training content was planned for both the entire company population and technicians responsible for overseeing these issues.

As in previous years and for previous editions, the Company Health Department developed and managed the Healthcare Plan for the Sanremo Music Festival. A dedicated specialist unit was set up for the Coronavirus emergency, to prepare containment actions and protect the health of all workers involved in guaranteeing business continuity. The supervision of activities for the protection of personnel was guaranteed by ensuring continual health surveillance, with the types of examinations indicated by specific regulations in force during the Covid-19 emergency, as well as emergency medical assistance, with clinical monitoring and counselling dedicated to the particular clinical-emergency context.

Intercompany Relations

In the first half of 2020 the Rai Group continued operations based on an organisational model foreseeing that some activities be performed by companies set up specifically.

Relations with subsidiaries, associates and in joint ventures are based on normal contracts negotiated at current and market values.

For details on commercial and financial relations with Group companies, please refer to what was said in Note 12.4 "Transactions with Related Parties" in the explanatory notes to the Interim Separate Financial Statements.

Highlights of subsidiaries

Rai Cinema

(€/million)	30 June 2020	31 December 2019	30 June 2019
Revenue	138.1	302.7	143.4
EBIT	8.7	23.0	5.5
Profit/(loss) for the period	4.5	14.8	3.3
Total result for the period	4.5	14.4	3.1
Shareholders' equity	267.2	276.7	265.3
Net financial position	(209.1)	(152.0)	(196.5)
Net financial position excluding operating lease liabilities	(202.1)	(151.9)	(195.6)
Investments	102.9	248.1	145.3
Workforce (in units)	152	154	151
of which fixed-term	4	9	14

Rai Com

(€/million)	30 June 2020	31 December 2019	30 June 2019
Revenue	14.9	41.3	23.3
EBIT	2.9	9.8	8.7
Profit/(loss) for the period	2.0	7.2	6.8
Total result for the period	2.0	7.1	6.7
Shareholders' equity	108.2	113.4	113.0
Net financial position	128.6	126.1	117.7
Net financial position excluding operating lease liabilities	133.3	126.4	118.6
Investments	0.7	0.8	-
Workforce (in units)	104	107	106.0
of which fixed-term	-	1	3

Rai Corporation

(USD/million)	30 June 2020	31 December 2019	30 June 2019
Revenue	-	-	-
EBIT	-	(0.3)	(0.1)
Profit/(loss) for the period	-	(0.3)	(0.1)
Total result for the period	-	(0.3)	(0.1)
Shareholders' equity	(4.9)	(4.9)	(4.7)
Net financial position	3.7	3.8	3.8
Net financial position excluding operating lease liabilities	3.7	3.8	3.8
Investments	-	-	-
Workforce (in units)	-	-	-
of which fixed-term	-	-	-

Rai Pubblicità

(€/million)	30 June 2020	31 December 2019	30 June 2019
Revenue	281.4	635.7	330.6
EBIT	3.5	12.0	7.2
Profit/(loss) for the period	2.3	8.0	5.0
Total result for the period	2.3	8.0	4.9
Shareholders' equity	31.9	37.6	34.5
Net financial position	(28.5)	1.0	(14.6)
Net financial position excluding operating lease liabilities	(26.3)	3.9	(10.8)
Investments	0.6	1.1	0.3
Workforce (in units)	369	359.0	352
of which fixed-term	16	14.0	20

Rai Way

(€/million)	30 June 2020	31 December 2019	30 June 2019
Revenue	111.2	222.3	110.5
EBIT	45.4	90.1	46.2
Profit/(loss) for the period	32.8	63.4	32.6
Total result for the period	32.8	63.1	32.1
Shareholders' equity	153.7	184.2	153.2
Net financial position	(32.5)	(9.5)	(46.5)
Net financial position excluding operating lease liabilities	5.5	30.0	1.9
Investments	19.0	35.3	7.4
Workforce (in units)	616	615.0	616
of which fixed-term	6	12.0	15

Financial balances of Rai SpA with subsidiaries as at 31 December 2019 and 30 June 2020

Subsidiaries (€/000)	Rai Cinema	Rai Com	Rai Corporation in liquidation	Rai Pubblicità	Rai Way	Total subsidiaries
Lease rights of use						
As at 30 June 2020	-	-	-	-	87	87
As at 31 December 2019	-	-	-	-	103	103
Current trade receivables						
As at 30 June 2020	2,406	93,048	-	108,772	5,430	209,656
As at 31 December 2019	1,493	87,929	-	180,363	8,394	278,179
Current financial assets						
As at 30 June 2020	207,109	-	-	26,288	41,158	274,555
As at 31 December 2019	157,785	-	-	-	-	157,785
Other current receivables and assets						
As at 30 June 2020	5,996	2,740	-	14,125	31,406	54,267
As at 31 December 2019	5,736	2,617	-	7,507	20,670	36,530
Non-current financial liabilities						
As at 30 June 2020	(5)	-	-	-	-	(5)
As at 31 December 2019	-	-	-	-	-	-
Non-current financial liabilities for leases						
As at 30 June 2020	-	-	-	-	(58)	(58)
As at 31 December 2019	-	-	-	-	(74)	(74)
Trade payables						
As at 30 June 2020	(44,691)	(15,670)	-	(1,066)	(54,596)	(116,023)
As at 31 December 2019	(2,528)	(16,053)	-	(173)	(68,981)	(87,735)
Current financial liabilities						
As at 30 June 2020	(5,021)	(133,311)	(3,237)	-	(377)	(141,946)
As at 31 December 2019	(5,857)	(126,390)	(3,226)	(3,917)	(252)	(139,642)
Current lease liabilities						
As at 30 June 2020	-	-	-	-	(38)	(38)
As at 31 December 2019	-	-	-	-	(32)	(32)
Other current payables and liabilities						
As at 30 June 2020	(445)	(1,385)	-	(2,794)	(2,457)	(7,081)
As at 31 December 2019	(445)	(358)	-	(3,535)	(2,477)	(6,815)

Financial balances of Rai SpA with joint ventures and associates as at 31 December 2019 and 30 June 2020

Joint ventures and associates (€/’000)	Auditel	Player Editori Radio	San Marino Rtv	Tavolo Editori Radio	Tivù	Total joint ventures and associates
Lease rights of use						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Current trade receivables						
As at 30 June 2020	-	-	51	1	290	342
As at 31 December 2019	-	-	55	1	108	164
Current financial assets						
As at 30 June 2020	-	-	1,385	-	-	1,385
As at 31 December 2019	-	-	183	-	-	183
Other current receivables and assets						
As at 30 June 2020	-	18	-	190	-	208
As at 31 December 2019	-	-	-	-	-	-
Non-current financial liabilities						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Non-current financial liabilities for leases						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Trade payables						
As at 30 June 2020	(39)	-	-	(165)	(806)	(1,010)
As at 31 December 2019	(1,051)	-	-	-	(409)	(1,460)
Current financial liabilities						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Current lease liabilities						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-
Other current payables and liabilities						
As at 30 June 2020	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-

Income statement totals of Rai Spa with subsidiaries as at 30 June 2019 and 2020

Subsidiaries (€/’000)	Rai Cinema	Rai Com	Rai Corporation in liquidation	Rai Advertising	Rai Way	Total subsidiaries
Revenue from sales and services						
As at 30 June 2020	2	28,244	-	241,188	-	269,434
As at 30 June 2019	3	35,466	-	284,462	-	319,931
Other revenue and income						
As at 30 June 2020	1,831	1,712	-	1,551	4,978	10,072
As at 30 June 2019	1,900	1,980	-	1,623	5,261	10,764
Costs for services						
As at 30 June 2020	(123,576)	(4,608)	-	(697)	(104,947)	(233,828)
As at 30 June 2019	(126,087)	(3,978)	-	202	(105,179)	(235,042)
Other costs						
As at 30 June 2020	-	(168)	-	-	-	(168)
As at 30 June 2019	-	(216)	-	-	-	(216)
HR expenses						
As at 30 June 2020	478	874	-	843	175	2,370
As at 30 June 2019	474	455	-	724	167	1,820
Write-down of financial assets						
As at 30 June 2020	-	-	-	-	-	0
As at 30 June 2019	-	(90)	-	-	-	(90)
Depreciation, amortisation and write-downs						
As at 30 June 2020	-	-	-	-	(16)	(16)
As at 30 June 2019	-	-	-	-	(16)	(16)
Financial income						
As at 30 June 2020	16,163	7,191	-	8,120	41,158	72,632
As at 30 June 2019	1,679	11,311	-	8,157	38,808	59,955
Financial expense						
As at 30 June 2020	(9)	-	-	-	(1)	(10)
As at 30 June 2019	(34)	(1)	-	-	(1)	(36)

Income statement totals of Rai SpA with joint ventures and associates as at 30 June 2019 and 2020

Joint ventures and associates (€/’000)	Auditel	Player Editori Radio	San Marino Rtv	Tavolo Editori Radio	Tivù	Total joint ventures and associates
Revenue from sales and services						
As at 30 June 2020	-	-	-	-	305	305
As at 30 June 2019	-	-	-	-	290	290
Other revenue and income						
As at 30 June 2020	-	-	7	4	2	13
As at 30 June 2019	-	-	9	4	2	15
Costs for services						
As at 30 June 2020	(4,769)	(18)	-	(194)	(806)	(5,787)
As at 30 June 2019	(4,658)	-	2	(312)	(818)	(5,786)
Other costs						
As at 30 June 2020	-	-	-	-	-	-
As at 30 June 2019	-	-	-	-	-	-
HR expenses						
As at 30 June 2020	-	-	84	-	-	84
As at 30 June 2019	-	-	85	-	-	85
Write-down of financial assets						
As at 30 June 2020	-	-	-	-	-	-
As at 30 June 2019	-	-	-	-	-	-
Depreciation, amortisation and write-downs						
As at 30 June 2020	-	-	-	-	-	-
As at 30 June 2019	-	-	-	-	-	-
Financial income						
As at 30 June 2020	-	-	11	-	-	11
As at 30 June 2019	-	-	8	-	-	8
Financial expense						
As at 30 June 2020	1	-	-	-	-	1
As at 30 June 2019	-	-	-	-	-	-

Significant events after 30 June 2020

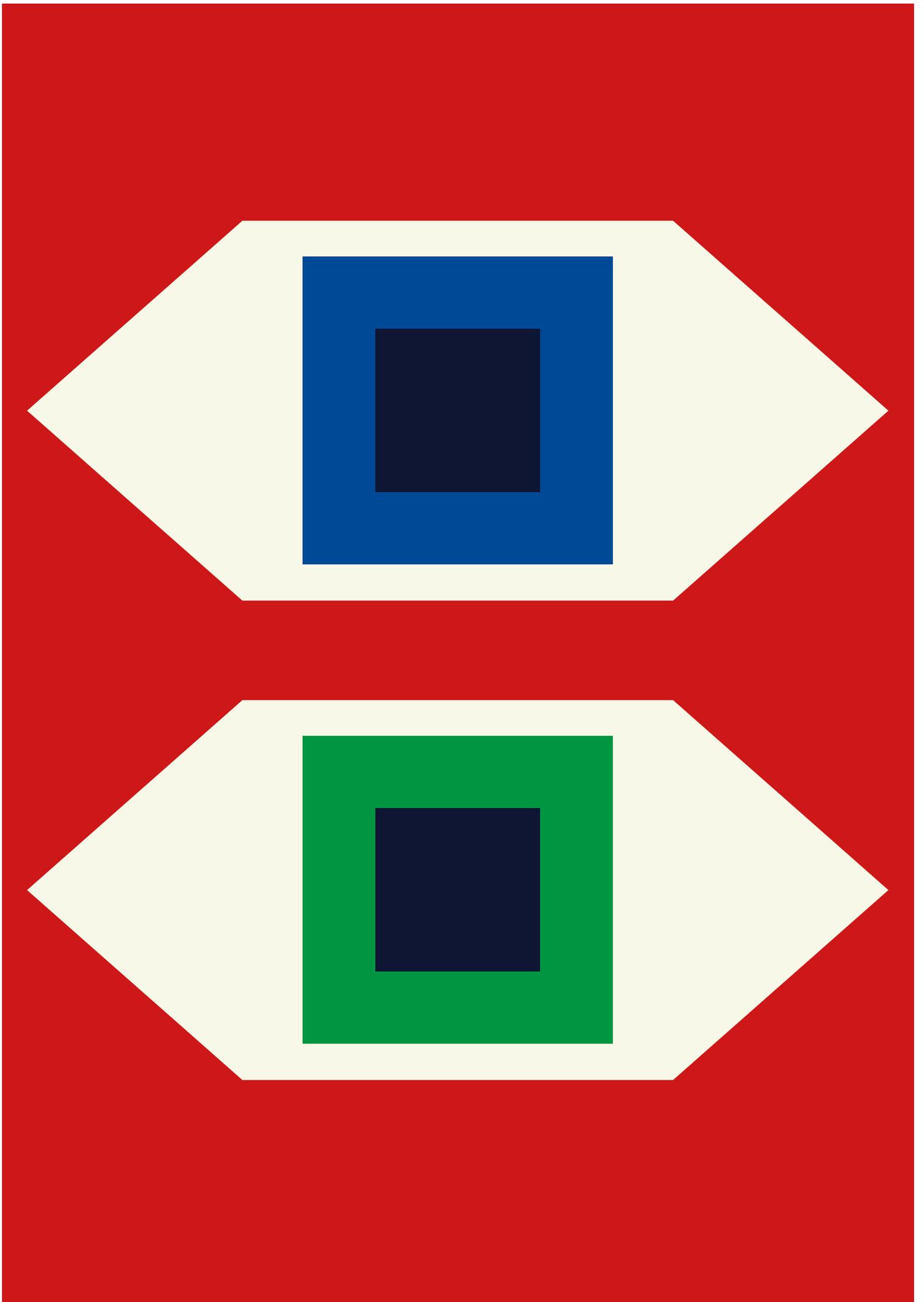
On 30 July 2020, the Rai Way Board of Directors approved the start of a treasury share purchase program which envisages, inter alia, a maximum total investment of €20 million.

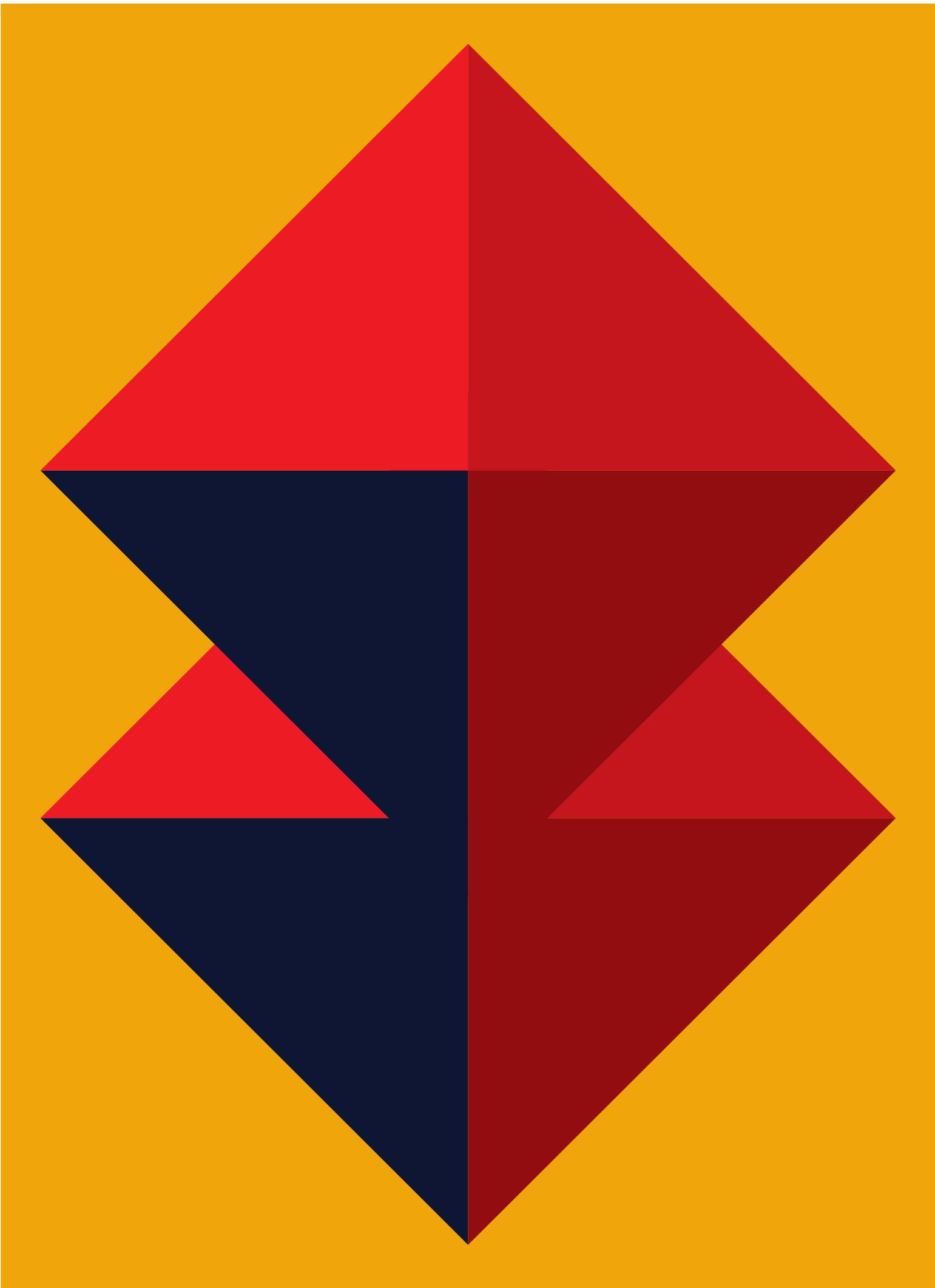
Outlook of operations

The consequences of the very serious global crisis caused by the spread of the new coronavirus are still very difficult to assess. The extent of this unprecedented event in recent history is evident in the costs it is still producing in terms of human lives, social relations and economic results. The uncertainty about the outlook has negatively affected the spending decisions of households and businesses; despite a recent, slight, improvement, confidence remains low, not only in Italy.

In this scenario, as regards the operating outlook for the Rai Group for 2020, the economic projections show a modest loss for the year, albeit slightly down compared to budget forecasts. The determining factors of this outcome are a significant decline in advertising sales and, to a lesser extent, in revenue from licence fees; a reduction substantially offset by the postponement of major sporting events scheduled for 2020 and by the savings associated with initiatives promptly introduced to counter this trend.

As regards the Group's financial debt, due to the decrease in rental income and advertising revenues, it will record significant growth in this item, while remaining at sustainable levels.





**Interim Separate
Financial
Statements
as at 30 June 2020**

Analysis of the results and performance of operating results, financial position and cash flows for the first half of 2020

Reclassified statements

Income statement

(€/million)	June 2020	June 2019	Change
Revenue	1,173.2	1,277.7	(104.5)
External costs	(600.0)	(726.3)	126.3
HR expenses	(464.1)	(472.4)	8.3
EBITDA	109.1	79.0	30.1
Depreciation, amortisation and write-downs	(144.7)	(131.6)	(13.1)
Provisions	(2.2)	(0.5)	(1.7)
EBIT	(37.8)	(53.1)	15.3
Net financial income	63.6	52.7	10.9
Earnings from equity investments recognised at equity	(0.2)	0.4	(0.6)
Pre-tax profit/(loss)	25.6	0.0	25.6
Income tax	7.4	14.0	(6.6)
Result for the period	33.0	14.0	19.0
Other comprehensive income	5.1	(28.4)	33.5
Total result for the period	38.1	(14.4)	52.5

Capital structure

(€/million)	30 June 2020	31 December 2019	Change
Fixed assets	2,232.9	2,274.6	(41.7)
Net working capital	(776.6)	(460.9)	(315.7)
Provisions for risks and charges	(149.1)	(162.9)	13.8
Employee benefits	(390.6)	(400.9)	10.3
Net invested capital	916.6	1,249.9	(333.3)
Equity	751.1	713.0	38.1
Net financial debt excluding operating lease liabilities	105.1	481.2	(376.1)
Operating lease liabilities	60.4	55.7	4.7
Net financial debt	165.5	536.9	(371.4)
Total	916.6	1,249.9	(333.3)

The financial statements for the first half of 2020 show a net profit of €33.0 million, in line with the result for the same period of 2019 (profit of €14.0 million).

Some summary information on the main items of the income statement and equity structure is provided below, along with the reasons for the most significant variances compared to the figures of the previous period.

Income statement

Revenue

This is made up of licence fees, advertising proceeds and other trade revenue, totalling €1,173.2 million, down by €104.5 million (+8.2%).

Revenue

(€/million)	June 2020	June 2019	Change
TV licence fees	869.9	922.2	(52.3)
Advertising	240.8	283.4	(42.6)
Other revenue	62.5	72.1	(9.6)
Total	1,173.2	1,277.7	(104.5)

TV licence fees

TV licence fees amounted to €869.9 million, down by €52.3 million (+5.7%) compared to the previous financial year, as seen in the table below.

TV licence fees

(€/million)	June 2020	June 2019	Change
Licence fees for the year – household licences	812.2	811.6	0.6
Ordinary licence fee exemptions	4.8	5.8	(1.0)
Licence fees of the year – ordinary	817.0	817.4	(0.4)
Licence fees of the year – special	35.5	43.3	(7.8)
Licence fees collected by enforcement order - ordinary licence fees collected by the State in the period	4.5	6.0	(1.5)
Adjustment of past ordinary licences collected by enforcement order – collected by the State from 2004 to 2015	0.0	41.3	(41.3)
Licence fees collected by enforcement order – special licences	1.5	2.8	(1.3)
Licence fees collected by enforcement order	6.0	50.1	(44.1)
Contingencies on ordinary licence fees	11.4	11.4	0.0
Total	869.9	922.2	(52.3)

The decrease in the item was the result of licence fees collected by enforcement order, mainly due to the recognition in the first half of 2019 of a lump sum for the higher amounts collected by the State through rolls in the years between 2004 and 2015 for €41.3 million, to special licences, down by €7.8 million.

Advertising

The advertising market in the first six months of 2020 was heavily affected by the effects of the COVID-19 epidemic with a 26.8% decrease compared to the first half of 2019, adjusted to -22.4% if OTT (Nielsen estimates) are also considered.

In detail, television recorded a 22.3% reduction, radio a 37.4% reduction, while the Internet appears to be the medium that recorded a less significant decrease during lockdown (-15.8%).

In this context, considerably influenced by the effects of the health emergency, Rai's advertising revenues, amounting to €240.8 million, details of which are shown in the table below, fell by €42.6 million compared to the first half of 2019 (-15.0%).

Advertising

(€/million)	June 2020	June 2019	Change
Television advertising on general-interest channels:			
– air time	132.3	158.4	(26.1)
– promotions, sponsorships and other initiatives	71.2	80.5	(9.3)
	203.5	238.9	(35.4)
Television advertising on specialist channels	23.7	28.3	(4.6)
Radio advertising	9.5	13.4	(3.9)
Web advertising	4.9	3.7	1.2
Other advertising	0.1	0.1	0.0
Share due to third parties	(0.8)	(1.0)	0.2
Contingencies	(0.1)	0.0	(0.1)
Total	240.8	283.4	(42.6)

Other revenue

This item amounted to €62.5 million, a decrease of €9.6 million (-13.3%) compared to the period under review.

A breakdown of this item is shown in the table below.

Other revenue

(€/million)	June 2020	June 2019	Change
Special services under convention	18.9	19.9	(1.0)
Fulfilment of service contract obligations and digital programming development - Law 145/2018	19.2	19.2	0.0
Service and other provisions of services to investees	9.7	10.1	(0.4)
Sale of rights	4.2	2.5	1.7
Distribution and sale of channels	5.7	5.6	0.1
Sale of patents and trademarks	0.4	7.2	(6.8)
Sundry services, mainly for institutional purposes	1.5	2.6	(1.1)
Other	2.6	4.0	(1.4)
Share of sales due to third parties	(0.2)	(0.2)	0.0
Contingencies	0.5	1.2	(0.7)
Total	62.5	72.1	(9.6)

The decrease compared to the first half of 2019, concerning the marketing of patents and trademarks, amounted to €6.8 million and was due to revenues in the first half of 2019 from the licensing of patents essential for the DVB-T2 standard owned by Rai.

With regard to the trends shown above, other revenue accounted for an increase of 2.0 percentage points compared to 2019, at the expense of advertising (-1.7 p.p.) and advertising (-0.3 p.p.), as shown in the table below.

Percent of revenue

	June 2020	June 2019
TV licence fees	74.2%	72.2%
Advertising	20.5%	22.2%
Other revenue	5.3%	5.6%
Total	100.0%	100.0%

Operating costs

These are made up of external costs and HR expenses, meaning both internal and external costs pertaining to the company's ordinary business except for those concerning financial management.

This item totalled €1,064.1 million, down by €134.6 million (-11.2%) compared to the first half of 2019. The reasons for this are illustrated below.

External costs

This item amounted to €600.0 million and included the purchases of goods and the supply of services necessary to produce programmes of immediate use (purchases of consumables, external services, artistic collaboration agreements, etc.), the sports events recording rights, copyrights, services supplied by subsidiaries, operating costs and other management-related costs (indirect taxes, contributions payable to the control authorities, etc.).

This item, which is detailed in the table below, shows a decrease of 126.3 million euro (-17.4%) compared with the first half of 2019 as a result of the regulatory measures taken to contain the COVID-19 pandemic, with heavy repercussions on production activities.

External costs for goods and services

(€/million)	June 2020	June 2019	Change
Purchases of materials	4.7	5.8	(1.1)
Costs for services			
Contractors	59.3	68.2	(8.9)
Services for programme acquisition and production	81.2	106.1	(24.9)
Business travel and accessory personnel costs	10.1	21.2	(11.1)
Signal broadcast and transmission – RAI Way	105.0	105.2	(0.2)
Maintenance, repairs, transport and similar	16.4	19.1	(2.7)
IT system documentation and assistance services	25.9	25.8	0.1
Other outsourced services (telephone, supply, cleaning, postal, insurance etc.)	37.3	41.0	(3.7)
Purchase of showings from subsidiaries	124.1	127.5	(3.4)
Rent payable and leases	10.7	14.2	(3.5)
Recording rights (mainly sports broadcasting rights)	50.6	115.1	(64.5)
Rights of use	54.0	54.7	(0.7)
Recovery of expenses	(1.1)	(1.7)	0.6
Contingencies	0.3	1.1	(0.8)
	573.8	697.5	(123.7)
Other costs	21.5	23.0	(1.5)
Total	600.0	726.3	(126.3)

The reduction in recovery rights (-€64.5 million) is particularly significant and was due to sporting events not being held. Specifically, the biggest reductions compared to the first half of 2019 refer to the matches of the National football team (-€20.9 million), the postponement to July of the end of the football championship (-€4.7 million) and the postponement to the second half of the year of the Giro d'Italia and other classic cycling events (-€9.2 million).

Reference is also made to the savings relative to the Champions League, which was not acquired for the 2019-2020 season (-€23.1 million compared to 30 June 2019).

HR expenses

This item amounted to €464.1 million, down by €8.3 million (-1.8%) compared to the first half of 2019.

HR expenses

(€/million)	June 2020	June 2019	Change
Wages, salaries and social security costs	439.2	450.0	(10.8)
Employee severance pay provisions	19.8	19.6	0.2
Pensions and similar obligations	6.4	6.4	0.0
Others	6.3	3.0	3.3
	471.7	479.0	(7.3)
Redundancy incentives	0.5	1.6	(1.1)
Recovery of expenses	(2.4)	(2.0)	(0.4)
Capitalised HR expenses	(5.3)	(6.5)	1.2
Contingencies	(0.4)	0.3	(0.7)
	(7.6)	(6.6)	(1.0)
Total	464.1	472.4	(8.3)

In detail, a decrease of €10.8 million (-2.4%) was recorded in remuneration and social security charges mainly due to the aforementioned lockdown, which led to the containment of variable components of remuneration (such as overtime, bonuses, etc.).

The **average number of employees** in service during the period, including temporary staff, was 11,450, unchanged from 30 June 2019; specifically, the number of employees on a temporary contract went down by 234, with the number of employees on a permanent contract going up by 234.

Personnel in service as at 30 June 2020 consisted of 11,504 employees (including permanent personnel, temporary senior management and apprenticeship contracts) and 52 temporary staff. The decrease of 23 employees compared to 31 December 2019 was due to 120 staff members leaving, of whom 29 due to incentives, and to the hiring of 97 staff members, of whom 80 temporary staff, 4 following lawsuits and 8 joining from Group companies.

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €109.1 million, up €30.1 million compared to 30 June 2019.

Depreciation, amortisation and write-downs

The balance of the item amounted to €144.7 million, up €13.1 million (+10.0%) compared to 2019 and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

Depreciation, amortisation and write-downs

(€/million)	June 2020	June 2019	Change
Amortisation and depreciation			
Of programmes			
Drama	64.5	72.3	(7.8)
Cartoons	5.1	3.7	1.4
Others	1.1	1.0	0.1
	70.7	77.0	(6.3)
Of property, plant and equipment			
Buildings	6.2	6.1	0.1
Plant and machinery	23.0	23.2	(0.2)
Industrial and commercial equipment	1.0	0.9	0.1
Other assets	3.1	2.8	0.3
	33.3	33.0	0.3
Of intangible assets			
Software	3.5	3.5	0.0
	3.5	3.5	0.0
Lease rights of use			
Land and buildings	6.7	6.8	(0.1)
Other assets	1.4	1.4	0.0
	8.1	8.2	(0.1)
Total amortisation and depreciation	115.6	121.7	(6.1)
Write-downs (write-backs)			
Of intangible assets			
Programmes under amortisation	29.1	8.5	20.6
Programmes in progress	0.6	1.2	(0.6)
	29.7	9.7	20.0
Of investments valued at cost	0.0	0.1	(0.1)
Of trade receivables and other current assets	(0.6)	0.1	(0.7)
Total write-downs	29.1	9.9	19.2
Total depreciation, amortisation and write-downs	144.7	131.6	13.1

Provisions

The item, which recognises the provisions for risks and charges and any uses not classifiable in specific items of profit or loss, shows a negative balance of €2.2 million (negative for €0.5 million in the first half of 2019) caused by provisions for €2.3 million and by uses of provisions set aside in previous years and now in excess by €0.1 million.

EBIT

The trends in revenues and costs illustrated above resulted in a negative EBIT of €37.8 million, improving by €15.3 million compared to the first half of 2019.

Net financial income

The item, as detailed in the following table, was positive at €63.6 million (€52.7 million in the first half of 2019) and shows the economic effects arising from distribution of the dividends by the subsidiaries, from recognition of the actuarial interest for employee benefits, the effects of financial management, such interest income/ expense from banks, Group companies and bondholders, exchange rate charges/gains and interest expense for leases as a result of the adoption of the new accounting standard IFRS 16.

Financial income and expenses

(€/million)	June 2020	June 2019	Change
Dividends			
Rai Cinema	14.0	0.0	14.0
Rai Way	41.2	38.8	2.4
Rai Com	7.2	11.3	(4.1)
Rai Pubblicità	8.0	8.1	(0.1)
	70.4	58.2	12.2
Other net financial income (charges)			
Net interest income (expense) with banks	(0.1)	(0.2)	0.1
Net interest income (expense) from subsidiaries and associates	2.2	1.7	0.5
Interest expense on lease contracts	(0.4)	(0.3)	(0.1)
Interest expense on bonds	(6.2)	(3.1)	(3.1)
Interest on employee benefit liabilities	(1.2)	(2.5)	1.3
Others	(1.1)	(1.1)	0.0
	(6.8)	(5.5)	(1.3)
Net financial income	63.6	52.7	10.9

The most significant deviations compared to the first half of 2019 are related to:

- an increase of €12.2 million in dividends (largely determined by Rai Cinema);
- higher interest on bonds for €3.1 million, deriving from the new bond issue of 4 December 2019 and including interest rate hedging charges recognised on a straight-line basis over the five-year duration of the bond.

The average cost of loans, consisting of uncommitted credit lines, revolving credit lines, EIB loans, as well as bonds maturing in May 2020 and December 2024, was 2.1%, up on the rate for the first half of 2019 (1.7%) due to the above mentioned higher interest rates related to the hedging charges of the new issue.

Earnings from equity investments recognised at equity

The item recorded a negative balance of €0.2 million (positive by €0.4 million in the first half of 2019) determined by the measurement of associates and joint ventures with the equity method.

Income tax

This item posted a positive value of €7.4 million (€14.0 million in the first half of 2019) and is due to the balance between current and deferred taxes, as itemised in the following table:

Income tax

(€/million)	June 2020	June 2019	Change
IRES	0.0	0.0	0.0
IRAP	0.0	0.0	0.0
Deferred tax liabilities	1.0	1.0	0.0
Deferred tax assets	6.4	13.0	(6.6)
Total	7.4	14.0	(6.6)

As in the first half of 2019, the economic trends in the year did not result in taxable income for direct taxes.

Deferred tax liabilities pointed to a positive economic effect of €1.0 million due to return of the temporary differences recognised in the previous years.

Deferred tax assets had a positive economic effect of €6.4 million due to the recognition of the tax loss of the period, which was offset by the income brought in by Group companies during tax consolidation.

Capital structure

Fixed assets

This item amounts to €2,232.9 million, down by €41.7 million compared to 31 December 2019.

A breakdown of this item is shown in the table below:

Fixed assets

(€/million)	30 June 2020	31 December 2019	Change
Property, plant and equipment	889.8	893.9	(4.1)
Lease rights of use	60.9	54.9	6.0
Assets in programmes	344.1	381.7	(37.6)
Long-term investments	918.3	922.3	(4.0)
Others	19.8	21.8	(2.0)
Total	2,232.9	2,274.6	(41.7)

Property, plant and equipment, explained in detail in the table below, decreased by €4.1 million.

Property, plant and equipment

(€/million)	30 June 2020	31 December 2019	Change
Land	371.4	371.4	0.0
Buildings	298.5	300.3	(1.8)
Plant and machinery	140.3	134.7	5.6
Industrial and commercial equipment	6.0	6.2	(0.2)
Other assets	25.2	23.8	1.4
Work in progress and payments on account	48.4	57.5	(9.1)
Total	889.8	893.9	(4.1)

Lease rights of use amounted to €60.9 million, up by €6.0 million compared to 31 December 2019.

Lease rights of use

(€/million)	30 June 2020	31 December 2019	Change
Land and Buildings	56.2	50.2	6.0
Other assets	4.7	4.7	0.0
Total	60.9	54.9	6.0

Assets in programmes, down by €37.6 million and explained in detail in the table below, are mostly represented by TV series, on which, as shown below, most investments in the half-year period were concentrated.

Assets in programmes

(€/million)	30 June 2020	31 December 2019	Change
Drama	246.7	283.8	(37.1)
Cartoons	38.8	39.3	(0.5)
Rights of library use	58.6	58.6	0.0
Total	344.1	381.7	(37.6)

Financial fixed assets, consisting of equity investments and other financial assets falling due beyond 12 months, show a decrease of €4.0 million mainly due to fixed-income securities held as collateral for corporate bonds falling due within 12 months and therefore reclassified under the financial position and the change in value of associated companies measured using the equity method.

The item is broken down in detail in the table below.

Long-term investments

(€/million)	30 June 2020	31 December 2019	Change
Equity investments in subsidiaries			
Rai Cinema SpA	267.8	267.8	0.0
Rai Com SpA	107.1	107.1	0.0
Rai Way SpA	506.3	506.3	0.0
Rai Pubblicità SpA	31.1	31.1	0.0
Rai Corporation in liquidation	0.0	0.0	0.0
	912.3	912.3	0.0
Equity investments in associates			
Audiradio Srl	0.0	0.0	0.0
Auditel Srl	0.9	0.9	0.0
Tavolo Editori Radio Srl	0.1	0.1	0.0
Euronews	0.0	0.1	(0.1)
Tivù Srl	1.6	2.9	(1.3)
San Marino RTV SpA	1.6	1.8	(0.2)
	4.2	5.8	(1.6)
Other equity investments	1.0	0.9	0.1
Fixed-income securities	0.0	2.3	(2.3)
Other	0.8	1.0	(0.2)
Total	918.3	922.3	(4.0)

Other assets, explained in detail in the table below, decreased by €2.0 million.

Other fixed assets

(€/million)	30 June 2020	31 December 2019	Change
Software	19.1	21.1	(2.0)
Commercial rights with football clubs	0.7	0.7	0.0
Total	19.8	21.8	(2.0)

Investments for the period amounted to €107.9 million, up €0.4 million (+0.4%) compared to the first half of 2019.

In detail:

- lower investments in programmes for €12.6 million (-16.7%) referring to the TV series genre;
- lower technical investments for €4.2 million (-15.8%) related to property, plant and equipment for €3.1 million and software for €1.1 million;
- increased investments in lease rights of use for €8.8 million due to the renewal of lease agreements for the Via Novaro and Borgo Sant'Angelo offices in Rome.

Investments

(€/million)	June 2020	June 2019	Change
Drama	57.0	71.0	(14.0)
Cartoons	4.7	4.4	0.3
Other	1.1	0.0	1.1
Investments in programmes	62.8	75.4	(12.6)
Tangible investments	29.2	26.1	3.1
Software	1.6	0.5	1.1
Technical investments	30.8	26.6	4.2
Investments in lease rights of use	14.3	5.5	8.8
Total investments	107.9	107.5	0.4

Net working capital

Net working capital

(€/million)	30 June 2020	31 December 2019	Change
Inventories	0.0	0.1	(0.1)
Trade receivables	288.8	337.6	(48.8)
Other receivables	245.6	202.6	43.0
Trade payables	(524.0)	(561.8)	37.8
Other payables	(731.5)	(407.1)	(324.4)
Net deferred tax liabilities	(55.5)	(32.3)	(23.2)
Total	(776.6)	(460.9)	(315.7)

The most significant changes compared to 31 December 2019 regard the following items:

- **trade receivables** down by €48.8 million due to lower receivables from Rai Pubblicità as a result of the physiological seasonal effect accentuated by the drop in advertising revenues only partially offset by the recognition of the receivable from the State for the fulfilment of service contract obligations, including those for the development of digital programming as per Law no. 145 of 30 December 2018;
- **other receivables** up by €43.0 million mainly due to the payment of advances on future sporting events;
- **trade payables**, down by €37.8 million due to lower payables to suppliers;
- **other payables**, up by €324.4 million, due to the recognition of deferrals on subscription fees originating from the difference between the amounts paid by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

Provisions for risks and charges

The item provisions for risks and charges, which totalled €149.1 million, decreased by €13.8 million compared to 31 December 2019 mainly due to the reduction in provisions related to employee management.

Employee benefits

The item Employee benefits, amounting to €390.6 million, decreased by €10.3 million compared to 31 December 2019 due to payments to beneficiaries and to actuarial valuation elements related to financial and demographic assumptions detailed in the specific paragraph of the Notes to the separate financial statements.

The table below shows the details of the provisions and relevant changes compared to 31 December 2019.

Employee benefits

(€/million)	30 June 2020	31 December 2019	Change
Employee severance pay	(193.9)	(198.3)	4.4
Supplementary company pension provisions	(113.2)	(119.9)	6.7
Provisions in lieu of the former fixed indemnity for journalists	(69.1)	(68.7)	(0.4)
FASDIR assistance provision for the retired	(14.0)	(13.7)	(0.3)
Other	(0.4)	(0.3)	(0.1)
Total	(390.6)	(400.9)	10.3

Net financial position

The net financial position, calculated following the ESMA scheme, of which the components are shown in the next table, was negative by €165.5 million as at 30 June 2020, (€-130.2 million as at 30 June 2019), showing an improvement of €371.4 million compared to 31 December 2019.

Net of liabilities for operating leases, financial debt as at 30 June 2020 amounted to €105.1 million, an improvement of €376.1 million compared to 31 December 2019.

Net financial position

(€/million)	30 June 2020	31 December 2019	Change 30 June 2020/ 31 December 2019	30 June 2019
Liquidity	68.3	164.3	(96.0)	224.4
Current financial receivables				
Due to subsidiaries and associates	276.0	158.0	118.0	211.9
Financial assets on derivatives	0.2	0.2	0.0	0.7
Investment securities - portion Current share	2.3	0.0	2.3	0.0
Tied accounts	4.3	4.7	(0.4)	6.0
Others	0.5	0.5	0.0	0.7
	283.3	163.4	119.9	219.3
Current financial debt				
Due to banks	(10.0)	(10.0)	0.0	(10.0)
Bond issue	0.0	(349.6)	349.6	(349.2)
Due to subsidiaries and associates	(141.9)	(139.7)	(2.2)	(126.0)
Lease liabilities	(21.5)	(21.1)	(0.4)	(20.7)
Other	(0.1)	0.0	(0.1)	(1.2)
	(173.5)	(520.4)	346.9	(507.1)
Non-current financial debt				
Due to banks	0.0	(5.0)	5.0	(10.0)
Bond issue	(299.0)	(298.9)	(0.1)	0.0
Financial liabilities on derivatives	0.0	0.0	0.0	(17.1)
Lease liabilities	(44.6)	(40.3)	(4.3)	(39.7)
	(343.6)	(344.2)	0.6	(66.8)
Net financial debt	(165.5)	(536.9)	371.4	(130.2)
<i>of which:</i>				
- due to subsidiaries/associates	134.1	18.3	115.8	85.9
- due to third parties	(299.6)	(555.2)	255.6	(216.1)
	(165.5)	(536.9)	371.4	(130.2)
<i>of which operating lease liabilities</i>	(60.4)	(55.7)	(4.7)	(54.9)
Net financial debt excluding liabilities for operating leases	(105.1)	(481.2)	376.1	(75.3)

The reduction in net debt compared to 31 December 2019 is due to ordinary cash flows in the first half of the year, characterised by the settlement of ordinary instalments on account of approximately €1,200 million (around 70% of the annual value). Certain events also had a positive impact on the balance:

- postponement, as a result of the COVID-19 pandemic, of 2020 sports events and consequent renegotiation of the payment instalments still due, relating to the European Football Championship, the Summer Olympics, national football matches and cycling events;
- a reduction in employee payments, in particular severance pay provisions and similar due to the absence of redundancy incentive plans and lower payments of travel expenses and other indemnities, as production activities were stopped during lockdown;
- the postponement of intercompany charges to Rai Cinema (approximately €35 million) as a result of the renegotiation, still in progress as at 30 June, of the contract with the Subsidiary for the use of rights to broadcast audiovisual works.

The zeroing of the item current bonds is due to the redemption, maturing in May, of the €350 million bond issued in 2015; as at 30 June, the new €300 million senior unsecured bond issued in December 2019 on the Dublin Stock Exchange, maturing in December 2024 and bearing a fixed annual interest rate of 1.375%, was recognised under non-current liabilities.

The average financial position was negative by €223 million (-€139 million in the first half of 2019), down by €84 million compared to the same period of the previous year, due to the higher level of debt already present at the beginning of the year.

The financial risks to which the Company is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management according to best practices, with the aim of preserving the company's value through a stance adverse to risk, pursued with active monitoring of exposure and implementation of expedient hedging strategies, also on behalf of the Group companies (except for Rai Way).

Detailed information on financial risks is provided in the specific section of the Notes to the separate financial statements, to which reference is made.

Financial statements of Rai SpA

Balance sheet

(€/’000)	Note	Half-year ended 30 June 2020	Year ended 31 December 2019
Property, plant and equipment	6.1	889,761	893,886
Lease-use rights	6.2	60,864	54,876
Intangible assets	6.3	364,050	403,482
Equity investments	6.4	917,555	919,026
Non-current financial assets	6.5	720	3,298
Deferred tax assets	6.6	-	-
Other non-current assets	6.7	31,524	7,068
Total non-current assets		2,264,474	2,281,636
Inventory	7.1	47	90
Trade receivables	7.2	288,837	337,648
Current financial assets	7.3	283,357	163,432
Current income tax assets	7.4	17,265	18,292
Other current receivables and assets	7.5	196,782	177,217
Cash and cash equivalents	7.6	68,344	164,264
Total current assets		854,632	860,943
Total assets		3,119,106	3,142,579
Share capital		242,518	242,518
Reserves		508,941	542,396
Retained earnings (losses)		(342)	(71,887)
Total shareholders' equity	8	751,117	713,027
Non-current financial liabilities	9.1	299,024	303,890
Non-current lease liabilities	9.2	44,551	40,257
Employee benefits	9.3	390,619	400,924
Provisions for non-current risks and charges	9.4	149,128	162,863
Deferred tax liabilities	9.5	55,567	32,289
Other non-current payables and liabilities	9.6	440	550
Total non-current liabilities		939,329	940,773
Trade payables	10.1	524,008	561,805
Current financial liabilities	10.2	152,032	499,271
Current lease liabilities	9.2	21,546	21,133
Current income tax liabilities	10.3	10,613	30,737
Other current payables and liabilities	10.1	720,461	375,833
Total current liabilities		1,428,660	1,488,779
Total liabilities		2,367,989	2,429,552
Total shareholders' equity and liabilities		3,119,106	3,142,579

Income statement

(€/000)

	Note	Half-year closed at	
		30 June 2020	30 June 2019
Revenue from sales and services	11.1	1,161,811	1,264,967
Other revenue and income	11.2	11,375	12,724
Total revenue		1,173,186	1,277,691
Costs for the purchase of consumables	11.3	(4,647)	(5,754)
Costs for services	11.3	(573,807)	(697,538)
Other costs	11.3	(21,541)	(23,057)
HR expenses	11.4	(464,125)	(472,428)
Impairment of financial assets	11.5	108	(332)
Depreciation, amortisation and other write-downs	11.6	(144,779)	(131,270)
Provisions	11.7	(2,205)	(476)
Total costs		(1,210,996)	(1,330,855)
EBIT		(37,810)	(53,164)
Financial income	11.8	72,743	60,076
Financial expense	11.8	(9,167)	(7,325)
Earnings from equity investments recognised at equity	11.9	(155)	380
Pre-tax profit/(loss)		25,611	(33)
Income tax	11.10	7,374	14,002
Net profit (loss) for the period		32,985	13,969

Statement of comprehensive income

(€/’000)

	Half-year closed at	
	30 June 2020	30 June 2019
Profit/(loss) for the period	32,985	13,969
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	1,573	(11,935)
Tax effect	-	-
Total	1,573	(11,935)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	3,532	(16,418)
Total	3,532	(16,418)
Total result for the period	38,090	(14,384)

Statement of Cash Flows

(€/000)	Note	Half-year closed at	
		30 June 2020	30 June 2019
Pre-tax profit		25,611	(33)
Adjustments for:			
Depreciation, amortisation and write-downs	11.6	144,671	131,602
Provisions and (issues) of personnel provisions and other provisions		29,115	23,532
Net financial charges (income)	11.8	(63,576)	(52,751)
Earnings from equity investments recognised at equity	11.9	155	(380)
Other non-monetary items		13	5
Cash flows generated by operating activities before changes in net working capital		135,989	101,975
Change in inventory		43	39
Change in trade receivables	7.2	48,920	(19,179)
Change in trade payables	10.1	(37,797)	(3,227)
Change in other assets and liabilities		337,619	233,591
Use of provisions for risks	9.4	(5,745)	(7,395)
Payment of employee benefits and to external provisions	9.3	(28,640)	(27,626)
Taxes paid		-	-
Net cash flow generated by operating activities		450,389	278,178
Investments in property, plant and equipment	6.1	(29,172)	(26,089)
Disposal of property, plant and equipment	6.1	21	11
Investments in intangible assets	6.3	(64,486)	(75,982)
Equity investments		(71)	-
Dividends collected	6.4	30,906	58,358
Interest collected		42	42
Change in financial assets	6.5 7.3	(117,515)	(46,597)
Net cash flow generated by investing activities		(180,275)	(90,257)
Long-term loans taken out	9.1	32	-
Long-term loan repayments	9.1 10.2	(355,006)	(5,000)
Increase (decrease) in short-term borrowings and other loans	10.2	2,326	(19,259)
Repayments of liabilities for leases	9.2	(9,339)	(7,721)
Net interest paid ⁽¹⁾ ⁽²⁾		(4,047)	(4,090)
Net cash flow generated by financing activities		(366,034)	(36,070)
Change in cash and cash equivalents		(95,920)	151,851
Cash and cash equivalents at the beginning of the year	7.6	164,264	72,583
Cash and cash equivalents at the end of the period	7.6	68,344	224,434

(1) Referring to financial interest.

(2) The item includes costs, of a sundry nature, incurred for the 2019 bond issue.

Statement of changes in equity

(€/’000)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Total shareholders' equity
Balances as at 1 January 2019	242,518	12,042	574,622	(61,581)	767,601
Allocation of profit/loss	-	-	(33,853)	33,853	-
Net profit (loss) for the period	-	-	-	13,969	13,969
Statement of comprehensive income components	-	-	(11,935)	(16,418)	(28,353)
Total result for the period	-	-	(11,935)	(2,449)	(14,384)
Balances as at 30 June 2019	242,518	12,042	528,834	(30,177)	753,217
Balances as at 1 January 2020	242,518	12,042	530,354	(71,887)	713,027
Allocation of profit/loss	-	-	(35,028)	35,028	-
Net profit (loss) for the period	-	-	-	32,985	32,985
Statement of comprehensive income components	-	-	1,573	3,532	5,105
Total result for the period	-	-	1,573	36,517	38,090
Balances as at 30 June 2020	242,518	12,042	496,899	(342)	751,117

Notes to the Interim Separate Financial Statements as at 30 June 2020

Rai Radiotelevisione italiana SpA (hereinafter “Rai”, the “Company” or the “Parent Company”) is a joint-stock company formed and domiciled in Italy, with registered office in Rome at Viale Mazzini 14, organised according to Italian law.

With Prime Ministerial Decree of 28 April 2017 containing “Assignment of the radio, televisions and multimedia Public Service concession and approval of the annexed draft agreement” (hereinafter “Public Service”), Rai was established as the concessionaire of the radio, television and multimedia Public Service on an exclusive basis for a decade, starting from 30 April 2017. That role is performed by the Company and its subsidiaries (jointly the “Group”).

On the strength of specific Italian and EU regulatory sources, the Parent Company is required to meet precise programming quality and quantity obligations that are described in detail in the Service Agreement (hereinafter “Agreement”) drawn up with the Ministry of Economic Development for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Agreement relates to the activity that Rai performs in order to carry out the public service and, in particular, the radio, television and multimedia services broadcast through the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the provision of technological services for the production and transmission of the signal using analogue and digital technology, and the preparation and management of control and monitoring systems.

The capital of the Company is held by:

- Ministry of Economy and Finance (99.5583%);
- SIAE Società Italiana Autori Editori (0.4417%).

The limited audit of the interim Separate Financial Statements (hereinafter the “Separate Financial Statements”) as at 30 June 2020 is conducted by PricewaterhouseCoopers SpA (hereinafter the “External Auditor”) to which the Rai Ordinary General Meeting of Shareholders, upon the proposal put forward by the Board of Statutory Auditors, assigned the appointment for the financial years until 2023 on 10 March 2016, in consideration of Rai’s acquisition of status as a Public Interest Entity.

The Separate Financial Statements, as described below, have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting, which is part of the *International Financial Reporting Standards* (“IFRS”).

As regards the criteria for the preparation, measurement and use of estimates used to prepare the Separate Financial Statements, reference should be made to the specific paragraphs in the Notes to the Separate Financial Statements in the Report and Financial Statements at 31 December 2019, as the criteria are unchanged.

The accounting standards not yet endorsed by the European Union are as follows:

- On 18 May 2017, the IASB issued IFRS 17 “Insurance Contracts”, that regulates the accounting treatment of insurance contracts issued and re-insurance contracts held.
The provisions of IFRS 17 are effective starting from years beginning on or after 1 January 2023.
- On 23 January 2020, the IASB issued the document “Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current” to clarify the requirements for classifying liabilities as current or non-current. More specifically:
 - the amendments specify that the conditions existing at the end of the reporting period are those that must be used to determine whether there is a right to defer the settlement of a liability;
 - management’s expectations regarding events after the reporting period, for example in the event of a breach of a covenant or in the event of early settlement, are not material;

1

General information

2

Criteria for the preparation, measurement and use of estimates

- the amendments clarify situations that are considered as the payment of a liability;

Due to the COVID-19 pandemic, the IASB proposed to defer the effective date of the document to 1 January 2023, to give companies more time to implement any classification changes resulting from the amendments.

- On 14 May 2020, the IASB issued the documents "*Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements*". The documents contain changes limited to three standards as well as annual improvements and clarify the wording or correct oversights or conflicts between the requirements of the standards. The amendments to IFRS 3 "*Business Combinations*" update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments to IAS 16 "*Property, Plant and Equipment*" prohibit a company from deducting from the cost of property, plant and equipment income from the sale of items produced while the company is preparing the asset for its intended use. Income from sales and related costs shall be charged to the income statement. The amendments to IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" specify which costs should be included in measuring whether a contract is a loss. The annual improvements make minor amendments to IFRS 1 "*First-time Adoption of International Financial Reporting Standards*", IFRS 9 "*Financial Instruments*", IAS 41 "*Agriculture*" and the illustrative examples in IFRS 16 "*Leases*".

All amendments come into force on 1 January 2022.

- On 28 May 2020, the IASB issued the document "*Amendment to IFRS 16 Leases COVID 19-Related Rent Concessions*". The amendment provides a practical expedient that allows tenants not to consider as changes to rent agreements, COVID-19 related concessions. These amendments are effective starting from years beginning on or after 1 January 2020. Earlier adoption is permitted, even in financial statements not yet approved at 28 May 2020.

At present, the Company is analysing the principles specified and is assessing whether their adoption will have a significant impact on the Separate financial statements.

3

Management of financial risks

The financial risks to which the Company is exposed are managed according to the approach and procedures defined within a specific policy. These documents establish procedures, limits and tools for monitoring and minimisation of financial risk, with the objective of preserving corporate value.

The main risks identified by the Company are:

- market risk arising from exposure to fluctuations of interest rates and exchange rates connected with the financial assets and liabilities respectively owned/originated and assumed;
- credit risk arising from the possibility that one or more counterparties might be insolvent;
- liquidity risk arising from the Company's inability to obtain the financial resources necessary to meet short-term financial commitments.

3.1 Market risk

Market risk consists of the possibility that changes in the interest and exchange rates might negatively influence the value of the assets, liabilities or expected cash flows.

When managing market risk, the Company uses the following derivative instruments:

- Interest rate swap to hedge exposure to interest rate risk;
- Options and forward currency purchases to hedge exposure to exchange risk, also on behalf of Rai Cinema.

Details of derivatives outstanding as at 30 June 2020, compared with the situation at 31 December 2019, are shown in the table below; in both periods all positions referred to derivatives on the EUR/USD exchange rate to hedge Rai Cinema contracts.

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Non-current assets		
Options on currency for Rai Cinema	5	-
	5	-
Current assets		
Options on currency for Rai Cinema	65	91
Forward purchase of currency for Rai Cinema	151	82
Receivables from the subsidiary Rai Cinema for currency-option derivative instruments	6	-
Receivables from the subsidiary Rai Cinema for forward currency purchase derivative instruments	8	8
	230	181
Non-current liabilities		
Payables to the subsidiary Rai Cinema for currency-option derivative instruments	5	-
	5	-
Current liabilities		
Options on currency for Rai Cinema	6	-
Forward purchase of currency for Rai Cinema	8	8
Payables to the subsidiary Rai Cinema for currency-option derivative instruments	65	91
Payables to the subsidiary Rai Cinema for forward currency purchase derivatives	151	82
	230	181

Based on the policy used, derivatives may be used solely to hedge financial flows; they may not be used speculatively.

Further information on the fair value measurement of derivative instruments is provided in Note 5 “Fair value measurement”.

The change to the spot forward purchase component (that is the change to spot exchange rates) and to exchange rate options are suspended, at the financial statement date, in the cash flow hedge reserve until recognition of the right or asset being hedged. The component linked to the time of forward purchase is registered in the income statement during the hedging duration.

Interest rate risk

Interest rate risk originates from the possible increase in net financial expenses as a result of unfavourable changes in market rates on the variable rate financial positions. In order to limit this risk, corporate policy requires that the medium/long-term variable rate loans be converted to fixed rate for at least 50% by using derivative products, such as Interest Rate Swaps and options on rates.

Medium/long-term borrowings as at 30 June 2020 are entirely at fixed rate; therefore, the effects of the change in rates fall only on the short-term positions of a varying duration and sign during the year.

Sensitivity analysis

Sensitivity analysis was carried out on unhedged financial positions (excluding lease liabilities arising from the adoption of IFRS 16), consisting solely of short-term items, considering a shift in the interest rate curve of +/- 50 bps. If there were an increase, both as at 30 June 2020 and at 31 December 2019, net income would be higher (by approximately Euro 0.8 million and Euro 0.9 million, respectively) determined by short-term positions with third parties and intercompany parties. If rates were reduced, the opposite would be the case for equivalent amounts.

Exchange rate risk

During the first half of 2020, Rai made payments in USD for approximately 2 million (USD 4 million in the first half of 2019) for various contracts, in addition to further payments in Swiss Francs and British Pounds for a total value of approximately €2 million. There are also intercompany accounts denominated in USD for approximately 9 million with Rai Cinema and Rai Corporation.

Considering the limited commitments in foreign currency as at 30 June 2020, hedging was not adopted.

Exchange rate risk is managed starting from the date the trade commitment is signed, which may also be long-term, and has as an objective protecting the value in Euro of the commitments, as estimated at the time of the order or budget. The policy in force regulates their management in keeping with the international best practices, to minimise the risk. This is pursued through the active monitoring of exposure and implementation of hedging strategies by Rai, also on behalf of the subsidiaries and in particular Rai Cinema. Rai Way instead has its own risk management policy and procedures. The mandates for carrying out hedging transactions are given hierarchically and progressively, with a minimum intervention percentage of 50% of the contractual amount in foreign currency.

Sensitivity analysis

The sensitivity analysis as at 30 June 2020 was carried out on credit and debit positions in foreign currencies and on amounts in foreign currencies, both consisting of items in USD and confirming the dynamics already highlighted as at 31 December 2019, so a 10% change in the EUR/USD exchange rate would have limited negative economic effects.

3.2 Credit risk

The theoretical exposure to credit risk for the Company mainly refers to the book value of the financial assets and trade receivables recognised.

As for the counterparty risk, trade partner assessment procedures are adopted for managing trade receivables. The analysis is conducted periodically on the situation of the past due items and may lead to the dunning of the parties affected by solvency problems. The lists of the past due items analysed are arranged by amount and customer, updated to the analysis date and show those situations demanding greater attention.

The corporate structure of the Company appointed to collect the credit initiates kindly reminder measures with the counterparties that are debtors of amounts relating to past-due items. If these activities do not result in collection of the sums, the structure starts up the expedient actions (warning letter, injunction, etc.) aimed at collecting the credit in agreement with the legal function after formally dunning the debtor parties. The allocations to the provisions for write-downs are made specifically on the credit positions having peculiar risk elements.

The Company measures the expected losses on trade receivables considering their entire duration based on a weighted estimate of the probabilities that those losses could occur. For that purpose, the Company bases itself on historical experience, suitably integrated with forecasts on the expected evolution of circumstances. If the conditions exist, losses are measured as the current value of all differences between the cash flows due contractually and cash flows the Group expects to receive, discounted at the effective interest rate of the financial asset.

Credit risk on uses of funds is limited since corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus. In the first half of 2020 and throughout 2019, only time or demand deposits with bank counterparties having investment grade rating were used.

3.3 Liquidity risk

On the strength of specific contracts with the subsidiaries, with the sole exception of the subsidiary Rai Way, Rai manages Group financial resources through a cash-pooling system that involves daily transfer of the bank balances of the associates to the current accounts of the Parent, which grants the intercompany credit facilities needed for the operations of these companies. Rai Way has autonomous treasury and financial resources from the listing date.

Following the repayment in May 2020 of the EUR 350 million bond issued in 2015, the Company's medium/long-term financial structure consisted of a EUR 300 million bond issue maturing in December 2024 and issued in December 2019 (for further details, refer to Note 9.1 "Non-current financial liabilities and current portions of non-current financial liabilities") and a EUR 10 million loan from the European Investment Bank ("EIB") for the digital terrestrial implementation project. Following participation in a project, a subsidised loan of an insignificant amount was also granted.

Considering the significant fluctuation of infra-annual indebtedness due to the payment in three instalments of licence fees by the Ministry of Economy and Finance, the Company has uncommitted bank credit facilities for about €420 million and revolving line with a pool of banks totalling €320 million maturing in December 2023.

The new revolving line, not used as at 30 June 2020, requires that the following Consolidated Financial Statements parametric/equity ratio at 31 December be met:

- net financial debt (adjusted for receivables from the State for licence fees, financial items relating to Rai Way and liabilities resulting from application of IFRS 16 for operating leases)/Net equity ≤ 2 .

The cash situation is constantly monitored with a financial forecasting process that highlights any financial critical issues considerably in advance so that appropriate corrective measures can be taken.

The Company's objectives in managing capital are inspired by preservation of the ability to continue guaranteeing optimum capital strength also through the ongoing improvement of operational and financial efficiency. The Company pursues the objective of retaining an adequate level of capitalisation that allows it realise a return and to access outside sources of funding. The Company constantly monitors the evolution of the indebtedness level in proportion to shareholders' equity. Specifically, the ratio between equity and the total of comprehensive liabilities of the Shareholders' Equity is seen in the following table:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Shareholders' equity	751,117	713,027
Total shareholders' equity and liabilities	3,119,106	3,142,579
Ratio	24.1%	22.7%

The net financial position of the Company for the periods under review is shown in Note 14.2 "Net financial position".

4

Management of capital risk

5

Fair value measurement

The financial instruments at fair value are made up of hedging derivatives measured with a financial model that uses the most popular and accepted market formulas (net current value for forward currency purchasing transactions and application of the Black&Scholes formula for the options), in addition to the following input data given by the provider Reuters: ECB spot exchange rates, Euribor and IRS rate curves, volatility and credit spreads of the various bank counterparties and of the securities issued by the Italian State. The fair value of the derivative instruments represents the net position between assets and liabilities. For more information on the derivative instruments (assets and liabilities), please refer to Notes no. 7.3 "Current financial assets" and 10.2 "Current financial liabilities".

All the instruments present as at 30 June 2020 and 31 December 2019 have been valued according to the Level 2 methodology: use of parameters observable on the market (e.g. for the derivatives, the exchange rates recorded by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated on the basis of the credit default swaps, etc.) different from the Level 1 listed prices.

6

Non-current assets

6.1 Property, plant and equipment

Property, plant and equipment, which amounted to €889,761 thousand (€893,886 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Work in progress and payments on account	Total
Cost	371,440	482,821	1,473,934	72,189	115,751	57,484	2,573,619
Accumulated depreciation	-	(182,550)	(1,339,249)	(66,003)	(91,931)	-	(1,679,733)
Balance as at 31.12.2019	371,440	300,271	134,685	6,186	23,820	57,484	893,886
Movements in the period							
Increases and capitalisation	-	1,419	7,572	145	1,369	18,668	29,173
Disposals (1)	-	-	(1)	-	(21)	(13)	(35)
Reclassifications	-	2,945	21,025	649	3,109	(27,728)	-
Transfers (2)	(17)	17	-	(1)	1	-	-
Depreciation	-	(6,185)	(22,975)	(1,011)	(3,092)	-	(33,263)
Balance as at 30.06.2020	371,423	298,467	140,306	5,968	25,186	48,411	889,761
<i>broken down as follows:</i>							
Cost	371,423	487,202	1,494,062	72,882	119,835	48,411	2,593,815
Accumulated depreciation	-	(188,735)	(1,353,756)	(66,914)	(94,649)	-	(1,704,054)
Detail:							
(1) Cost	-	-	(8,469)	(100)	(395)	(13)	(8,977)
Accumulated depreciation	-	-	8,468	100	374	-	8,942
	-	-	(1)	-	(21)	(13)	(35)
(2) Cost	(17)	17	-	(1)	1	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	(17)	17	-	(1)	1	-	-

Investments in the period, which amounted to €29,173 thousand fall within the scope of the modernisation and technological development initiatives that the Company initiated.

The amount of the existing contractual commitments for the purchase of property, plant and equipment is specified in Note 12.2 "Commitments".

6.2 Lease rights of use

Lease rights of use, which amounted to €60,864 thousand (€54,876 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Land and buildings	Other assets	Total
Cost	61,963	7,168	69,131
Accumulated depreciation	(11,743)	(2,512)	(14,255)
Balance as at 31 December 2019	50,220	4,656	54,876
Movements in the period			
Increases	12,858	1,482	14,340
Impairment	(213)	(7)	(220)
Depreciation	(6,676)	(1,456)	(8,132)
Balance at 30 June 2020	56,189	4,675	60,864
<i>broken down as follows:</i>			
Cost	74,608	8,643	83,251
Accumulated depreciation	(18,419)	(3,968)	(22,387)

Investments during the period, amounting to €14,340 thousand, refer to property rental contracts or contracts for the rental of vehicles that entered into effect during the period.

Income from the subleasing of assets led to the recognition of a right of use indicated in Note 11.2 "Other revenues and income".

6.3 Intangible assets

Intangible assets, which amounted to €364,050 thousand (€403,482 thousand as at 31 December 2019), are broken down as follows:

(€/’000)	Programmes	Software	Trademarks	Other rights	Work in progress and payments on account	Total
Cost	654,385	24,929	10	200	200,439	879,963
Accumulated amortisation	(358,783)	(13,208)	(9)	(33)	-	(372,033)
Provisions for write-downs	(70,678)	-	-	(167)	(33,603)	(104,448)
Balance as at 31.12.2019	224,924	11,721	1	-	166,836	403,482
Movements in the period						
Increases and capitalisation	41,977	997	-	-	21,512	64,486
Disposals / Value recoveries	-	-	-	-	-	-
Reclassifications (1)	64,428	813	-	-	(65,241)	-
Transfers	-	-	-	-	-	-
Write-downs (2)	(29,100)	-	-	-	(556)	(29,656)
Use of provisions for write-downs	29,268	-	-	33	-	29,301
Amortisation	(99,980)	(3,549)	(1)	(33)	-	(103,563)
Balance as at 30.06.2020	231,517	9,982	-	-	122,551	364,050
<i>broken down as follows:</i>						
Cost	761,098	26,739	10	200	155,862	943,909
Accumulated amortisation	(458,763)	(16,757)	(10)	(66)	-	(475,596)
Provisions for write-downs	(70,818)	-	-	(134)	(33,311)	(104,263)
Detail:						
(1) Cost	64,736	813	-	-	(65,549)	-
Provisions for write-downs	(308)	-	-	-	308	-
	64,428	813	-	-	(65,241)	-
(2) Cost	-	-	-	-	(540)	(540)
Provisions for write-downs	(29,100)	-	-	-	(16)	(29,116)
	(29,100)	-	-	-	(556)	(29,656)

Investments, which amounted to €64,486 thousand mainly refer to dramas for €57,007 thousand and cartoons for €4,742 thousand.

The amount of work in progress and payments on account refers to programmes for €112,625 thousand, software for €9,185 thousand and other rights for €741 thousand.

The write-downs recognised during the year amounted to €29,656 thousand, and were performed in order to adjust the assets to their estimated recoverable value.

The amount of the existing contractual commitments for the purchase of intangible assets is specified in Note 12.2 "Commitments".

6.4 Equity investments

Equity investments, which amounted to €917,555 thousand (€919,026 thousand as at 31 December 2019), are broken down as follows:

Interests in subsidiaries

(€/000)	Year ended 31 December 2019			Movements in the period	Half-year ended 30 June 2020		
	Cost	Write-downs	Financial statement value	Write-downs	Cost	Write-downs	Financial statement value
Rai Cinema SpA	267,848	-	267,848	-	267,848	-	267,848
Rai Com SpA	107,156	-	107,156	-	107,156	-	107,156
Rai Corporation in liquidation	2,891	(2,891)	-	-	2,891	(2,891)	-
Rai Pubblicità SpA	31,082	-	31,082	-	31,082	-	31,082
Rai Way SpA	506,260	-	506,260	-	506,260	-	506,260
Interests in subsidiaries	915,237	(2,891)	912,346	-	915,237	(2,891)	912,346

(a) The balance sheet deficit of €4,382 thousand is covered by provisions for charges of an equal amount.

Equity investments in joint ventures and associates

(€/000)	Year ended 31 December 2019			Movements in the period		Half-year ended 30 June 2020		
	Cost	Adjustment to Shareholders' Equity	Financial statement value	Profit/(loss)	Decrease due to dividends	Cost	Adjustment to Shareholders' Equity	Financial statement value
Joint venture:								
San Marino RTV SpA	258	1,580	1,838	(214)	-	258	1,366	1,624
Tivù Srl	483	2,396	2,879	427	(1,660)	483	1,163	1,646
Associates:								
Audiradio Srl (in liquidation)	1,428	(1,428)	-	-	-	1,428	(1,428)	-
Auditel Srl	10	887	897	-	-	10	887	897
Euronews SA	850	(755)	95	(95)	-	850	(850)	-
Player Editori Radio Srl	1	4	5	-	-	1	4	5
Tavolo Editori Radio Srl	1	59	60	-	-	1	59	60
Total equity investments in joint ventures and associates	3,031	2,743	5,774	118	(1,660)	3,031	1,201	4,232

(a) Valuation relating to the Financial Statements as at 31 December 2019, the latest available.

(b) The balance sheet deficit of €9 thousand is covered by provisions for charges of an equal amount.

(c) The balance sheet deficit of €273 thousand is covered by provisions for charges of an equal amount.

Equity investments in others companies

(€/000)	Year ended 31 December 2019			Movements in the period	Half-year ended 30 June 2020		
	Cost	Write-downs	Financial statement value	Acquisitions	Cost	Write-downs	Financial statement value
Almaviva SpA	324	-	324	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	1	-	1
International Multimedia University Umbria Srl in bankruptcy proceedings	52	(52)	-	-	52	(52)	-
Istituto della Enciclopedia Italiana Treccani SpA	713	(132)	581	71	784	(132)	652
Total other equity investments	1,090	(184)	906	71	1,161	(184)	977

For detailed information on investments in subsidiaries, joint ventures and associates, please refer to the specific paragraph in the Notes to the separate financial statements of the Report and Financial Statements at 31 December 2019.

As regards investments in other companies, it should be noted that the extraordinary shareholders' meeting of Istituto della Enciclopedia Italiana Treccani SpA held on 30 April 2020 resolved to increase the share capital by €8 million through the issue of 8 million ordinary shares with a par value of €1 each, with the same characteristics as those outstanding. The capital increase was subscribed by Rai for its entire share, equal to €71 thousand, thus maintaining the ownership percentage of 0.89%.

6.5 Non-current financial assets

Non-current financial assets, which amounted to €720 thousand (€3,298 thousand as at 31 December 2019), break down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Securities	-	2,342
Assets for derivatives activated on behalf of Rai Cinema	5	-
Other financial assets (non-current deferrals)	660	897
Financial receivables from employees	234	238
- Provisions for write-down of non-current financial assets	(179)	(179)
Total non-current financial assets	720	3,298

Non-current financial assets are shown net of the provisions for write-downs of €179 thousand (unchanged compared to 31 December 2019), entirely referring to the financial receivables from employees.

The item securities is equal to zero (€2,342 thousand as at 31 December 2019), as it is entirely made up of Government bonds maturing in May 2021 securing the special services to be agreed with the Government, as also indicated in Note 7.3 "Current financial assets".

Other non-current financial assets of €660 thousand (€897 thousand as at 31 December 2019) refer to the deferral of the non-current portion of commission relating to a give-year revolving line with a pool of banks, maturing in December 2023, for a total of €320 million.

The maturity of current and non-current financial assets is broken down as shown below:

(€/000)	Half-year ended 30 June 2020			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - c/a transactions	233,382	-	-	233,382
Receivables from associated companies - dividends	41,158	-	-	41,158
Tied current accounts	4,339	-	-	4,339
Securities	2,301	-	-	2,301
Receivables from joint ventures - c/a San Marino RTV SpA	1,385	-	-	1,385
Receivables for derivatives activated for Rai Cinema	216	-	-	216
Financial receivables from employees	50	55	-	105
Receivables from the subsidiary Rai Cinema for derivative instruments	14	-	-	14
Assets for derivatives activated on behalf of Rai Cinema	-	5	-	5
Other financial assets	512	660	-	1,172
Total financial assets	283,357	720	-	284,077

(€/000)	Year ended 31 December 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - c/a transactions	157,777	-	-	157,777
Tied current accounts	4,749	-	-	4,749
Other financial assets	491	897	-	1,388
Receivables from joint ventures - c/a San Marino RTV SpA	183	-	-	183
Receivables for derivatives activated for Rai Cinema	173	-	-	173
Financial receivables from employees	51	59	-	110
Receivables from the subsidiary Rai Cinema for derivative instruments	8	-	-	8
Securities	-	2,342	-	2,342
Total financial assets	163,432	3,298	-	166,730

The short-term portion of financial assets, which amounted to €283,357 thousand, is included in the current components of the statement of financial position described in Note 7.3 "Current financial assets".

Information on risks hedged and on hedging policies is disclosed in Note 3.1 "Market risk".

6.6 Deferred tax assets

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Deferred tax assets eligible for offset	102,927	127,165
Deferred tax liabilities eligible for offset	(158,494)	(159,454)
Net deferred tax liabilities	(55,567)	(32,289)

Deferred tax assets that can be offset amounted to €102,819 thousand relating to the Company's tax loss and to €108 thousand relating to losses recorded in the period by Rai Com, acquired under the Group "National tax consolidation" tax regime, illustrated in Note 12.4 "Transactions with related parties".

As at 30 June 2020, and as at 31 December 2019, the net balance of deferred tax assets and deferred tax liabilities shows a negative amount, and is therefore recognised under liabilities in the statement of financial position. Please refer to Note 9.5 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 11.10 "Income tax".

6.7 Other non-current assets

Other non-current assets, which amounted to €31,524 thousand (€7,068 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Advances for sports events	30,461	6,291
Advances for trade initiatives	8,221	8,139
Amounts committed to cautionary deposit with third parties	1,604	1,578
Receivables from personnel	799	691
– Provisions for write-down of other non-current assets	(9,561)	(9,631)
Total other non-current assets	31,524	7,068

The items above basically regard non-current portions of assets described in Note 7.5 "Other current receivables and assets" to which reference is made.

The provisions for write-down of other non-current assets, which amounted to €9,561 thousand (€9,631 thousand as at 31 December 2019), is broken down below.

(€/000)	Balances as at 31 December 2019	Provisions	Drawdowns	Balances as at 30 June 2020
Provisions for write-down of advances for sports events	(6,149)	(30)	100	(6,079)
Provisions for write-down of advances for trade initiatives	(3,332)	-	-	(3,332)
Provisions for write-down of other non-current assets	(150)	-	-	(150)
Total provisions for write-down of other non-current assets	(9,631)	(30)	100	(9,561)

7

Current assets

7.1 Inventory

Inventory, net of its provisions for write-downs, amounted to €47 thousand (€90 thousand as at 31 December 2019), and is broken down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Inventory	12,025	12,144
Provisions for write-down of inventory	(11,978)	(12,054)
Total inventory	47	90

The final inventory of technical materials refers to stock and spare parts for maintenance and the use of technical capital equipment similar to consumables since their utility is depleted over a period that is usually no longer than 12 months.

7.2 Trade receivables

Trade receivables, which amounted to €288,837 thousand (€337,648 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Trade:		
– Government for performance of service contract obligations - Law 145/2018	57,692	38,462
– Italian Tax Revenue Office for services under agreement	14,000	12,000
– Other receivables	18,929	18,441
– Provision for write-downs of trade receivables	(9,311)	(9,598)
Subsidiaries:		
– Receivables	208,622	279,618
– Provisions for write-downs for the subsidiary Rai Com	(1,438)	(1,438)
Joint ventures and associates	343	163
Total trade receivables	288,837	337,648

Receivables from subsidiaries, joint ventures and associated companies refer to:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	2,406	1,493
Rai Com SpA	90,576	87,929
Rai Pubblicità SpA	108,772	180,363
Rai Way SpA	5,430	8,395
Receivables from subsidiaries	207,184	278,180
Joint ventures and associates:		
San Marino RTV SpA	51	55
Tavolo Editori Radio Srl	1	-
Tivù Srl	291	108
Receivables from joint ventures and associates	343	163

The breakdown of trade receivables by geographical area shows a national prevalence.

Receivables from the Revenue Office for contracted services amounted to €14,000 thousand for the management of ordinary license fees, of which €2,000 thousand for the first half of 2020 and €12,000 thousand for the periods 2017, 2018 and 2019 (equal to €4,000 thousand for each year).

The other receivables are recognised for a nominal value of €18,929 thousand and are for the sale of rights and for services of other kinds.

Receivables from related parties are specified in Note 12.4 "Transactions with Related Parties".

Trade receivables are shown net of the provisions for write-downs of €10,749 thousand (€11,036 thousand as at 31 December 2019) as detailed below:

(€/000)	Balances as at 31 December 2019	Uses and other assets	Absorption in income statement	Balances as at 30 June 2020
Provisions for write-downs - trade	(9,598)	179	108	(9,311)
Provision for write-downs - subsidiary Rai Com	(1,438)	-	-	(1,438)
Total bad debt provisions - trade	(11,036)	179	108	(10,749)

7.3 Current financial assets

Current financial liabilities totalled €283,357 thousand (€163,432 thousand as at 31 December 2019). The breakdown is shown in the table below:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Receivables from subsidiaries - c/a transactions	233,382	157,777
Receivables from subsidiaries - dividends	41,158	-
Tied current accounts	4,339	4,749
Securities	2,301	-
Receivables from joint ventures - c/a San Marino RTV	1,385	183
Assets for derivatives activated on behalf of Rai Cinema	216	173
Financial receivables from employees	50	51
Receivables from the subsidiary Rai Cinema for derivative instruments	14	8
Other current financial assets	512	491
Total current financial assets	283,357	163,432

The receivable of €41,158 thousand from subsidiaries for dividends refers to Rai's share of the dividend resolved by Rai Way on 24 June 2020 and not yet paid as at 30 June 2020.

The item Securities, equal to €2,301 thousand (zero as at 31 December 2019), is entirely made up of government bonds maturing in May 2021, securing the Service Agreement and the special services agreement with the State.

The receivables from subsidiaries - c/a transactions break down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Receivables from subsidiaries - c/a transactions:		
Rai Cinema SpA	207,094	157,777
Rai Pubblicità SpA	26,288	-
Receivables from subsidiaries - c/a transactions	233,382	157,777

Tied current accounts, which came to €4,339 thousand (€4,749 thousand as at 31 December 2019) refer to amounts seized on current accounts due to litigation in progress.

The fair value of derivative instruments was calculated considering valuation models largely used in the financial field and the market parameters as at the reporting date, as better specified in Note 5 "Fair value measurement".

Derivative instruments recognised at fair value, are broken down below in the assets component, including the current and non-current portions:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Assets for derivatives activated on behalf of Rai Cinema	216	173
Receivables from subsidiary Rai Cinema for derivative instruments	14	8
Total derivative financial instruments – current portion	230	181
Assets for derivatives activated on behalf of Rai Cinema	5	-
Total derivative financial instruments – non-current portion	5	-
Total derivative financial instruments	235	181

Derivative financial instruments, recognised at fair value, break down as follows as at 30 June 2020:

- current portion of derivatives instruments activated through the mandate granted by Rai Cinema, equal to €216 thousand (€173 thousand as at 31 December 2019) that reflects in the financial debt with the subsidiary, as illustrated in Note 10.2 “Current financial liabilities”. The non-current portion amounts to €5 thousand (zero as at 31 December 2019);
- the current portion of receivables to the subsidiary Rai Cinema, equal to €14 thousand (€8 thousand as at 31 December 2019) refers to the hedging instruments (with negative fair value) activated by Rai under the mandate received from Rai Cinema, whose effects transit from the intercompany accounts. No non-current portions are recognised.

Information on risks hedged and on hedging policies is disclosed in Note 3.1 “Market risk”.

7.4 Current income tax liabilities

Current income tax receivables, which totalled €17,265 thousand (€18,292 thousand as at 31 December 2019), are specified as follows:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
IRES requested as refund for IRAP deductibility for employee expense and similar	16,905	16,905
Deductions on assignments to foreign companies	154	1,755
– Provision for write-downs for current income taxes	(154)	(728)
IRES receivable	16,905	17,932
IRAP receivable	360	360
Total current income tax assets	17,265	18,292

Current income tax receivables are shown net of the provision for write-downs of €154 thousand (€728 thousand as at 31 December 2019) related to withheld taxes on income risking recoverability, with changes detailed below.

(€/’000)	Balances as at 31 December 2019	Absorption in income statement	Balances as at 30 June 2020
Provisions for write-downs for current income taxes	(728)	574	(154)

The IRAP receivable equal to €360 thousand (unchanged compared to 31 December 2019) refers to IRAP advances paid to tax authorities in previous years.

The taxes are commented on in Note 11.10 “Income taxes”.

7.5 Other current receivables and assets

Other current receivables and assets, which totalled €196,782 thousand (€177,217 thousand as at 31 December 2019) break down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Receivables from subsidiaries	54,251	36,529
Advances for sports events	75,808	63,397
Advances to suppliers, collaborators and agents	19,147	22,214
Receivables from entities, companies, bodies and others	15,439	11,138
Receivables from personnel	8,919	9,135
Receivables from social security and welfare institutions	2,680	2,829
Other tax receivables	1,548	1,529
Receivables for subsidies and grants from the State, EU and other public entities	442	405
Other receivables (current deferrals)	21,650	33,176
– Provision for write-downs of other current receivables and assets	(3,102)	(3,135)
Total other current receivables and assets	196,782	177,217

The breakdown of the receivables from subsidiaries follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Receivables from subsidiaries:		
Rai Cinema SpA	5,996	5,736
Rai Com SpA	2,740	2,617
Rai Pubblicità SpA	14,125	7,507
Rai Way SpA	31,390	20,669
Receivables from subsidiaries	54,251	36,529

It is also specified that:

- the receivables from social security and welfare institutions refer to advances disbursed against contributions due for artistic collaborations and other reasons;
- the receivables from subsidiaries consist of the contribution of the companies to the tax consolidation and the receivables coming from the Group VAT system (please refer to Note 12.4 “Transactions with Related Parties”);
- the receivables from personnel relate to various cases that are explained in the following breakdown and include the receivables arising from application of Law 89/2014 in the item “Other”:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Travel expenses	1,477	3,528
Labour disputes	2,841	2,621
Production expense advances	1,578	1,831
Others	3,023	1,155
Receivables from personnel	8,919	9,135

- other tax receivables break down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
VAT refund requested	1,388	1,333
Other tax refunds requested	160	159
Other tax receivables	-	37
Total other tax receivables	1,548	1,529

The provision for write-downs for other current receivables and assets, which totalled €3,102 thousand (€3,135 thousand as at 31 December 2019) recorded the following change:

(€/000)	Balances as at 31 December 2019	Provisions	Uses and other assets	Absorption in income statement	Balances as at 30 June 2020
Provisions for write-downs of other current receivables and assets	(3,135)	(3)	21	15	(3,102)

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed there are significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

7.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to €68,344 thousand (€164,264 thousand as at 31 December 2019), are broken down into the following items:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Bank and postal deposits	68,046	163,969
Cash and equivalents	298	295
Total cash and cash equivalents	68,344	164,264

Bank and postal deposits amounted to €68,046 thousand (€163,969 thousand as at 31 December 2019) and represent the money at-call or short-term liquid assets resulting from deposit or current accounts with banks, financial institutions and with the postal administration.

Cash and equivalents amounted to €298 thousand (€295 thousand as at 31 December 2019) and include the liquidity represented by cash in hand as at 30 June 2020.

Below is the breakdown of shareholders' equity:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Share capital	242,518	242,518
Legal reserve	12,042	12,042
IFRS first-time adoption reserve	462,706	462,706
IFRS first-time adoption reserve – free	48,164	83,192
Cash flow hedge reserve	(13,971)	(15,544)
Total other reserves	496,899	530,354
Actuarial reserves for employee benefits	(29,989)	(33,521)
Losses carried forward	(3,338)	(3,338)
Profit (loss) for the year	32,985	(35,028)
Total retained earnings (losses carried forward)	(342)	(71,887)
Total shareholders' equity	751,117	713,027

8

Shareholders'
equity

Share capital

As at 30 June 2020, the share capital consisted of 242,518,100 ordinary shares with a unit par value of €1.00. The share capital, fully subscribed and paid up, is held by:

- the Ministry of the Economy and Finance (MEF) for a total of 241,447,000 shares, equal to 99.5583%; and
- Società Italiana Autori Editori (SIAE) for a total of 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounted to €12,042 thousand.

Other reserves and retained earnings (losses carried forward)

Other Reserves, which amounted to €496,899 thousand (€530,354 thousand as at 31 December 2019), are broken down as follows:

- the IFRS first-time adoption reserve totalled €510,870 thousand (€545,898 thousand as at 31 December 2019) and is carried as an addition to shareholders' equity. The reserve is divided to show the amounts that have been freed since the creation of the reserve:
 - IFRS first-time adoption reserve – restricted, totalling €462,706 thousand;
 - IFRS first-time adoption reserve – free, totalling €48,164 thousand;
- the cash flow hedge reserve recognised as a reduction of shareholders' equity, for €13,971 thousand (€15,544 thousand as at 31 December 2019), refers to the portion deriving from the closure (in December 2019) of the interest rate hedges, activated in 2017, having met the condition for which they were activated, i.e. the issue of the new bond loan maturing in December 2024. This reserve is charged to the income statement over the life of the loan by recognising financial interest, the effects of which are neutralized (net of the tax component) through comprehensive income.

Net losses carried forward, for €342 thousand (€71,887 thousand as at 31 December 2019), including the profit for the year, break down as follows:

- losses from actuarial reserves for employee benefits, recognised for €29,989 thousand; the change compared to 31 December 2019 (€33,521 thousand) had positive effects on other comprehensive income for €3,532 thousand;
- losses carried forward in relation to the first-time adoption of IFRS 9 and 15 for €3,338 thousand (no change from 31 December 2019);
- profit for the year totalled €32,985 thousand.

9

Non-current liabilities

9.1 Non-current financial liabilities and current portions of non-current financial liabilities

Financial liabilities totalled €309,246 thousand (€663,510 thousand as at 31 December 2019) and can be broken down as follows:

(€/000)	Half-year ended 30 June 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	298,999	-	298,999	298,890	349,620	648,510
M/L-term payables to banks	20	10,006	10,026	5,000	10,000	15,000
Payables to the subsidiary Rai Cinema for derivative instruments	5	216	221	-	-	-
Total	299,024	10,222	309,246	303,890	359,620	663,510

Non-current financial liabilities, including the current portion, decreased by €354,264 thousand compared to 31 December 2019, mainly due to the repayment of the bond issue in May 2020 for a nominal €350 million (see also Note 3.3 "Liquidity risk") and the repayment of an instalment of the EIB loan for €5,000 thousand.

Medium/long-term payables as at 30 June 2020 therefore mainly consisted of a debenture loan for a notional amount of €300 million, maturing in December 2024; the current portion instead mainly referred to an EIB amortising loan maturing in June 2021.

The senior unsecured bond for €300,000 bond was issued by Rai in December 2019 and listed on the Dublin Stock Exchange: It was subscribed by national and international institutional investors, has a nominal rate of 1.375%, matures in December 2024 and contains the usual covenants for issues with investment grade ratings, such as:

- a negative pledge prohibiting the granting of guarantees on other bond issues by the Issuer or its "significant subsidiaries", unless the same guarantees are extended to existing bondholders in circulation;
- A cross-default provisions, whereby in the event of default on debt totalling more than €50 million by the Issuer or its "significant subsidiaries", bondholders may declare default on the bond;
- Change of Control clause permitting bondholders to exercise a put option at par if the Ministry of the Economy and Finance ceases to hold the majority of voting rights exercisable at Ordinary and Extraordinary Shareholders' Meetings of Rai.

On 22 October 2019, Moody's published a rating action confirming the Long-Term Issuer Baa3 of Rai (Investment Grade) and changing the outlook from stable to negative. On 10 August 2020, Moody's announced the completion of the periodic review of the Rai rating, which is expected to be updated in the fourth quarter of the current year.

The EIB loan carries covenants requiring the following balance sheet parameters/ratios to be met in the consolidated annual and half-year financial statements:

- Net financial debt (adjusted by operating lease liabilities), net of receivables from the state for television licence fees/shareholders' equity ≤ 1.3 ;
- Net financial debt (adjusted by operating lease liabilities), net of receivables from the State for television licence fees/EBITDA ≤ 1.0 ;

These ratios, modified in the previous year in agreement with the EIB in order to cancel the effects of the application of IFRS 16 on net financial debt, were met at the reporting date, at 0.48 and 0.30, respectively.

The timing of financial liabilities held (current and non-current) is shown in the table below:

(€/000)	Half-year ended 30 June 2020			Total
	Within 12 months	Between 1 and 5 years	Beyond 5 years	
Bonds	-	298,999	-	298,999
Payables to subsidiaries – current account positions	141,731	-	-	141,731
M/L-term payables to banks	10,006	20	-	10,026
Payables to the subsidiary Rai Cinema for derivative instruments	216	5	-	221
Short-term payables to banks	11	-	-	11
Liabilities for derivatives taken out on behalf of Rai Cinema	14	-	-	14
Other payables	54	-	-	54
Total	152,032	299,024	-	451,056

(€/000)	Year ended 31 December 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	349,620	298,890	-	648,510
Payables to subsidiaries – current account positions	139,470	-	-	139,470
M/L-term payables to banks	10,000	5,000	-	15,000
Payables to the subsidiary Rai Cinema for derivative instruments	173	-	-	173
Liabilities for derivatives taken out on behalf of Rai Cinema	8	-	-	8
Total	499,271	303,890	-	803,161

All medium/long-term debt is held at fixed interest rates.

In compliance with accounting standards, the fair value of significant financial liabilities not recorded in the financial statements according to this criterion was also measured, using the following parameters:

- bond issued by the Company in 2019, maturing in May 2024: the fair value was measured at the market price as at 30 June 2020, equal to 100.9732, including accrued interest, for a countervalue of €302,920 thousand;
- EIB Loan: calculated discounting flows for capital and interest at implicit Euro curve rates at the reporting date increased by the Rai credit spread, estimated based on the base of securities issued by the Italian state, this is essentially in line with the financial statement value.

9.2 Lease liabilities

Non-current financial liabilities, including current portions, totalled €66,097 thousand (€61,390 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Half-year ended 30 June 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Finance lease liabilities	-	5,700	5,700	-	5,700	5,700
Operating lease liabilities	44,551	15,846	60,397	40,257	15,433	55,690
Total	44,551	21,546	66,097	40,257	21,133	61,390

The value of current lease liabilities is represented solely by the current portion of non-current lease liabilities, as short-term asset leases are recognised in the income statement under the item costs for services.

The value of cash outflows from leases as at 30 June 2020 year was equal to €9,328 thousand, plus interest of €390 thousand.

Interest expense accrued on lease liabilities is detailed in Note 11.8 “Financial income and expenses,” to which reference should be made.

Finance lease liabilities, amounting to €5,700 thousand, relate to the exercise of option rights in 2018 for the purchase of the building used as the regional headquarters.

The due dates lease liabilities (current and non-current) are shown below:

(€/000)	Half-year ended 30 June 2020			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Finance lease liabilities	5,700	-	-	5,700
Operating lease liabilities	15,846	38,720	5,831	60,397
Total	21,546	38,720	5,831	66,097

(€/000)	Year ended 31 December 2019			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Finance lease liabilities	5,700	-	-	5,700
Operating lease liabilities	15,433	33,605	6,652	55,690
Total	21,133	33,605	6,652	61,390

9.3 Employee benefits

Employee benefits, which amounted to €390,619 thousand (€400,924 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Provisions for employee severance pay	193,901	198,289
Provisions for supplementary pension benefits	113,158	119,851
Provisions in lieu of the former fixed indemnity for journalists	69,155	68,721
Health insurance fund for Rai senior managers (FASDIR)	14,053	13,699
Others	352	364
Total employee benefits	390,619	400,924

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/000)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Present value of the liability at start of the period	198,289	119,851	68,721	13,699	364
Current cost of defined benefit plans	-	-	-	-	(1)
Current cost of defined contribution plans	19,848	-	-	867	-
Interest expense	613	396	171	42	-
Actuarial (gains)/losses resulting from changes in financial assumptions	95	(170)	1,443	-	-
Actuarial (gains)/losses from past experience	(2,732)	(2,186)	18	-	-
Cost for past performance and gains/losses on settlement	-	-	(93)	-	-
Benefits paid	(2,442)	(4,733)	(1,105)	(555)	(11)
Transfers to external funds for defined contribution plans	(19,872)	-	-	-	-
Other movements	102	-	-	-	-
Present value of the liability at the end of the period	193,901	113,158	69,155	14,053	352

There are no assets servicing the plan.

Costs for employee benefits, as measured using actuarial assumptions and recognised in the income statement, break down as follows:

(€/000)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Current cost of defined benefit plans	-	-	-	-	1
Current cost of defined contribution plans	(19,848)	-	-	(867)	-
Cost of past benefits and gains/losses on settlement	-	-	93	-	-
Interest expense on the liability	(613)	(396)	(171)	(42)	-
Total	(20,461)	(396)	(78)	(909)	1
<i>of which recognised as labour cost</i>	<i>(19,848)</i>	<i>-</i>	<i>93</i>	<i>(867)</i>	<i>1</i>
<i>of which recognised in financial charges</i>	<i>(613)</i>	<i>(396)</i>	<i>(171)</i>	<i>(42)</i>	<i>-</i>

The costs for defined benefit plans recognised in other components of the statement of comprehensive income have a positive economic effect of €3,532 thousand and break down as follows:

(€/000)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Revaluations:					
- Actuarial gains/losses resulting from changes in financial assumptions	(95)	170	(1,443)	-	-
- Actuarial (gains)/losses from past experience	2,732	2,186	(18)	-	-
Total	2,637	2,356	(1,461)	-	-

The main actuarial assumptions adopted are reported below:

Financial assumptions

Average discount rate (1):

– Provisions for employee severance pay	0.35%
– Provisions for supplementary pension benefits for former employees	0.43%
– Provisions for supplementary pension benefits for former senior managers	0.46%
– Provisions in lieu of the former fixed indemnity for journalists	0.29%

Inflation rate:

– Provisions for employee severance pay	1.20%
– Provisions for supplementary pension benefits	1.20%
– Provisions in lieu of the former fixed indemnity for journalists	1.20%

Expected rate of growth in remuneration/benefits (2):

– Provisions for employee severance pay	2.40%
– Provisions for supplementary pension benefits	0.96%
– Provisions in lieu of the former fixed indemnity for journalists	2.70%

Demographic assumptions

Maximum retirement age:

– Provisions for employee severance pay	As per law
– Provisions for supplementary pension benefits	-
– Provisions in lieu of the former fixed indemnity for journalists	As per law

Mortality tables:

– Provisions for employee severance pay	SI 2016 revised
– Provisions for supplementary pension benefits	AS62
– Provisions in lieu of the former fixed indemnity for journalists	SI 2016 revised

Disability tables:

– Provisions for employee severance pay	INPS tables by age and gender
– Provisions for supplementary pension benefits	-
– Provisions in lieu of the former fixed indemnity for journalists	-

Average annual employee leaving rate:

– Provisions for employee severance pay	8.30%
– Provisions for supplementary pension benefits	-
– Provisions in lieu of the former fixed indemnity for journalists	6.00%

Annual probability of advance requests:

– Provisions for employee severance pay	1.50%
– Provisions for supplementary pension benefits	-
– Provisions in lieu of the former fixed indemnity for journalists	-

(1) Measured as the weighted average of the Eur Composite AA June 2020 interest rate curve for 30 June 2020 and Eur Composite AA 2019 for 31 December 2019.

(2) Including inflation.

9.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges, which amounted to €149,128 thousand (€162,863 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Balances as at 31 December 2019	Provisions	Drawdowns	Absorptions	Other movements	Balances as at 30 June 2020
Provisions for legal disputes	52,700	4,826	(4,826)	-	-	52,700
Provisions for building renovation and refurbishment	28,000	-	(131)	-	-	27,869
Provisions for accrued compensation costs	27,152	2,429	-	-	(15,560)	14,021
Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com	7,436	-	(233)	(67)	-	7,136
Provision for write-downs of surplus investments	4,382	281	-	-	-	4,663
Provisions for dismantling and restoration costs	3,990	2	-	-	-	3,992
Provisions for social security disputes	3,000	-	-	-	-	3,000
ISC and ICM provisions Agents	773	22	(12)	(11)	-	772
Other provisions	35,430	1,294	(543)	-	(1,206)	34,975
Total provisions for risks and charges	162,863	8,854	(5,745)	(78)	(16,766)	149,128

Provisions for legal disputes, totalling €52,700 thousand, show the prudential, forecasted estimate of charges for pending lawsuits in which the Company is involved in various ways. Specifically, the figure includes €30,200 thousand in provisions for civil, administrative and criminal litigation (including legal costs) and €22,500 thousand in provisions for labour law disputes.

Provisions for building renovation and refurbishment, totalling €27,869 thousand, show the estimated costs the Company expects to incur primarily in relation to the removal of asbestos containing materials present in buildings owned. The constructive obligation to proceed with the refurbishment and renovation of the aforementioned buildings is connected with Company's expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions.

Provisions for accrued compensation costs, totalling €14,021 thousand, include the overall costs estimated in relation to employment contracts in place.

Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com, totalling €7,136 thousand, refer to the charges associated with the retrocession of income already recognised by the Company in the event that the concessionaires do not collect on the related receivables.

The provision for the write-down of the surplus investment, equal to €4,663 thousand, refers almost entirely to the capital deficit recognised in the financial statements of Rai Corporation in liquidation.

Provisions for dismantling and restoration costs, totalling €3,992 thousand, shows the estimated costs for the dismantling and removal of installations and modifications and the restoration of premises rented by the Company under operating leases which require the lessee to restore the rented premises to their original condition at the end of the lease (where the lease will not be renewed).

Provisions for social security disputes, totalling €3,000 thousand, show the estimated costs connected with pending legal disputes with social security institutions.

ISC (supplementary customer indemnities) and ICM (meritocratic customer indemnities) provisions for agents, totalling €772 thousand, refer to amounts payable to agents upon termination of agency agreements for reasons not attributable to the agent. The provisions are based on estimates that take into consideration the historic data of the Company and growth in the customer portfolio or in business with customers already in portfolio.

9.5 Deferred tax liabilities

Deferred tax liabilities of €55,567 thousand are shown net of deferred tax assets that can be offset amounting to €102,927 thousand. The net balance as at 31 December 2019 recorded deferred tax liabilities of €32,289 thousand.

The nature of the temporary differences that gave rise to deferred tax liabilities and the deferred tax assets eligible for offset is reported in the table below:

(€/000)	Balances as at 31 December 2019	Changes		Balances as at 30 June 2020
		Income statement	Balance sheet	
Statutory/tax differences on property, plant and equipment	(152,759)	943	-	(151,816)
Taxable difference equity investments	(6,695)	17	-	(6,678)
Deferred tax liabilities eligible for offset	(159,454)	960	-	(158,494)
Negative IFRS taxable income	127,165	6,414	(30,652)	102,927
Deferred tax assets eligible for offset	127,165	6,414	(30,652)	102,927
Net deferred tax liabilities	(32,289)	7,374	(30,652)	(55,567)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Deferred tax assets on tax losses carried forward amounted to €102,927 thousand, of which €108 thousand relating to losses recorded in the period by Rai Com, as already reported in Note 6.6 "Deferred tax assets", the use of which is probable in relation to the possibility of offsetting with the taxable amounts contributed by Group companies participating in the tax consolidation and the reversal to the income statement of deferred tax liabilities.

9.6 Other non-current payables and liabilities

Other non-current payables and liabilities are all stated in Euros. Totalling €440 thousand (€550 thousand as at 31 December 2019), they refer entirely to deferred income for the non-current portion of government grants provided by the former Ministry of Communications to support initiatives for the switch-over to digital terrestrial. See Note 10.1 "Trade payables and other current payables and liabilities" for further information on those grants.

Payables to related parties are reported in Note 12.4 "Transactions with related parties".

10

Current liabilities

10.1 Trade payables and Other current payables and liabilities

Trade payables and other current payables and liabilities amounted to a total €1,244,469 thousand (€937,638 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Trade payables	406,977	472,609
Trade payables to subsidiaries	116,022	87,736
Trade payables from joint ventures and associates	1,009	1,460
Total trade payables	524,008	561,805
Payables to personnel	189,091	176,408
Payables to social security institutions	57,120	74,060
Other tax payables	33,703	36,817
Other payables from subsidiaries	4,029	4,050
Other payables accruing for assessments	4,311	4,377
Payables for frequency rights	5,147	-
Other payables	3,948	4,834
Advances:		
– Ordinary licence fees	59,594	66,148
– Other advances	1,453	1,653
Accruals for fees and interest	2,380	3,456
Deferrals:		
– Adjustment to advertising revenues	1,646	2,407
– Licence fees	357,389	651
– Grants for the switch-over to digital terrestrial	415	610
– Other deferrals	235	362
Total other current payables and liabilities	720,461	375,833
Total trade payables and other current payables and liabilities	1,244,469	937,638

The breakdown of trade payables and other payables to subsidiaries, joint ventures and associates is shown in the table below:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	44,691	2,528
Rai Com SpA	15,669	16,053
Rai Pubblicità SpA	1,066	173
Rai Way SpA	54,596	68,982
Trade payables to subsidiaries	116,022	87,736

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Joint ventures and associates:		
Auditel Srl	39	1,051
Tavolo Editori Radio Srl	165	-
Tivù Srl	805	409
Trade payables from joint ventures and associates	1,009	1,460

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	445	445
Rai Pubblicità SpA	1,128	1,128
Rai Way SpA	2,456	2,477
Other payables from subsidiaries	4,029	4,050

Trade payables, totalling €524,008 thousand, fell by €37,797 thousand compared to 31 December 2019.

Other current payables and liabilities increased by €344,628 thousand compared to 31 December 2019, mainly due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

Payables to personnel totalled €189,091 thousand (€176,408 thousand as at 31 December 2019). The figure breaks down as follows:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Untaken paid annual leave	84,370	63,881
Untaken time in lieu	47,824	52,489
Wage and salary assessment	54,906	47,420
Redundancy incentives	470	10,673
Others	1,521	1,945
Payables to personnel	189,091	176,408

Deferrals for grants for the switch-over to digital terrestrial included €415 thousand for the current portion of government grants provided by the former Ministry of Communications between 2007 and 2011 to support initiatives to fast-track the said switch-over process.

Payables to social security institutions totalled €57,120 thousand (€74,060 thousand as at 31 December 2019). The figure breaks down as follows:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Payables to supplementary pension funds for personnel	11,947	24,076
Payables to INPGI	11,157	13,848
Payables to INPS	23,508	25,155
Payables to CASAGIT	1,121	1,459
Contributions on assessed wages and salaries	8,506	9,161
Other payables	881	361
Payables to social security institutions	57,120	74,060

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Group VAT payables	9,127	3,121
Suspended VAT payables	998	1,003
Withholding tax on wages and salaries for employees and contractors, substitution tax and other withholdings	23,578	32,693
Total other tax payables	33,703	36,817

Payables to related parties are reported in Note 12.4 "Transactions with related parties".

10.2 Current financial liabilities

Current financial liabilities totalled €152,032 thousand (€499,271 thousand as at 31 December 2019). The breakdown is shown in the table below:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Bonds	-	349,620
Payables to subsidiaries – current account positions	141,731	139,470
M/L-term payables to banks (current portion)	10,006	10,000
Payables to the subsidiary Rai Cinema for derivative instruments	216	173
Short-term payables to banks	11	-
Liabilities for derivatives taken out on behalf of Rai Cinema	14	8
Other payables	54	-
Total current financial liabilities	152,032	499,271

The breakdown by company of payables to subsidiaries - current account positions is shown in the following table:

(€/000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	4,805	5,683
Rai Com SpA	133,312	126,391
Rai Corporation in liquidation	3,237	3,227
Rai Pubblicità SpA	-	3,917
Rai Way SpA	377	252
Payables to subsidiaries – current account positions	141,731	139,470

The current portions of non-current financial liabilities have already been reported and explained in Note 9.1 "Non-current financial liabilities and current portions of non-current financial liabilities," to which reference should be made.

Derivative instruments recognised at fair value, are broken down below in the liability component, including the current and non-current portions:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
Liabilities for derivatives taken out on behalf of Rai Cinema	14	8
Payables to the subsidiary Rai Cinema for derivative instruments	216	173
Total derivative financial instruments – current portion	230	181
Payables to the subsidiary Rai Cinema for derivative instruments	5	-
Total derivative financial instruments – non-current portion	5	-
Total derivative financial instruments	235	181

Derivative financial liabilities, recorded at fair value, as at 30 June 2020 break down as follows:

- current portion of derivative instruments activated through the mandate granted by Rai Cinema, equal to €14 thousand (€8 thousand as at 31 December 2019) that is recognised in the intercompany accounts as financial debt with the subsidiary, as illustrated in Note 7.3 “Current financial liabilities”. No non-current portions are recognised;
- the current portion of payables to the subsidiary Rai Cinema, equal to €216 thousand (€173 thousand as at 31 December 2019) refers to the hedging instruments (with positive fair value) activated by Rai under the mandate received from Rai Cinema, whose effects transit from the intercompany accounts. The non-current portion amounts to €5 thousand (zero as at 31 December 2019).

Information on risks hedged and on hedging policies is disclosed in Note 3.1 “Market risk”.

10.3 Current income tax liabilities

Current income tax liabilities totalled €10,613 thousand (€30,737 thousand as at 31 December 2019), and refer entirely to payables for IRES from the Group’s tax consolidation.

On this point please note that the Company has opted for a Group taxation scheme under which the obligations connected with the settlement and payment of IRES tax on companies scoped into the tax consolidation arrangement have been transferred to the Group. Procedures for consolidating Group taxable income are governed by a specific agreement between the Parent Company and its subsidiaries, as described in Note 12.4 “Transactions with related parties”, to which reference is made.

Income taxes are reported in Note 11.10 “Income tax”.

11

Income
statement

11.1 Revenue from sales and services

The main items are analysed below:

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
TV licence fees	869,900	922,217
Advertising	240,760	283,423
Other revenue	51,151	59,327
Total revenue from sales and services	1,161,811	1,264,967

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

Licence fees, amounting to €869,900 thousand (€922,217 thousand in the first half of 2019), break down as follows:

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Licence fees for the year – household licences	817,000	817,400
Licence fees for the year – special licences	35,500	43,300
Licence fees collected by enforcement order	6,000	50,144
Licence fees for prior years – household licences	11,400	11,373
Total TV licence fees	869,900	922,217

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the new collection method were used, considering Law 190 of 23 December 2014 (article 1, paragraph 293). This established a reduction of 5%, from 2015, of sums to be paid to Rai to cover the cost of the Public Service being supplied.

The new collection methods were introduced by Law 208 of 28 December 2015 (the “2016 Stability Law”), which provided, in Article 1 (152 et seq.), for TV licence fees for household licences to be charged, as of 1 January 2016, directly in power bills issued by electricity companies, under a separately detailed item.

That law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for power supply to a registered home address, then it can be presumed that the household is in possession of a television set. That presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidation Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 state budget forecasts are to be transferred to Rai in the set proportion of 67% for the year 2016, and 50% for the years 2017 and 2018.

Law no. 145 of 30 December 2018 confirmed, when fully operational, the amount of €90 due for the Rai licence fee for private use and stabilised the allocation to Rai of 50% of the extra revenue.

In relation to the amounts reported above:

- previous year licences - households are related to 2019 licence fees that became known in financial year 2020 as they were paid to the State during the year;

- licence fees collected by enforcement order in the six-month period ended 30 June 2019 include the one-off amount deriving from the adjustment for higher amounts collected by the State through rolls in the years between 2004 and 2015 for €41,344 thousand.

The mechanism for determining the single television licence fee contemplated by the Consolidation Law for audiovisual and radio media ("separate accounting"), designed to ensure that revenue from licence fees is proportional to the costs incurred by Rai, as certified by an independent auditor, for its Public Service operations, has found a shortfall in such revenue for the period 2005-2018 of an amount equal to approximately €2.5 billion. The annual separate accounts relative to 2019 are being prepared.

Advertising

Advertising revenues, for €240,760 thousand (€283,423 thousand in the first half of 2019), break down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Television advertising on general-interest channels:		
– <i>air time</i>	132,270	158,401
– <i>promotions, sponsorships and special initiatives</i>	68,606	77,548
– <i>product placement</i>	2,683	2,994
Television advertising on specialist channels	23,689	28,327
Radio advertising	9,501	13,427
Web advertising	4,926	3,646
Other advertising	54	117
Share due to third parties	(828)	(1,008)
Contingencies	(141)	(29)
Total advertising	240,760	283,423

Other revenue

Other revenue from sales and services, for €51,151 thousand (€59,327 thousand in the first half of 2019), break down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Grant for the development of digital programming under article 1 (paragraph 101) of Law 145/18	19,231	19,231
Special services under convention	18,942	19,942
Sale of patents and trademarks	397	7,176
Distribution and sale of channels	5,690	5,553
Sale of rights	4,022	2,373
Sundry services, mainly for institutional purposes	1,472	2,555
Production and facility services	37	197
Agreements with telephone service providers	-	495
Home video distribution	149	141
Other	968	1,047
Share due to third parties	(240)	(258)
Contingencies	483	875
Total other revenue	51,151	59,327

11.2 Other revenue and income

Other revenue and income, for €11,375 thousand (€12,724 thousand in the first half of 2019) break down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Other income from investees	8,825	9,217
Grants related to income	422	493
Compensation for damages	100	265
Cost recoveries and expense refunds	274	419
Income from real estate investments	101	92
Income from subleasing as per IFRS 16 from Group companies	887	888
Other	768	1,014
Contingencies	(2)	336
Total other revenue and income	11,375	12,724

Other income from investee companies refers to agreements for the supply of services.

11.3 Costs for the purchase of consumables, costs for services and other costs

Costs for the purchase of consumables, costs for services and other costs totalled €599,995 thousand (€726,349 thousand in the first half of 2019). The figure breaks down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Purchases of consumables	4,647	5,754
Costs for services	573,807	697,538
Other costs	21,541	23,057
Total costs for the purchase of consumables, services and other costs	599,995	726,349

The breakdown of costs for services is shown in the table below. The item totalled €573,807 thousand (€697,538 thousand in the first half of 2019), net of discounts and rebates obtained. It includes, inter alia, emoluments, indemnities of office and expense refunds paid to Directors, for a total of €475 thousand, and to Statutory Auditors, for a total of €77 thousand.

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Contractors	59,262	68,210
Programme production services	81,228	106,060
Business travel and accessory personnel costs	10,058	21,198
Signal broadcast and transmission – Rai Way	104,981	105,188
Maintenance, repairs, transport and similar	16,418	19,086
IT system documentation and assistance services	25,928	25,794
Other outsourced services	37,282	41,006
Purchase of showings	124,139	127,509
Rentals and leases	10,742	14,243
Recording rights	50,555	115,116
Rights of use	53,980	54,724
Recovery of expenses	(1,049)	(1,675)
Contingencies	283	1,079
Costs for services	573,807	697,538

In accordance with Article 2427, no. 16-*bis*, of the Civil Code, please note that fees accruing to the period ended 30 June 2020 for services provided by the external auditors for the annual auditing of accounts, for other auditing services, including auditing of the half-year financial report and for non-auditing services amounted to €84 thousand, €24 thousand and €3 thousand respectively.

11.4 HR expenses

HR expenses, which amounted to €464,125 thousand (€472,428 thousand in the first half of 2019), are broken down as follows:

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Wages, salaries and social security costs	439,223	449,922
Employee severance pay	19,848	19,620
Pensions and similar obligations	6,413	6,405
Others	6,302	3,039
HR expenses	471,786	478,986
Costs for redundancy incentives	470	1,607
Recovery of expenses	(2,386)	(2,004)
Capitalised HR expenses	(5,361)	(6,520)
Other HR expenses	(7,277)	(6,917)
Contingencies and releases of provisions	(384)	359
Total HR expenses	464,125	472,428

The item includes €20,715 thousand of charges for defined contribution plans and €94 thousand of income from defined benefit plans and past benefits, as reported in Note 9.3 “Employee benefits”.

The Company applies four Collective Bargaining Agreements, respectively the CCL for labour for middle managers, office staff and workers, the CCL for orchestra musicians, the national Bargaining Agreements for Journalists, applied in Rai in compliance with the method in a "Convention extended the CNLG to Rai" and the relative Addendum Agreement with Usigrai for journalist personnel, the CCNL for managers of companies producing goods and services and the relative Addendum Agreement between Rai and ADRai.

With respect to those agreements, we report that:

- the collective bargaining agreement for middle managers, office staff and workers was renewed, by agreement made on 28 February 2018, for the period 2014–2016 and, on an exceptional basis, for 2017 and 2018;
- the collective bargaining agreement for orchestra musicians was renewed, by agreement on 28 June 2018, for the three-year period 2014-2016 and, on an exceptional basis, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai and Unindustria Roma signed a Convention for the Extension of the National Collective Bargaining Agreement for Journalists to Rai, with the Rai journalists trade union, Usigrai and the National Press Federation, FNSI. the Rai–Usigrai Addendum Agreement expired on 31 December 2013;
- for personnel employed as senior managers, the collective bargaining agreement for the period 1 January 2019-31 December 2023 is still in force, while the Rai–ADRAI Addendum Agreement for the period 2017-2019 was renewed on 6 July 2018.

The average number of Company employees is shown below by employment category:

	Half-year ended 30 June 2020			Half-year ended 30 June 2019		
	Permanent employees (average no.) ⁽¹⁾	Temporary employees (average no.)	Total	Permanent employees (average no.) ⁽¹⁾	Temporary employees (average no.)	Total
Senior managers ⁽²⁾	255	-	255	275	-	275
Middle managers	1,324	-	1,324	1,183	-	1,183
Journalists	1,818	20	1,838	1,755	111	1,866
Administrative and production employees ⁽³⁾	6,986	55	7,041	6,938	185	7,123
Workers	872	4	876	879	14	893
Orchestra musicians and other artists	114	2	116	105	5	110
Total	11,369	81	11,450	11,135	315	11,450

(1) Of which apprentices

390

310

(2) The figure includes top managers engaged under temporary employment contracts.

(3) The figure also includes technicians and general practitioners

The average number of employees was calculated as the arithmetic mean of the daily number of employees over the reporting period, weighted to account for part-time employees. The average number of employees includes personnel on permanent and fixed-term employees.

11.5 Impairment of financial assets

This item recognises impairment losses (including recoveries) of financial assets, which include all assets of a contractual origin that give right to receiving cash flows (including trade receivables).

This item shows a positive economic effect as at 30 June 2020 of €108 thousand (negative for €332 thousand in the first half of 2019), determined by the use of the provision for write-downs of trade receivables.

The funds detailed below are already illustrated in Note 7.2 "Trade receivables", to which reference should be made.

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Trade receivables	108	(242)
Receivable from subsidiary Rai Com SpA	-	(90)
Total impairment of financial assets	108	(332)

11.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs, including any reversal of impairment, amounted to €144,779 thousand (€131,270 thousand in the first half of 2019) and are broken down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Property, plant and equipment:		
Buildings	6,185	6,037
Plant and machinery	22,975	23,247
Industrial and commercial equipment	1,011	888
Other assets	3,092	2,835
Total depreciation of property, plant and equipment	33,263	33,007
Lease rights of use:		
Buildings	6,676	6,780
Other assets	1,456	1,409
Total depreciation of lease rights of use	8,132	8,189
Intangible assets:		
Programmes	70,712	76,996
Software	3,549	3,463
Trademarks	1	3
Other rights	-	25
Total amortisation of intangible assets	74,262	80,487
Total amortisation and depreciation	115,657	121,683
Programmes under amortisation	29,099	8,493
Programmes in progress	556	1,150
Other intangible assets	-	-
Equity investments recognised at cost	9	135
Other non-current receivables and assets	30	-
Current income tax receivables	(575)	-
Other current receivables and assets	3	(191)
Total write-downs	29,122	9,587
Total depreciation, amortisation and write-downs	144,779	131,270

11.7 Provisions

The item, recognising provisions for risks and charges and any risks not classifiable under specific income statement items, shows net provisions for €2,205 thousand (€476 thousand in the first half of 2019), caused by provisions for €2,272 thousand, offset by releases for €67 thousand.

11.8 Financial income and expenses

Net financial income, which amounted to €63,576 thousand (€52,751 thousand in the first half of 2019), are broken down as follows:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Financial income:		
Dividends	70,404	58,240
Interest income from subsidiaries	2,228	1,715
Interest income from banks	22	52
Interest income from joint ventures – San Marino RTV	11	8
Interest on securities	2	2
Foreign exchange gains	61	14
Others	15	45
Total financial income	72,743	60,076
Financial expense:		
Interest on employee benefit liabilities	(1,222)	(2,463)
Interest expense on bonds	(6,228)	(3,054)
Interest expense due to banks	(167)	(330)
Interest expense on lease contracts	(399)	(382)
Foreign exchange losses	36	(58)
Interest expense due to subsidiaries	(9)	(34)
Others	(1,178)	(1,004)
Total financial expense	(9,167)	(7,325)
Net financial income (expense)	63,576	52,751

Details of dividends are shown below:

(€/000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Rai Cinema SpA	14,008	-
Rai Com SpA	7,191	11,311
Rai Pubblicità SpA	8,047	8,121
Rai Way SpA	41,158	38,808
Total dividends	70,404	58,240

11.9 Earnings from investments recognised at equity

The result of investments measured using the equity method shows a charge of €155 thousand (income of €380 thousand in the first half of 2019), broken down as follows:

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Auditel Srl	-	20
Euronews SA	(368)	-
San Marino RTV SpA	(214)	(119)
Tivù Srl	427	479
Total effect of recognition under the equity method	(155)	380

The breakdown of the change in equity investments recognised under the equity method is reported in Note 6.4 “Equity investments”.

11.10 Income tax

Income taxes payable totalled a positive €7,374 thousand (€14,002 thousand in the first half of 2019) due to the effect of deferred taxes. The figure breaks down as follows:

(€/’000)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
IRES	-	-
IRAP	-	-
Total current taxes	-	-
Deferred tax liabilities	960	999
Deferred tax assets	6,414	13,003
Total deferred taxes	7,374	14,002
Total tax for the period	7,374	14,002

For IRES purposes, in the first half of 2020, as well as in the first half of 2019, the Company recognised tax losses for which deferred tax assets have been allocated and which have had a positive effect on profit or loss.

12.1 Guarantees

Other guarantees given, which amounted to €23,169 thousand (€37,658 thousand as at 31 December 2019), are broken down as follows:

(€/’000)	Half-year ended 30 June 2020			Year ended 31 December 2019		
	Personal guarantees Surety guarantees	Collateral	Total	Personal guarantees Surety guarantees	Collateral	Total
Subsidiaries	18,353	-	18,353	32,842	-	32,842
Joint ventures and associates	2,582	-	2,582	2,582	-	2,582
Others	-	2,234	2,234	-	2,234	2,234
Total	20,935	2,234	23,169	35,424	2,234	37,658

12

Other
information

Guarantees provided included the recognition of an obligation to pay, guaranteeing the early repayment of €17,157 thousand of surplus VAT (€31,563 thousand as at 31 December 2019) by subsidiaries, undertaken with Inland Revenue.

The Company has also recognised €301,631 thousand of guarantees provided by third parties (€392,240 thousand as at 31 December 2019) on commercial and financial obligations held by the Company. Those guarantees mainly consist of:

- guarantees received from various banks and insurance institutions for:
 - the purchase of goods and services;
 - full performance of contracts for the production of radio and television productions;
- guarantees provided by third parties on obligations held by the Company:
 - for payables - surety guarantee on the medium/long-term EIB loan;
 - for other obligations – mainly surety guarantees issued to the Inland Revenue to guarantee prize competitions, for surety issued for the 2020 Olympic Games, for qualifications at the 2020 European football Championships and 2022 World football Championships.

12.2 Commitments

The main commitments, including long-term commitments, connected with products or with technological development and modernisation initiatives and in place at the reporting date are reported in the table below:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Sports broadcasting rights	228.3	254.4
Investments in drama and cartoons	71.9	108.5
Rights and services for the production of programmes	13.7	42.7
Technical investments	50.8	27.8
Total commitments	364.7	433.4

12.3 Contingent liabilities

The Company is a party to civil, administrative, labour law and social security lawsuits connected with its ordinary business activities.

Civil and administrative litigation involving the Company is primarily connected with the production and public broadcasting of radio and television programmes. Almost all civil litigation concerns claims for damages, mostly in connection with alleged defamation and infringement of personality rights, while claims for damages under administrative law usually concern disputes over tender awards in which the equivalent compensation claim is usually a subsidiary application to the main application for the annulment of the tender decision and, in some cases, the award of the contract.

If, on the basis of analyses conducted on such kinds of litigation:

- information is available, at the time of preparation of the financial statements, suggesting it is likely that a liability will arise;
- possibility to estimate the expenses sufficiently reasonably, considering the *petitum attoreo*, the relative expense is registered through a provision to the provisions for legal disputes.

In relation to labour law and social security matters, the Company is a party to a considerable number of lawsuits, mainly concerning claims for reinstatement, applications for investigations into the alleged use of fictitious intermediaries in the procurement of labour, applications for higher level employment grades and categories, compensation claims for alleged demotion and alleged non-fulfilment of social security obligations under employment contracts or collective bargaining agreements. For the purposes of determining the amount of provisions to be allocated, given the large number of pending lawsuits and the consequent difficulty in assessing the contingent liability for each, the cases are subdivided into three categories in relation to their status and any appeal rulings handed down – lawsuits pending in courts of first instance.

Note 9.4 “Provisions for non-current risks and charges” details provisions made for that occurrence.

On the basis of information currently available, the Company believes that provisions for risks are adequate.

12.4 Transactions with related parties

Transactions between the Company and related parties are reported below; as identified on the basis of the criteria provided by IAS 24 “*Related Party Disclosures*”.

The Company has dealings mainly of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- Key management personnel (“Senior Management”);
- other associates and joint ventures with which the Company has an interest as indicated in Note 6.4 “Equity investments”; companies under the control or joint control of Senior Management and bodies that manage benefit plans after the work relationship ends and solely for Rai Group employees (“Other related parties”).

Although related party transactions are conducted at arm's length, there is no guarantee that if those transactions were negotiated and pursued with or between third parties, the relative contracts, and the transactions themselves, would stipulate the same terms and conditions.

“Senior management” means key management personnel with the power and direct or indirect responsibility for the planning, management and control of Company business, including therein the members of the Board of Directors of the Company. For information on emoluments paid to statutory auditors, see Note 11.3 “Costs for the purchase of consumables, costs for services and other costs”.

The following tables detail the balance sheet totals as at 30 June 2020 and as at 31 December 2019 and the income effects of transactions between the Company and related parties conducted in the half-year periods ended 30 June 2020 and 30 June 2019:

(€/’000)	Subsidiaries	Senior Management	Other related parties	Total
Lease-use rights				
As at 30 June 2020	87	-	-	87
As at 31 December 2019	103	-	-	103
Trade receivables				
As at 30 June 2020	209,657	-	343	210,000
As at 31 December 2019	278,180	-	163	278,343
Current financial assets				
As at 30 June 2020	274,555	-	1,385	275,940
As at 31 December 2019	157,785	-	183	157,968
Other current receivables and assets				
As at 30 June 2020	54,267	8	208	54,483
As at 31 December 2019	36,529	-	-	36,529
Non-current financial liabilities				
As at 30 June 2020	(6)	-	-	(6)
As at 31 December 2019	-	-	-	-
Non-current lease liabilities				
As at 30 June 2020	(58)	-	-	(58)
As at 31 December 2019	(74)	-	-	(74)
Employee benefits				
As at 30 June 2020	-	(4,592)	(14,053)	(18,645)
As at 31 December 2019	-	(4,118)	(13,699)	(17,817)
Trade payables				
As at 30 June 2020	(116,022)	-	(1,009)	(117,031)
As at 31 December 2019	(87,736)	-	(1,460)	(89,196)
Current financial liabilities				
As at 30 June 2020	(141,946)	-	-	(141,946)
As at 31 December 2019	(139,642)	-	-	(139,642)
Current lease liabilities				
As at 30 June 2020	(38)	-	-	(38)
As at 31 December 2019	(32)	-	-	(32)
Other current payables and liabilities				
As at 30 June 2020	(7,081)	(7,292)	(7,605)	(21,978)
As at 31 December 2019	(6,815)	(7,872)	(15,128)	(29,815)

(€/’000)	Subsidiaries	Senior Management	Other related parties	Total
Revenue from sales and services				
As at 30 June 2020	269,433	-	305	269,738
As at 30 June 2019	319,931	-	290	320,221
Other revenue and income				
As at 30 June 2020	10,074	-	13	10,087
As at 30 June 2019	10,764	-	15	10,779
Costs for the purchase of consumables				
As at 30 June 2020	-	-	-	-
As at 30 June 2019	-	-	-	-
Costs for services				
As at 30 June 2020	(233,827)	(570)	(5,768)	(240,165)
As at 30 June 2019	(235,042)	(616)	(5,786)	(241,444)
Other costs				
As at 30 June 2020	(168)	-	-	(168)
As at 30 June 2019	(216)	-	-	(216)
HR expenses				
As at 30 June 2020	2,369	(8,627)	(6,314)	(12,572)
As at 30 June 2019	1,820	(8,005)	(5,972)	(12,157)
Impairment of financial assets				
As at 30 June 2020	-	-	-	-
As at 30 June 2019	(90)	-	-	(90)
Depreciation, amortisation and write-downs				
As at 30 June 2020	(16)	-	-	(16)
As at 30 June 2019	(16)	-	-	(16)
Financial income				
As at 30 June 2020	72,632	-	11	72,643
As at 30 June 2019	59,955	-	8	59,963
Financial expense				
As at 30 June 2020	(10)	-	(1)	(11)
As at 30 June 2019	(36)	-	-	(36)

With regard to the description of the main agreements in place between the Rai and the subsidiaries, associated companies and joint ventures identified above, reference should be made to the specific paragraph in the Notes to the Separate Financial Statements of the Report and Financial Statements as at 31 December 2019, with the exception of the following paragraphs.

Tax consolidation arrangement

The Rai Group has a “national tax consolidation” arrangement in place for IRES tax purposes, as permitted under Articles 117 et seq. of the Italian Income Tax Code and governed by Ministerial Decree of 9 June 2004.

As of the 2017 tax year, the option to join the arrangement will be tacitly renewed without the need for notification.

The tax and equity arrangements between the participating companies are governed by a specific agreement made between the parties, which is updated in the light of relative legislative amendments applicable under the agreement.

As a result of the national tax consolidation arrangement, Rai held receivables from the participating companies totalling €43,437 thousand as at 30 June 2020.

Group VAT offsetting

The Company has adopted the procedure contemplated by Ministerial Decree of 13 December 1979, providing implementing rules for the provisions of article 73, last paragraph, of Presidential Decree 633 of 26 October 1972, for the offsetting of Group VAT.

The option to apply the Group VAT procedure is valid for one year and was exercised by Rai and all its Italian subsidiaries until 31 December 2020. Tax and equity arrangements under the procedure are governed by a specific agreement between the parties.



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Subsequent
events

No relevant event to report.

14.1 Equity investments held by Rai in subsidiaries, joint ventures and associates

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Appendix

The following table sums up information on Companies Rai has investments in.

Values as at 30 June 2020								
	Registered office	No. shares/ units held	Nominal value (Euros)	Share capital (in €/'000)	Shareholders' equity (in €/'000)	Profit (loss) (in €/'000)	Equity interest held %	Carrying amount (in €/'000)
Subsidiaries								
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	267,158	4,470	100.00%	267,848
Rai Com SpA	Rome	2,000,000	5.16	10,320	108,226	2,019	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 ⁽¹⁾	500 ⁽²⁾	(4,382) ⁽³⁾	5 ⁽⁴⁾	100.00%	- ⁽⁵⁾
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	31,885	2,279	100.00%	31,082
Rai Way SpA	Rome	176,721,110	- ⁽⁶⁾	70,176	153,668	32,761	64.971%	506,260
Total								912,346
Joint ventures and associates								
Audiradio Srl (in liquidation)	Milan	69,660	1.00	258	(33) ⁽⁷⁾	- ⁽⁷⁾	27.00%	- ⁽⁸⁾
Auditel Srl	Milan	99,000	1.00	300	2,717 ⁽⁷⁾	458 ⁽⁷⁾	33.00%	897
Euronews SA	Lyon (F)	55,271	15.00	32,860	(10,816)	(14,600)	2.52%	- ⁽⁹⁾
Player Editori Radio Srl	Milan	1,390	1.00	10	38 ⁽⁷⁾	28 ⁽⁷⁾	13.90%	5
San Marino RTV SpA	San Marino (RSM)	500	516.46	516	3,397	(278)	50.00%	1,624
Tavolo Editori Radio Srl	Milan	1	1,580.00	160	432 ⁽⁷⁾	264 ⁽⁷⁾	13.90%	60
Tivù Srl	Rome	1	482,500.00	1,002	3,418	887	48.16%	1,646
Total								4,232

(1) Values in USD.

(2) Values in USD/'000.

(3) USD (- 4,906,492) at the exchange rate of 30 June 2020 of Euro/USD 1:1198.

(4) USD (6,058) at the exchange rate of 30 June 2020 of Euro/USD 1:1198.

(5) The balance sheet deficit of €4,382 thousand is covered by provisions for charges of an equal amount.

(6) Ordinary shares with no stated par value.

(7) As per financial statements as at 31 December 2019, the last available.

(8) The balance sheet deficit of €9 thousand is covered by provisions for charges of an equal amount.

(9) The balance sheet deficit of €273 thousand is covered by provisions for charges of an equal amount.

14.2 Net financial position

Net financial position, as measured in accordance with the recommendations of paragraph 127 of the ESMA document no. 319 of 2013, implementing Regulation (EC) No 809/2004, is reported in the table below:

(€/’000)	Half-year ended 30 June 2020	Year ended 31 December 2019
A. Cash	298	295
B. Other cash equivalents	68,046	163,969
C. Securities held for trading	-	-
D. Liquidity (A + B + C)	68,344	164,264
E. Current financial receivables	283,357	163,432
F. Current bank debt	(11)	-
G. Current portion of long-term loans (*)	(10,006)	(359,620)
H. Other current financial debt	(163,560)	(160,783)
I. Current financial debt (F+G+H)	(173,577)	(520,403)
J. Net current financial position (I+E+D)	178,124	(192,707)
K. Non-current bank debt	(20)	(5,000)
L. Bonds issued	(298,999)	(298,890)
M. Other non-current financial debt	(44,555)	(40,257)
N. Non-current financial debt (K+L+M)	(343,574)	(344,147)
O. Net financial position (J+N)	(165,450)	(536,854)
Of which operating lease liabilities	(60,396)	(55,690)
Net financial position excluding operating lease liabilities	(105,054)	(481,164)

(*) 31 December 2019: the value includes €349,620 thousand relating to the bond issued in May 2015 with a nominal amount of €350 million, maturing in May 2020.

Certification pursuant to article 154- *bis* of Italian Legislative Decree 58/98

The undersigned Fabrizio Salini, in the capacity as Chief Executive Officer, and Massimo Cappelli, in the capacity as Manager in charge of drawing up the corporate accounting documents of RAI Radiotelevisione italiana SpA, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, hereby attest:

- the adequacy in relation to the characteristics of the Company, and
- the actual application

of administrative and accounting procedures in preparing the Separate Interim Financial Statements as at 30 June 2020 during the first half of 2020.

The administrative and accounting procedures and operating practices in place have been applied in a manner consistent with the internal administrative and accounting control system to ensure the achievement of the objectives required by the applicable regulatory framework.

It is also attested that:

- the Separate Interim Financial Statements as at 30 June 2020 of RAI Radiotelevisione italiana SpA:
 - a) have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) are suitable to provide a true and fair representation of the equity, economic and financial position of the issuer.
- the Report on Operations includes a reliable analysis of the trends and results of operations, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 14 October 2020

Fabrizio Salini
Chief Executive Officer

Massimo Cappelli
*Manager in charge of drawing up
the corporate accounting documents*

Independent Auditor's Report

To the Board of Directors of RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying interim financial statements of RAI – Radiotelevisione italiana SpA, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related explanatory notes as of 30 June 2020. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the interim financial statements that give a true and fair view in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of RAI – Radiotelevisione italiana SpA as of 30 June 2020 do not give a true and fair view of the financial position, the result of operations and cash flows of RAI – Radiotelevisione italiana SpA, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

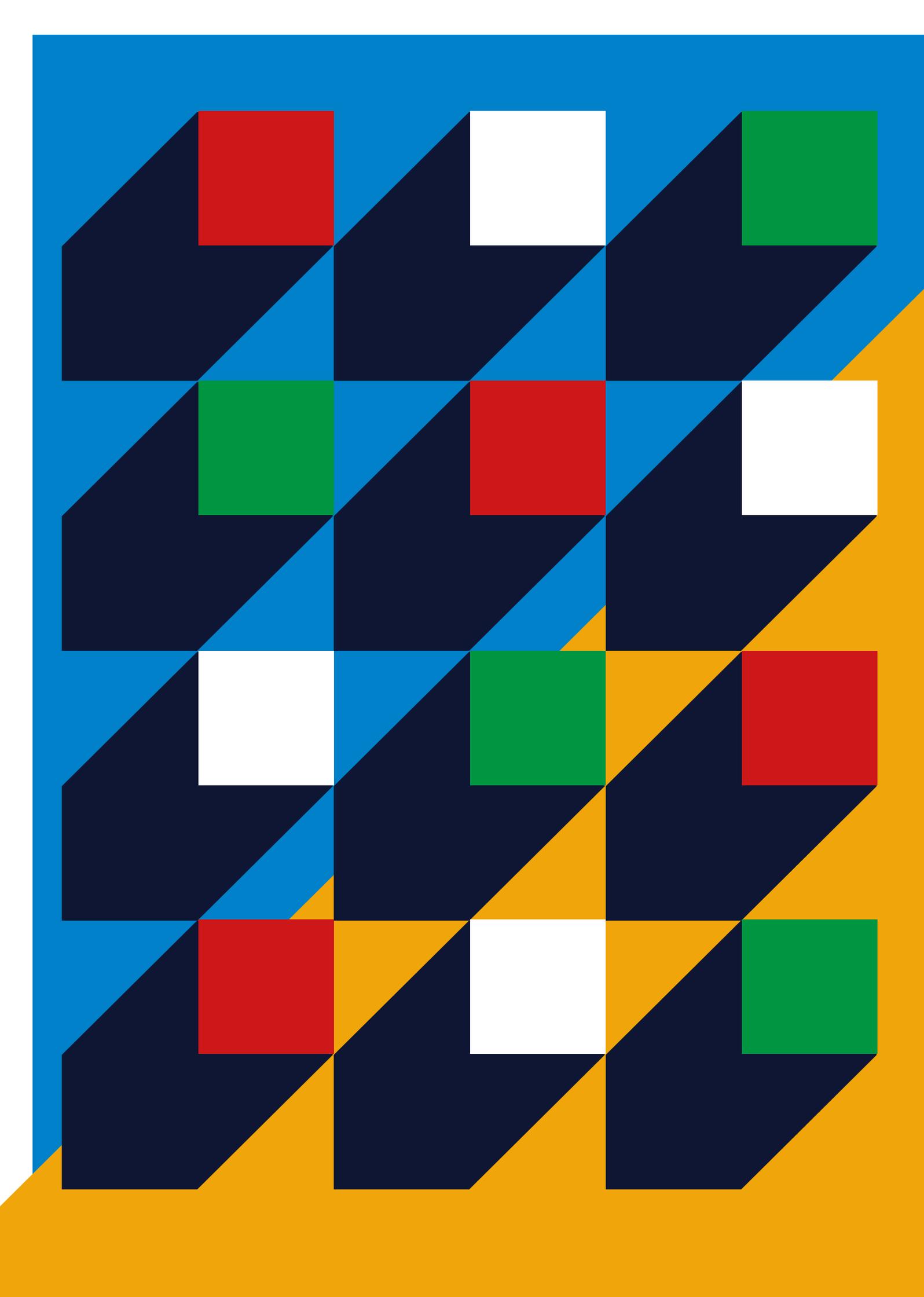
Rome, 19 October 2020

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.



**Interim
Consolidated
Financial
Statements
as at 30 June 2020**

Analysis of the consolidated results and performance of operating results, financial position and cash flows of the financial year 2020

Reclassified statements

Income statement

(€/million)	June 2020	June 2019	Change
Revenue	1,245.4	1,365.9	(120.5)
External costs	(425.6)	(560.0)	134.4
HR expenses	(513.1)	(521.1)	8.0
EBITDA	306.7	284.8	21.9
Depreciation, amortisation and write-downs	(281.1)	(271.4)	(9.7)
Provisions	(2.2)	0.8	(3.0)
EBIT	23.4	14.2	9.2
Net financial expenses	(9.2)	(7.1)	(2.1)
Earnings from equity investments recognised at equity	(0.2)	0.4	(0.6)
Pre-tax profit/(loss)	14.0	7.5	6.5
Income tax	(9.2)	(4.2)	(5.0)
Result for the period	4.8	3.3	1.5
of which attributable to minority interests	11.6	11.4	0.2
Other comprehensive income	5.2	(29.3)	34.5
Total result for the period	10.0	(26.0)	36.0
of which attributable to minority interests	11.6	11.1	0.5

Capital structure

(€/million)	30 June 2020	31 December 2019	Change
Fixed assets	2,037.6	2,080.4	(42.8)
Net working capital	(773.1)	(507.9)	(265.2)
Provisions for risks and charges	(177.7)	(197.5)	19.8
Employee benefits	(411.3)	(422.0)	10.7
Net invested capital	675.5	953.0	(277.5)
Equity	399.6	411.7	(12.1)
Net financial debt excluding operating lease liabilities	191.4	469.4	(278.0)
Operating lease liabilities	84.5	71.9	12.6
Net financial debt	275.9	541.3	(265.4)
Total	675.5	953.0	(277.5)

The financial statements for the first half of 2020 show a net profit of €4.8 million, improving on the result for the same period of 2019 (profit of €3.3 million).

Some summary information on the main items of the income statement and equity structure is provided below, along with the reasons for the most significant variances compared to the figures of the previous period.

Income statement

Revenue

This is made up of licence fees, advertising proceeds and other trade revenue, totalling €1,245.4 million, down by €120.5 million (+8.8%).

Revenue

(€/million)	June 2020	June 2019	Change
TV licence fees	869.9	922.2	(52.3)
Advertising	278.0	327.1	(49.1)
Other revenue	97.5	116.6	(19.1)
Total	1,245.4	1,365.9	(120.5)

TV licence fees

TV licence fees amounted to €869.9 million, up by €52.3 million (+5.7%) compared to the previous financial year, as seen in the table below.

TV licence fees

(€/million)	June 2020	June 2019	Change
Licence fees for the year – household licences	812.2	811.6	0.6
Ordinary licence fee exemptions	4.8	5.8	(1.0)
Licence fees of the year – ordinary	817.0	817.4	(0.4)
Licence fees of the year – special	35.5	43.3	(7.8)
Licence fees collected by enforcement order - ordinary licence fees collected by the State in the period	4.5	6.0	(1.5)
Adjustment of past ordinary licences collected by enforcement order – collected by the State from 2004 to 2015	0.0	41.3	(41.3)
Licence fees collected by enforcement order – special licences	1.5	2.8	(1.3)
Licence fees collected by enforcement order	6.0	50.1	(44.1)
Contingencies on ordinary licence fees	11.4	11.4	0.0
Total	869.9	922.2	(52.3)

The decrease in the item was the result of licence fees collected by enforcement order, mainly due to the recognition in the first half of 2019 of a lump sum for the higher amounts collected by the State through rolls in the years between 2004 and 2015 for €41.3 million, to special licences, down by €7.8 million.

Advertising

The advertising market in the first six months of 2020 was heavily affected by the effects of the COVID-19 epidemic with a 26.8% decrease compared to the first half of 2019, adjusted to -22.4% if OTT (Nielsen estimates) are also considered.

In detail, television recorded a 22.3% reduction, radio a 37.4% reduction, while the Internet appears to be the medium that recorded a less significant decrease during lockdown (-15.8%).

In this context, considerably influenced by the effects of the health emergency, Rai Group's advertising revenues, amounting to €278.0 million, details of which are shown in the table below, fell by €49.1 million compared to the first half of 2019 (-15.0%).

Advertising

(€/million)	June 2020	June 2019	Change
Television advertising on general-interest channels:			
– air time	149.8	179.5	(29.7)
– promotions, sponsorships and other initiatives	80.8	90.8	(10.0)
	230.6	270.3	(39.7)
Television advertising on specialist channels	26.8	32.1	(5.3)
Radio advertising	10.8	15.2	(4.4)
Cinema advertising	1.1	2.4	(1.3)
Web advertising	9.1	7.0	2.1
Other advertising	1.3	1.1	0.2
Share due to third parties	(1.5)	(1.0)	(0.5)
Contingencies	(0.2)	0.0	(0.2)
Total	278.0	327.1	(49.1)

Other revenue

This item amounted to €97.5 million, a decrease of €19.1 million (-16.4%) compared to the period under review.

A breakdown of this item is shown in the table below.

Other revenue

(€/million)	June 2020	June 2019	Change
Special services under convention	22.0	23.0	(1.0)
Fulfilment of service contract obligations and digital programming development - Law 145/2018	19.2	19.2	0.0
Sale of music rights and editions	26.2	26.3	(0.1)
Film and home video distribution	10.2	13.5	(3.3)
Distribution and sale of channels	6.7	6.5	0.2
Sale of patents and trademarks	0.7	11.9	(11.2)
Fees for hosting plant and equipment	14.6	15.2	(0.6)
Sundry services, mainly for institutional purposes	1.7	3.8	(2.1)
Signal diffusion services, rental of circuits, radio links and connections	1.5	1.4	0.1
Interactive telephone	0.0	0.2	(0.2)
Grants related to income	1.1	1.6	(0.5)
Other	5.3	5.9	(0.6)
Share of sales due to third parties	(12.9)	(13.9)	1.0
Contingencies	1.2	2.0	(0.8)
Total	97.5	116.6	(19.1)

The decrease compared to the first half of 2019 is mainly attributable to the items:

- marketing of patents and trademarks (-€11.2 million) due to revenues in the first half of 2019 from the licensing of patents essential for the DVB-T2 standard owned by Rai, and
- cinema and home video distribution (€-3.3 million) determined by the measures to contain the COVID-19 pandemic, including the immediate closure of cinemas provided for by the Prime Minister's Decree of 8 March 2020, which effectively stopped all activities related to the sector.

With regard to the trends shown above, other revenue accounted for an increase of 2.3 percentage points compared to 2019, at the expense of advertising (-1.6 p.p.) and advertising (-0.7 p.p.), as shown in the table below.

Percent of revenue

	June 2020	June 2019
TV licence fees	69.9%	67.6%
Advertising	22.3%	23.9%
Other revenue	7.8%	8.5%
Total	100.0%	100.0%

Operating costs

These are made up of external costs and HR expenses, meaning both internal and external costs pertaining to the Group's ordinary business except for those concerning financial management.

The item totalled €938.7 million, down by €142.4 million (-13.2%) compared to the first half of 2019. The reasons for this are illustrated below.

External costs

These amounted to €425.6 million and included the purchases of goods and the supply of services necessary to produce programmes of immediate use (purchases of consumables, external services, artistic collaboration agreements, etc.), the sports event recording rights, copyrights, operating costs and other management-related costs (indirect taxes, contributions payable to the control authorities, etc.).

This item, which is detailed in the table below, shows a decrease of €134.4 million (-24.0%) compared with the first half of 2019, as a result of the regulatory measures taken to contain the COVID-19 pandemic, with heavy repercussions on production activities.

External costs

(€/million)	June 2020	June 2019	Change
Purchases of materials	5.3	6.6	(1.3)
Costs for services			
Contractors	61.0	70.1	(9.1)
Services for programme acquisition and production	86.2	112.6	(26.4)
Business travel and accessory personnel costs	10.9	23.0	(12.1)
Maintenance, repairs, transport and similar	19.6	23.0	(3.4)
IT system documentation and assistance services	27.6	27.6	0.0
Other outsourced services (telephone, supply, cleaning, postal, insurance etc.)	64.2	74.5	(10.3)
Rent payable and leases	25.7	31.4	(5.7)
Recording rights (mainly sports broadcasting rights)	50.7	116.3	(65.6)
Rights of use	53.7	55.0	(1.3)
Recovery of expenses	(3.0)	(7.5)	4.5
Contingencies	(0.1)	1.9	(2.0)
	396.5	527.9	(131.4)
Other costs	23.8	25.5	(1.7)
Total	425.6	560.0	(134.4)

The reduction in recovery rights (-€65.6 million) is particularly significant and was due to sporting events not being held. Specifically, the biggest reductions compared to the first half of 2019 refer to the matches of the National football team (-€20.9 million), the postponement to July of the end of the football championship (-€4.7 million) and the postponement to the second half of the year of the Giro d'Italia and other classic cycling events (-€9.2 million).

Reference is also made to the savings relative to the Champions League, which was not acquired for the 2019-2020 season (-€23.1 million compared to the first half of 2019).

HR expenses

This item amounted to €513.1 million, down by €8.0 million (-1.5%) compared to the first half of 2019.

HR expenses

(€/million)	June 2020	June 2019	Change
Wages, salaries and social security costs	483.5	495.3	(11.8)
Employee severance pay provisions	22.0	21.8	0.2
Pensions and similar obligations	7.3	7.3	0.0
Others	6.9	3.6	3.3
	519.7	528.0	(8.3)
Redundancy incentives	1.5	1.6	(0.1)
Recovery of expenses	(0.2)	(0.2)	0.0
Capitalised HR expenses	(7.4)	(8.5)	1.1
Contingencies	(0.5)	0.2	(0.7)
	(6.6)	(6.9)	0.3
Total	513.1	521.1	(8.0)

In detail, a decrease of €11.8 million (-2.4%) was recorded in remuneration and social security charges mainly due to the aforementioned lockdown, which led to the containment of variable components of remuneration (such as overtime, bonuses, etc.).

The **average number of employees** in service during the period, including temporary staff, was 12,677, up by 16 compared to the first half of 2019; specifically, the number of employees on a temporary contract went down by 258, with the number of employees on a permanent contract going up by 274.

Personnel in service as at 30 June 2020 consisted of 12,719 employees (including permanent personnel, temporary senior management and apprenticeship contracts) and 78 temporary staff. The decrease of 7 employees compared to 31 December 2019 was due to 129 staff members leaving, of whom 36 due to incentives, and to the hiring of 122 staff members, of whom 102 temporary staff, and 4 following lawsuits.

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €306.7 million, up €21.9 million compared to the first half of 2019.

Depreciation, amortisation and write-downs

The balance of the item amounted to €281.1 million, up €9.7 million (+3.6%) compared to the first half of 2019 and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

Depreciation, amortisation and write-downs

(€/million)	June 2020	June 2019	Change
Amortisation and depreciation			
Of programmes			
Drama	125.3	138.0	(12.7)
Films	47.0	49.4	(2.4)
Cartoons	7.6	5.6	2.0
Others	2.6	2.3	0.3
	182.5	195.3	(12.8)
Of property, plant and equipment			
Buildings	6.8	8.5	(1.7)
Plant and machinery	37.4	35.9	1.5
Industrial and commercial equipment	1.6	1.5	0.1
Other assets	3.3	3.0	0.3
	49.1	48.9	0.2
Of real estate investments	0.1	0.1	0.0
Of intangible assets			
Software	5.1	4.4	0.7
Other rights	0.1	0.2	(0.1)
	5.2	4.6	0.6
Lease rights of use			
Buildings	10.3	10.3	0.0
Other assets	1.8	1.8	0.0
	12.1	12.1	0.0
Total amortisation and depreciation	249.0	261.0	(12.0)
Write-downs (write-backs)			
Of intangible assets			
Programmes under amortisation	29.6	9.0	20.6
Programmes in progress	0.6	1.2	(0.6)
	30.2	10.2	20.0
Of other non-current assets	0.2	(0.7)	0.9
Trade receivables	2.3	1.1	1.2
Current income tax receivables	(0.6)	0.0	(0.6)
Other receivables	0.0	(0.2)	0.2
Of trade receivables and other current assets	1.7	0.9	0.8
Total write-downs	32.1	10.4	21.7
Total depreciation, amortisation and write-downs	281.1	271.4	9.7

Provisions

The item, which recognises the provisions for risks and charges and any uses not classifiable in specific items of profit or loss, shows a negative balance of €2.2 million (positive for €0.8 million in the first half of 2019) due to provisions for €2.9 million and uses of provisions allocated in previous years and now in excess by €0.7 million.

EBIT

The trends in revenues and costs illustrated above resulted in a positive EBIT of €14.0 million, an improvement of €6.5 million compared to the first half of 2019.

Net financial expenses

The item, as detailed in the following table, was negative by €9.2 million (-€7.1 million in the first half of 2019) and shows the economic effects arising from recognition of the actuarial interest for employee benefits, the effects of financial management, such interest income/expense from banks and bondholders, exchange rate charges/gains and interest expense on lease contracts as a result of the adoption of the accounting standard IFRS 16.

Financial income and expenses

(€/million)	June 2020	June 2019	Change
Net interest income (expense) net with banks and other lenders	(0.2)	(0.3)	0.1
Interest expense on bonds	(6.2)	(3.1)	(3.1)
Interest on employee benefit liabilities	(1.3)	(2.6)	1.3
Interest expense on lease contracts	(0.5)	(0.5)	0.0
Net exchange rate gains (losses)	0.3	0.5	(0.2)
Others	(1.3)	(1.1)	(0.2)
Net financial expenses	(9.2)	(7.1)	(2.1)

The most significant deviations compared to the first half of 2019 refer to higher interest on bonds for €3.1 million, deriving from the new bond issue of 4 December 2019 and including interest rate hedging charges recognised on a straight-line basis over the five-year duration of the bond.

The average cost of loans, consisting of uncommitted credit lines, revolving credit lines, EIB loans, as well as bonds maturing in May 2020 and December 2024, was 2.1%, up on the rate for the first half of 2019 (1.7%) due to the above mentioned higher interest rates related to the hedging charges of the new issue.

Earnings from equity investments recognised at equity

The item recorded a negative balance of €0.2 million (positive by €0.4 million in the first half of 2019) determined by the measurement of associates and joint ventures with the equity method.

Income tax

This item presented a negative value of €9.2 million (€4.2 million in the first half of 2019) and is due to the balance between current and deferred taxes, as itemised in the following table:

Income tax

(€/million)	June 2020	June 2019	Change
IRES	(12.5)	(15.1)	2.6
IRAP	(2.4)	(3.1)	0.7
Deferred tax liabilities	0.9	1.0	(0.1)
Deferred tax assets	4.3	12.7	(8.4)
Direct taxes of previous years, substitution tax and others	0.5	0.3	0.2
Total	(9.2)	(4.2)	(5.0)

The economic trends in the first half of the year resulted in taxable results for Group companies, for which a total of €12.5 million for IRES and €2.4 million for IRAP was set aside.

Deferred tax liabilities pointed to a positive economic effect of €0.9 million due to return of the temporary differences recognised in the previous years.

Deferred tax assets had a positive economic effect of €4.3 million due mainly to the recognition of the tax loss of the Parent Company in the period, which was offset by the income brought in by the Group companies during tax consolidation.

Capital structure

Fixed assets

This item amounts to €2,037.6 million, down by €42.8 million compared to 31 December 2019.

A breakdown of this item is shown in the table below:

Fixed assets

(€/million)	30 June 2020	31 December 2019	Change
Property, plant and equipment	1,076.2	1,078.2	(2.0)
Lease rights of use	84.1	72.0	12.1
Assets in programmes	835.8	882.5	(46.7)
Long-term investments	6.0	10.0	(4.0)
Others	35.5	37.7	(2.2)
Total	2,037.6	2,080.4	(42.8)

Property, plant and equipment, explained in detail in the table below, decreased by €2.0 million.

Property, plant and equipment

(€/million)	30 June 2020	31 December 2019	Change
Land	383.4	383.4	0.0
Buildings	320.3	322.6	(2.3)
Plant and machinery	258.8	255.2	3.6
Industrial and commercial equipment	10.4	10.6	(0.2)
Other assets	26.1	24.8	1.3
Work in progress and payments on account	77.2	81.6	(4.4)
Total	1,076.2	1,078.2	(2.0)

Lease rights of use amounted to €84.1 million, up by €12.1 million compared to 31 December 2019.

Lease rights of use

(€/million)	30 June 2020	31 December 2019	Change
Land and buildings	78.4	66.1	12.3
Other assets	5.7	5.9	(0.2)
Total	84.1	72.0	12.1

Assets in programmes, down by €46.7 million and explained in detail in the table below, mostly refer to the Drama and Film genres, on which, as shown below, most investments in the period were concentrated.

Assets in programmes

(€/million)	30 June 2020	31 December 2019	Change
Drama	446.3	471.2	(24.9)
Films	276.1	295.3	(19.2)
Cartoons	44.5	46.5	(2.0)
Rights of library use	58.6	58.6	0.0
Other	10.3	10.9	(0.6)
Total	835.8	882.5	(46.7)

Financial fixed assets, consisting of equity investments and other financial assets falling due beyond 12 months, show a decrease of €4.0 million mainly due to fixed-income securities held as collateral for corporate bonds falling due within 12 months and therefore reclassified under the financial position and the change in value of associated companies measured using the equity method.

The item is broken down in detail in the table below.

Long-term investments

(€/million)	30 June 2020	31 December 2019	Change
Equity investments in associates			
Auditel Srl	0.9	0.9	0.0
Euronews SA	0.0	0.1	(0.1)
San Marino RTV SpA	1.7	1.9	(0.2)
Tivù Srl	1.6	2.9	(1.3)
	4.2	5.8	(1.6)
Other equity investments	1.0	0.9	0.1
Fixed-income securities	0.0	2.3	(2.3)
Other	0.8	1.0	(0.2)
Total	6.0	10.0	(4.0)

Other fixed assets, detailed in the table below, show a decrease of €2.2 million. The items goodwill and customer portfolio result from the provision of a portion of the sum paid to acquire control of a company merged through incorporation into Rai Way in 2017.

Other fixed assets

(€/million)	30 June 2020	31 December 2019	Change
Software	27.2	29.3	(2.1)
Goodwill	5.0	5.0	0.0
Sud Engineering customer portfolio	2.6	2.7	(0.1)
Commercial rights with football clubs	0.7	0.7	0.0
Total	35.5	37.7	(2.2)

Investments for the period amounted to €241.3 million, down €19.7 million (-7.5%) compared to the first half of 2019.

In detail, the following table shows:

- lower investments in programmes for €54.1 million (-24.5%) mainly referring to the TV series genre;
- higher technical investments of €16.0 million (+46.5%) mainly referring to tangible fixed assets;
- increased investments in lease rights of use for €18.4 million due to the renewal of lease agreements for the Via Novaro, Borgo Sant'Angelo and Piazza Adriana offices in Rome.

Investments

(€/million)	June 2020	June 2019	Change
Drama	130.4	177.9	(47.5)
Films	28.4	36.6	(8.2)
Other programmes	7.7	6.1	1.6
Investments in programmes	166.5	220.6	(54.1)
Property, plant and equipment	47.3	33.0	14.3
Software	3.1	1.4	1.7
Technical investments	50.4	34.4	16.0
Investments in lease rights of use	24.4	6.0	18.4
Total investments	241.3	261.0	(19.7)

Net working capital

Net working capital

(€/million)	30 June 2020	31 December 2019	Change
Inventories	1.6	1.5	0.1
Trade receivables	407.5	447.5	(40.0)
Other receivables	215.2	184.1	31.1
Trade payables	(589.7)	(691.2)	101.5
Other payables	(761.1)	(428.8)	(332.3)
Net deferred tax liabilities	(46.6)	(21.0)	(25.6)
Total	(773.1)	(507.9)	(265.2)

The most significant changes compared to 31 December 2019 regard the following items:

- **trade receivables** down by €40.0 million due to lower receivables from customers as a result of the physiological seasonal effect accentuated by the drop in advertising revenues only partially offset by the recognition of the receivable from the State for the fulfilment of service contract obligations, including those for the development of digital programming as per Law no. 145 of 30 December 2018;
- **other receivables** up by €31.1 million due to the payment of advances on future sporting events;
- **trade payables**, down by €101.5 million due to lower payables to suppliers;
- **other payables**, up by €332.3 million, due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

Provisions for risks and charges

The item provisions for risks and charges, which totalled €177.7 million, decreased by €19.8 million compared to 31 December 2019 mainly due to the reduction in provisions related to employee management.

Employee benefits

The item Employee benefits, amounting to €411.3 million, decreased by €10.7 million compared to 31 December 2019 due to payments to beneficiaries and to actuarial valuation elements related to financial and demographic assumptions detailed in the specific paragraph of the Notes to the separate financial statements.

The table below shows the details of the provisions and relevant changes compared to 31 December 2019.

Employee benefits

(€/million)	30 June 2020	31 December 2019	Change
Employee severance pay	(213.3)	(218.2)	4.9
Supplementary company pension provisions	(113.6)	(120.3)	6.7
Provisions in lieu of the former fixed indemnity for journalists	(69.2)	(68.7)	(0.5)
FASDIR assistance provision for the retired	(14.2)	(13.8)	(0.4)
Other	(1.0)	(1.0)	0.0
Total	(411.3)	(422.0)	10.7

Net financial position

The net financial position, calculated following the ESMA scheme, of which the components are shown in the next table, was negative by €275.9 million as at 30 June 2020, (€-239.1 million as at 30 June 2019), showing an improvement of €265.4 million compared to 31 December 2019.

Net of liabilities for operating leases, financial debt as at 30 June 2020 amounted to €191.4 million, an improvement of €278.0 million compared to 31 December 2019.

Net financial position

(€/million)	30 June 2020	31 December 2019	Change June 30 2020 / 31 December 2019	30 June 2019
Liquidity	137.2	194.6	(57.4)	226.8
Current financial receivables				
Financial assets on derivatives	0.2	0.2	0.0	0.7
Investment securities - current portion	2.3	0.0	2.3	0.0
Tied accounts	4.3	4.7	(0.4)	6.0
Due to associates	1.4	0.2	1.2	1.6
Others	0.6	0.6	0.0	0.6
	8.8	5.7	3.1	8.9
Current financial debt				
Due to banks	(10.1)	(10.1)	0.0	(10.1)
Bond issue	0.0	(349.6)	349.6	(349.2)
Due to other lenders	(0.1)	(0.1)	0.0	0.0
Lease liabilities	(30.3)	(27.3)	(3.0)	(30.5)
Dividend account shareholders	(22.2)	0.0	(22.2)	0.0
Others	(0.1)	0.0	(0.1)	(1.3)
	(62.8)	(387.1)	324.3	(391.1)
Non-current financial debt				
Due to banks	(0.1)	(5.2)	5.1	(10.2)
Bond issue	(299.0)	(298.9)	(0.1)	0.0
Due to other lenders	(0.1)	(0.1)	0.0	(0.1)
Financial liabilities on derivatives	0.0	0.0	0.0	(17.1)
Lease liabilities	(59.9)	(50.3)	(9.6)	(56.3)
	(359.1)	(354.5)	(4.6)	(83.7)
Net financial debt	(275.9)	(541.3)	265.4	(239.1)
<i>of which operating lease liabilities</i>	(84.5)	(71.9)	(12.6)	(81.3)
Net financial debt excluding liabilities for operating leases	(191.4)	(469.4)	278.0	(157.8)

The reduction in net debt compared to 31 December 2019 is due to ordinary cash flows in the first half of the year, characterised by the settlement of ordinary instalments on account of approximately €1,200 million (around 70% of the annual value). Certain events also had a positive impact on the balance:

- postponement, as a result of the COVID-19 pandemic, of 2020 sports events and consequent renegotiation of the payment instalments still due, relating to the European Football Championship, the Summer Olympics, national football matches and cycling events;
- a reduction in employee payments, (in particular severance pay provisions and similar due to the absence of redundancy incentive plans) and lower payments of operating expenses and travel expenses, as production activities were stopped during lockdown.

The zeroing of the item current bonds is due to the redemption, maturing in May, of the €350 million bond issued in 2015; as at 30 June, the new €300 million senior unsecured bond issued in December 2019 on the Dublin Stock Exchange, maturing in December 2024 and bearing a fixed annual interest rate of 1.375%, was recognised under non-current liabilities.

The average financial position with banks, other lenders and bond holders was negative by €242 million (-€169 million in the first half of 2019), down by €73 million compared to the same period of the previous year, due to the higher level of debt already present at the beginning of the year.

The financial risks to which the Company is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management according to best practices, with the aim of preserving the company's value through a stance adverse to risk, pursued with active monitoring of exposure and implementation of expedient hedging strategies, also on behalf of the Group companies (except for Rai Way).

Detailed information on the financial risks is provided in the specific section of the Notes to the Consolidated Financial Statements, to which reference is made.

Financial statements of the Rai Group

Consolidated statement of financial position

(€/million)	Note	Half-year ended 30 June 2020	Year ended 31 December 2019
Property, plant and equipment	7.1	1,073.4	1,075.3
Real estate investments	7.2	2.8	2.9
Lease-use rights	7.3	84.1	72.0
Intangible assets	7.4	871.3	920.2
Equity investments	7.5	5.2	6.7
Non-current financial assets	7.6	0.8	3.3
Deferred tax assets	7.7	-	-
Other non-current assets	7.8	41.4	16.7
Total non-current assets		2,079.0	2,097.1
Inventory	8.1	1.6	1.5
Trade receivables	8.2	401.9	441.7
Current financial assets	8.3	8.8	5.7
Current income tax assets	8.4	18.1	18.4
Other current receivables and assets	8.5	161.3	154.8
Cash and cash equivalents	8.6	137.2	194.6
Total current assets		728.9	816.7
Total assets		2,807.9	2,913.8
Share capital		242.5	242.5
Reserves		144.8	165.4
Retained earnings (losses)		(41.8)	(60.8)
Total Group shareholders' equity		345.5	347.1
Third-party capital and reserves		42.5	42.6
Retained earnings (losses) attributable to minority interests carried forward		11.6	22.0
Total shareholders' equity attributable to minority interests		54.1	64.6
Total shareholders' equity	9	399.6	411.7
Non-current financial liabilities	10.1	299.2	304.2
Non-current lease liabilities	10.2	59.9	50.3
Employee benefits	10.3	411.3	422.0
Provisions for non-current risks and charges	10.4	177.4	197.2
Deferred tax liabilities	10.5	46.6	21.0
Other non-current payables and liabilities	10.6	0.4	0.5
Total non-current liabilities		994.8	995.2
Trade payables	11.1	589.7	691.2
Provisions for current risks and charges		0.3	0.3
Current financial liabilities	11.2	32.5	359.8
Current lease liabilities	10.2	30.3	27.3
Current income tax liabilities	11.3	12.7	31.5
Other current payables and liabilities	11.1	748.0	396.8
Total current liabilities		1,413.5	1,506.9
Total liabilities		2,408.3	2,502.1
Total shareholders' equity and liabilities		2,807.9	2,913.8

Consolidated Income Statement

(€/million)	Note	Half-year closed at	
		30 June 2020	30 June 2019
Revenue from sales and services	12.1	1,242.0	1,360.8
Other revenue and income	12.2	3.4	5.1
Total revenue		1,245.4	1,365.9
Costs for the purchase of consumables	12.3	(5.3)	(6.6)
Costs for services	12.3	(396.5)	(527.9)
Other costs	12.3	(23.8)	(25.5)
HR expenses	12.4	(513.1)	(521.1)
Impairment of financial assets	12.5	(2.3)	(1.1)
Depreciation, amortisation and other write-downs	12.6	(278.8)	(270.3)
Provisions	12.7	(2.2)	0.8
Total costs		(1,222.0)	(1,351.7)
EBIT		23.4	14.2
Financial income	12.8	0.6	0.8
Financial expense	12.8	(9.8)	(7.9)
Earnings from equity investments recognised at equity	12.9	(0.2)	0.4
Pre-tax profit/(loss)		14.0	7.5
Income tax	12.10	(9.2)	(4.2)
Net profit (loss) for the period		4.8	3.3
<i>of which attributable:</i>			
– to the Group		(6.8)	(8.1)
– to minority interests		11.6	11.4

Consolidated statement of comprehensive income

(€/million)

	Half-year closed at	
	30 June 2020	30 June 2019
Net profit (loss) for the period	4.8	3.3
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	1.5	(12.1)
Conversion of balances with currency that is not the Euro	-	-
Tax effect	-	-
Total	1.5	(12.1)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	3.7	(17.3)
Tax effect	-	0.1
Total	3.7	(17.2)
Total profit (loss) for the period	10.0	(26.0)
<i>of which attributable:</i>		
- to the Group	(1.6)	(37.1)
- to minority interests	11.6	11.1

Consolidated Cash Flow Statement

(€/million)	Note	Half-year closed at	
		30 June 2020	30 June 2019
Profit (loss) before tax		14.0	7.5
Adjustments for:			
Depreciation, amortisation and write-downs	12.5 - 12.6	281.1	271.4
Provisions and (issues) to personnel provisions and other provisions	12.7	33.0	27.2
Net financial charges (income)	12.8	9.2	7.1
Earnings from equity investments recognised at equity	12.9	0.2	(0.4)
Other non-monetary items		0.1	-
Cash flows generated by operating activities before changes in net working capital		337.6	312.8
Change in inventory	8.1	(0.1)	-
Change in trade receivables	8.2	37.7	(70.4)
Change in trade payables	11.1	(101.5)	(9.1)
Change in other assets/liabilities		278.4	242.1
Use of provisions for risks	10.4	(11.8)	(13.2)
Payment of employee benefits	10.3	(31.2)	(31.1)
Taxes paid		(0.4)	-
Net cash flow generated by operating activities		508.7	431.1
Investments in property, plant and equipment and real estate investments	7.1 - 7.2	(47.3)	(33.0)
Investments in intangible assets	7.4	(169.6)	(222.0)
Disposal of intangible assets	7.4	0.6	1.3
Equity investments	7.5	(0.1)	-
Dividends collected		1.7	0.1
Interest collected		0.1	0.1
Change in financial assets	7.6 - 8.3	(0.8)	(2.1)
Net cash flow generated by investing activities		(215.4)	(255.6)
Long-term loan repayments	10.1	(355.1)	(5.1)
Repayments of liabilities for leases	10.2	(11.5)	(10.2)
(Decrease)/increase in short-term loans and other financial liabilities ⁽²⁾	11.2	22.3	1.2
Interest paid ⁽¹⁾		(6.4)	(5.9)
Dividends distributed ⁽²⁾		-	(20.9)
Net cash flow generated by financing activities		(350.7)	(40.9)
Change in cash and cash equivalents		(57.4)	134.6
Cash and cash equivalents at the beginning of the year	8.6	194.6	92.2
Cash and cash equivalents at the end of the period	8.6	137.2	226.8

(1) Referring to financial interest.

(2) The payment of the dividend to third parties by Rai Way for €221 million was made in July.

Statement of changes in consolidated equity

(€/million)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Group shareholders' equity	Non-controlling interests	Total shareholders' equity (Note 9)
Balances as at 1 January 2019	242.5	12.0	185.2	(50.3)	389.4	63.6	453.0
Allocation of profit/loss	-	-	(21.0)	21.0	-	-	-
Distribution of dividends	-	-	-	-	-	(20.9)	(20.9)
Transactions with shareholders	-	-	-	-	-	(20.9)	(20.9)
Profit/(loss) for the period	-	-	-	(8.1)	(8.1)	11.4	3.3
Statement of comprehensive income components	-	-	(12.1)	(16.9)	(29.0)	(0.3)	(29.3)
Total result for the period	-	-	(12.1)	(25.0)	(37.1)	11.1	(26.0)
Balances as at 30 June 2019	242.5	12.0	152.1	(54.3)	352.3	53.8	406.1
Balances as at 1 January 2020	242.5	12.0	153.4	(60.8)	347.1	64.6	411.7
Allocation of profit/loss	-	-	(22.1)	22.1	-	-	-
Distribution of dividends	-	-	-	-	-	(22.1)	(22.1)
Transactions with shareholders	-	-	-	-	-	(22.1)	(22.1)
Profit/(loss) for the period	-	-	-	(6.8)	(6.8)	11.6	4.8
Statement of comprehensive income components	-	-	1.5	3.7	5.2	-	5.2
Total result for the period	-	-	1.5	(3.1)	(1.6)	11.6	10.0
Balances as at 30 June 2020	242.5	12.0	132.8	(41.8)	345.5	54.1	399.6

Notes to the Interim Consolidated Financial Statements as at 30 June 2020

1

General information

Rai Radiotelevisione italiana SpA (hereinafter “Rai”, the “Company” or the “Parent Company”) is a joint-stock company formed and domiciled in Italy, with registered office in Rome at Viale Mazzini 14, organised according to Italian law.

With Prime Ministerial Decree of 28 April 2017 containing “Assignment of the radio, televisions and multimedia Public Service concession and approval of the annexed draft agreement” (hereinafter “Public Service”), Rai was established as the concessionaire of the radio, television and multimedia Public Service on an exclusive basis for a decade, starting from 30 April 2017. That role is performed by the Company and its subsidiaries (jointly the “Group”).

On the strength of specific Italian and EU regulatory sources, the Parent Company is required to meet precise programming quality and quantity obligations that are described in detail in the Service Agreement (hereinafter “Agreement”) drawn up with the Ministry of Economic Development for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Agreement relates to the activity that Rai performs in order to carry out the public service and, in particular, the radio, television and multimedia services broadcast through the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the provisions of technological services for the production and transmission of the signal using analogue and digital technology, and the preparation and management of control and monitoring systems.

The capital of the Company is respectively held by:

- Ministry of Economy and Finance (99.5583%);
- SIAE Società Italiana Autori Editori (0.4417%).

The review of the interim Consolidated Financial Statements (hereinafter the “Consolidated Financial Statements”) as at 30 June 2020 is conducted by PricewaterhouseCoopers SpA (hereinafter the “External Auditor”) to which the Rai Ordinary General Meeting of Shareholders, upon the proposal put forward by the Board of Statutory Auditors, assigned the appointment for the financial years until 2023 on 10 March 2016, in consideration of Rai’s acquisition of status as a Public Interest Entity.

2

Criteria for the preparation, measurement and use of estimates

The Consolidated Financial Statements, as described below, have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting, which is part of the International Financial Reporting Standards (“IFRS”).

As regards the criteria for the preparation, measurement and use of estimates used to prepare the Consolidated Financial Statements, reference should be made to the specific paragraphs in the Notes to the Consolidated Financial Statements in the Report and Financial Statements at 31 December 2019, as the criteria are unchanged.

The accounting standards not yet endorsed by the European Union are as follows:

- On 18 May 2017, the IASB issued IFRS 17 “Insurance Contracts”, that regulates the accounting treatment of insurance contracts issued and re-insurance contracts held.
The provisions of IFRS 17 are effective starting from years beginning on or after 1 January 2023.
- On 23 January 2020, the IASB issued the document “Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current” to clarify the requirements for classifying liabilities as current or non-current. More specifically:
 - the amendments specify that the conditions existing at the end of the reporting period are those that must be used to determine whether there is a right to defer the settlement of a liability;
 - management’s expectations regarding events after the reporting period, for example in the event of a breach of a covenant or in the event of early settlement, are not material;

- the amendments clarify situations that are considered as the payment of a liability.

Due to the COVID-19 pandemic, the IASB proposed to defer the effective date of the document to 1 January 2023, to give companies more time to implement any classification changes resulting from the amendments.

- On 14 May 2020, the IASB issued the documents "*Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements*". The documents contain changes limited to three standards as well as annual improvements and clarify the wording or correct oversights or conflicts between the requirements of the standards. The amendments to IFRS 3 "*Business Combinations*" update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments to IAS 16 "*Property, Plant and Equipment*" prohibit a company from deducting from the cost of property, plant and equipment income from the sale of items produced while the company is preparing the asset for its intended use. Income from sales and related costs shall be charged to the income statement. The amendments to IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" specify which costs should be included in measuring whether a contract is a loss. The annual improvements make minor amendments to IFRS 1 '*First-time Adoption of International Financial Reporting Standards*', IFRS 9 '*Financial Instruments*', IAS 41 '*Agriculture*' and the illustrative examples in IFRS 16 '*Leases*'.

All amendments come into force on 1 January 2022.

- On 28 May 2020, the IASB issued the document "*Amendment to IFRS 16 Leases COVID 19-Related Rent Concessions*". The amendment provides a practical expedient that allows tenants not to consider as changes to rent agreements, COVID-19 related concessions.

These amendments are effective starting from years beginning on or after 1 January 2020. Earlier adoption is permitted, even in financial statements not yet approved at 28 May 2020.

At present, the Group is analysing the principles specified and is assessing whether their adoption will have a significant impact on the Consolidated Financial Statements.

The Consolidated Financial Statements were prepared using the interim financial statements as at 30 June 2020 of the Company and its subsidiaries drafted in compliance with the IFRS. Please note that all Group companies close their financial years as at 31 December.

Regarding the consolidation principles used for the preparation of the Consolidated Financial Statements, please refer to the specific paragraphs in the Notes to the Consolidated Financial Statements of the Reports and Financial Statements as at 31 December 2019, as the principles are unchanged.

The companies included in the scope of consolidation as at 30 June 2020 are unchanged from 31 December 2019. They are listed in Note 16 "Appendix".

The financial risks to which the Group is exposed are managed according to the approach and the procedures defined within a specific policy issued by the Parent Company and also applied to subsidiaries, except for Rai Way SpA (hereinafter "Rai Way") which, following listing, adopted its own policy which is however similar to Rai's. Those documents establish procedures, limits and tools for the monitoring and minimisation of financial risk to preserve the corporate value of the Group and of entities belonging to it.

The main risks identified by the Group are:

- market risk arising from exposure to fluctuations of interest rates and exchange rates connected with the financial assets and liabilities respectively owned/originated and assumed;
- credit risk arising from the possibility that one or more counterparties might be insolvent;
- liquidity risk arising from the Group's inability to obtain the financial resources needed to meet short-term financial commitments.

3

Principles of consolidation

4

Management of financial risks

4.1 Market risk

Market risk consists of the possibility that changes in the interest and exchange rates might negatively influence the value of the assets, liabilities or expected cash flows.

When managing market risk, the Group uses the following derivative instruments:

- Interest rate swap to hedge exposure to interest rate risk;
- Forward currency purchase options to hedge exposure to the exchange risk.

Details of derivatives outstanding as at 30 June 2020, compared with the situation at 31 December 2019, are shown in the table below; in both periods all positions referred to derivatives on the EUR/USD exchange rate to hedge contracts stipulated by Rai Cinema.

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Current assets		
Options on currencies	0.1	0.1
Forward purchases of currency	0.1	0.1
Total	0.2	0.2

Based on the policies adopted, derivatives may be used solely to hedge financial flows; use for speculative purposes is not permitted.

Further information on the fair value measurement of derivative instruments is provided in Note 6 "Fair value measurement".

The change to the spot forward purchase component (that is the change to spot exchange rates) and to exchange rate options are suspended, at the financial statement date, in the cash flow hedge reserve until recognition of the right or asset being hedged. The component linked to the time of forward purchase is registered in the income statement during the hedging duration.

Interest rate risk

Interest rate risk originates from the possible increase in net financial expenses as a result of unfavourable changes in market rates on the variable rate financial positions. In order to limit this risk, corporate policies require that the medium/long-term variable rate loans be converted to fixed rate for at least 50% by using derivative products, such as interest rate swaps and options on rates.

As at 30 June 2020, the medium/long-term borrowings of the Parent Company are all at fixed rates; therefore, the effects of the change in rates affect only the short-term positions of a varying duration and sign during the year.

Sensitivity analysis

Sensitivity analysis was carried out on unhedged financial positions (excluding liabilities arising from the adoption of IFRS 16), consisting solely of short-term items, considering a shift in the interest rate curve of +/- 50 bps. If there were an increase, both as at 30 June 2020 and at 31 December 2019, net income from short-term positions with third parties would be higher (by approximately €0.7 million and €1.0 million). If rates were reduced, the opposite would be the case for equivalent amounts.

Exchange rate risk

The Group's exchange risk mainly consists of exposure in USD originating from the purchase of film and TV rights by Rai Cinema S.p.A (hereinafter "Rai Cinema"). In the first half of 2020, these commitments generated payments of approximately USD 68 million (USD 81 million in the first half of 2019). Further exposure

currencies, with split disbursements and of a modest amount all in all, are to the Swiss Franc and British Sterling totalling approximately €3 million.

As at 30 June 2020 hedging transactions referred only to Rai Cinema.

Exchange rate risk is managed starting from the date the trade commitment is signed, which may also be long-term, and has as an objective protecting the value in Euro of the commitments, as estimated at the time of the order (or budget). The policy in force governs exchange risk management in keeping with international best practices, for minimisation of risk. This is pursued through the active monitoring of exposure and implementation of hedging strategies by Rai, also on behalf of the subsidiaries and in particular Rai Cinema (except for Rai Way, which has an autonomous risk policy and management). The mandates for carrying out hedging transactions are given hierarchically and progressively, with a minimum intervention percentage of 50% of the contractual amount in foreign currency.

Below is a table summing up the financial effects of hedging instruments in place as at 30 June 2020, for invoices, assessments or binding commitments of Rai Cinema:

(€/million)	Half-year ended 30 June 2020		Year ended 31 December 2019	
	Options on currencies	Forward purchases of currency	Options on currencies	Forward purchases of currency
Book value	0.1	0.1	0.1	0.1
Notional amount in USD	6.2	8.1	4.7	4.0
Maturity of transactions	Sept. 20-Oct. 21	Jul. 20-Dec. 20	Mar. 20-Dec. 20	Apr. 20-Dec. 20
Hedge ratio	1:1	1:1	1:1	1:1
Change in fair value of the hedging instruments (*)	0.1	0.0	0.1	0.0
Change in value of the hedged item	(0.1)	0.0	(0.1)	0.0
Average weighted exchange rate for the period	1.13	1.14	1.15	1.16

(*) Intrinsic value for options on currencies and the spot component for forward purchases.

Sensitivity analysis

As explained above, exposure to the exchange rate risk is significant only for the EUR/USD exchange rate. Therefore, sensitivity was analysed on 30 June 2020 and 31 December 2019 on credit and debt positions in currency, non-hedged credit and debt positions, derivatives hedging commitments for contracts already signed and available cash in foreign currency. A symmetrical change of 10% of the exchange rate compared to the value present as at the reporting date, all other conditions being equal, was simulated. The effects on the economic result are determined by the net positions which are hedged for exchange risk; whereas the cash flow hedge reserve includes the effective portion of hedging on commitments already undertaken but with no impact on equity in the Consolidated Financial Statements, and refers solely to the subsidiary Rai Cinema.

In particular, as at 30 June 2020, a 10% depreciation of the Euro had a negative economic effect on the net unhedged debt position of approximately €0.5 million (€0.4 million as at 31 December 2019), while an appreciation of the Euro of the same amount resulted in lower charges of approximately €0.4 million (€0.4 million as at 31 December 2019).

The cash flow hedge reserve as at 30 June 2020, similarly to 31 December 2019, increased by EUR 0.5 million due to a 10% depreciation of the Euro as a result of the higher value of the hedges and, in the opposite case, decreased by approximately €0.4 million.

4.2 Credit risk

The theoretical exposure to the credit risk for the Group mainly refers to the book value of the financial assets and trade receivables recognised in the Consolidated Financial Statements.

As for the counterparty risk, trade partner assessment procedures are adopted for managing trade receivables. The analysis is conducted periodically on the situation of the past due items and may lead to the dunning of the parties affected by solvency problems. The lists of the past due items analysed are arranged by amount and customer, updated to the analysis date and show those situations demanding greater attention.

The corporate functions of the single companies in charge of debt collection start with polite re-minders with the counterparties that are debtors of amounts relating to past-due items. If these activities do not result in collection of the sums, the structures start in agreement with the respective legal functions (warning letter, injunction, etc.) actions to collect the credit after formally dunning the debtor parties. The allocations to the provisions for write-downs are made specifically on the credit positions having peculiar risk elements.

Moreover, the Group measures the expected losses on trade receivables considering their entire duration based on a weighted estimate of the probabilities that those losses could occur. To this end, the Group uses historical experience, suitably integrated with forecasts on the expected evolution of circumstances. If the conditions exist, losses are measured as the current value of all differences between the cash flows due contractually and cash flows the Group expects to receive discounted at the effective interest rate of the financial asset.

Credit risk on uses of funds is limited since corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus. In the first half of 2020 and throughout 2019, only time or demand deposits with bank counterparties having investment grade rating were used.

4.3 Liquidity risk

Rai manages the Group's financial resources (with the sole exception of the subsidiary Rai Way which has its own resources) on the basis of a centralised treasury agreement through a cash-pooling system that involves daily transfer of the bank balances of the associates to the Parent Company current accounts, which grants the intercompany credit facilities necessary for the operations of these companies.

Following the repayment by Rai in May 2020 of the €350 million bond issued in 2015, the Group's medium/long-term financial structure mainly consisted of a bond for €300 million maturing in December 2024 and issued in December 2019 (for further details, reference is made to Note 10.1 "Non-current financial liabilities and current portions of non-current financial liabilities") and a loan of €10 million from the European Investment Bank ("EIB") for the digital terrestrial implementation project.

In consideration of the significant fluctuation of the infra-annual indebtedness connected with the periodic settlement of the licence fees by the Ministry of Economy and Finance, the Parent Company has uncommitted bank credit facilities for about €420 million and revolving line with a pool of banks totalling €320 million maturing in December 2023.

The revolving line, unused as at 30 June 2020, requires that the following Consolidated Financial Statements parametric/equity ratio (to be calculated upon closing of the annual financial statements) be met:

- net financial debt (adjusted for receivables from the State for licence fees, financial items relating to Rai Way and liabilities resulting from application of IFRS 16 for operating leases)/net equity ≤ 2 .

Rai Way has its own revolving credit line of €25 million, unused as at 30 June 2020, maturing in September 2020, currently being renewed and extended.

The financial covenants provided for in the above contracts were largely met with at the reporting date.

The cash situation is constantly monitored with a financial forecasting process that highlights any financial critical issues considerably in advance so that appropriate corrective measures can be taken.

The Group capital management objectives are inspired by preservation of the ability to continue guaranteeing optimum capital strength, including through the ongoing improvement of operational and financial efficiency. The Group pursues the objective of retaining an adequate level of capitalisation that allows it to realise a profit and to access external sources of funding. The Group constantly monitors the evolution of the indebtedness level related to Shareholders' Equity. Specifically, the ratio between equity and the total of comprehensive liabilities of the Shareholders' Equity is seen in the following table:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Shareholders' equity	399.6	411.7
Total shareholders' equity and liabilities	2,807.9	2,913.8
Ratio	14.2%	14.1%

The net consolidated financial position of the Group for the periods under review is shown in Note 16.2 "Consolidated net financial position".

The financial instruments at fair value recorded in the financial statements are made up of hedging derivatives measured with a financial model that uses the most popular and accepted market formulas (net current value for forward currency purchasing transactions and application of the Black&Scholes formula for the options), in addition to the following input data given by the provider Reuters: ECB spot exchange rates, Euribor and IRS rate curves, volatility and credit spreads of the various bank counterparties and, for Rai, of the securities issued by the Italian Government. The fair value of the derivative instruments represents the net position between assets and liabilities. For more information on the derivative instruments (assets and liabilities), please refer to Notes 8.3 "Current financial assets" and 11.2 "Current financial liabilities".

All the instruments present as at 30 June 2020 and 31 December 2019 have been valued according to the Level 2 methodology: use of parameters observable on the market (e.g. for the derivatives, the exchange rates recorded by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated on the basis of the credit default swaps, etc.) different from the level 1 listed prices.

5

Management
of capital risk

6

Fair value
measurement

7

Non-current assets

7.1 Property, plant and equipment

Property, plant and equipment, which amounted to €1,073.4 million (€1,075.3 million as at 31 December 2019), are broken down as follows:

(€/million)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Work in progress and payments on account	Total
Cost	383.4	604.2	2,212.0	102.7	122.8	81.6	3,506.7
Accumulated depreciation	-	(284.5)	(1,956.8)	(92.1)	(98.0)	-	(2,431.4)
Balance as at 31.12.2019	383.4	319.7	255.2	10.6	24.8	81.6	1,075.3
Increases and capitalisation	-	1.5	9.2	0.1	1.5	35.0	47.3
Disposals (1)	-	-	(0.1)	-	-	-	(0.1)
Reclassifications	-	3.1	31.9	1.3	3.1	(39.4)	-
Depreciation	-	(6.8)	(37.4)	(1.6)	(3.3)	-	(49.1)
Balance as at 30.06.2020	383.4	317.5	258.8	10.4	26.1	77.2	1,073.4
<i>broken down as follows:</i>							
Cost	383.4	608.8	2,242.4	103.1	126.8	77.2	3,541.7
Accumulated depreciation	-	(291.3)	(1,983.6)	(92.7)	(100.7)	-	(2,468.3)
<i>Detail:</i>							
(1) Cost	-	-	(10.7)	(1.0)	(0.6)	-	(12.3)
Accumulated depreciation	-	-	10.6	1.0	0.6	-	12.2
	-	-	(0.1)	-	-	-	(0.1)

Investments for the year, which amounted to €47.3 million (€107.8 million in 2019), fall within the scope of the modernisation and technological development initiatives that the Group implemented.

The amount of the existing contractual commitments for the purchase of property, plant and equipment is specified in Note 13.2 "Commitments".

7.2 Real estate investments

Real estate investments amount to €2.8 million (€2.9 million as at 31 December 2019) and concern some property, owned by Rai Pubblicità SpA (hereinafter "Rai Pubblicità"), leased to third parties, for which rent was received totalling €0.8 million in the first half of 2020 (€1.7 million as at 31 December 2019). Real estate investments break down as follows:

(€/million)	Buildings
Cost	7.2
Accumulated depreciation	(4.3)
Balance as at 31.12.2019	2.9
Amortisation	(0.1)
Balance as at 30.06.2020	2.8
<i>broken down as follows:</i>	
Cost	7.2
Accumulated depreciation	(4.4)

During the first half of 2020 no investments or disposals took place; the change in the period therefore refers to the entire depreciation charge.

7.3 Lease rights of use

Employee benefits totalled €84.1 million (€72.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Buildings	Other assets	Total
Cost	88.2	9.1	97.3
Accumulated depreciation	(22.1)	(3.2)	(25.3)
Balance as at 31 December 2019	66.1	5.9	72.0
Increases and capitalisation	22.8	1.6	24.4
Impairment (1)	(0.2)	-	(0.2)
Depreciation	(10.3)	(1.8)	(12.1)
Balance as at 30 June 2020	78.4	5.7	84.1
<i>broken down as follows:</i>			
Cost	110.8	10.7	121.5
Accumulated depreciation	(32.4)	(5.0)	(37.4)
Detail:			
(1) Cost	(0.2)	-	(0.2)
	(0.2)	-	(0.2)

Investments during the period, amounting to €24.4 million, refer to property rental contracts or contracts for the rental of vehicles that entered into effect during the period.

No income was recorded from the subleasing of assets that led to the recognition of a right of use in the first half of 2020.

7.4 Intangible assets

Intangible assets, which amounted to €871.3 million (€920.2 million as at 31 December 2019), are broken down as follows:

(€/million)	Programmes	Software	Goodwill	Other intangible assets	Work in progress and payments on account	Total
Cost	1,436.1	34.2	5.0	3.5	321.9	1,800.7
Provisions for write-downs	(74.4)	-	-	(0.2)	(33.9)	(108.5)
Accumulated amortisation	(755.1)	(16.3)	-	(0.6)	-	(772.0)
Balance as at 31.12.2019	606.6	17.9	5.0	2.7	288.0	920.2
Increases and capitalisation	139.3	1.3	-	-	29.0	169.6
Disposals (1)	-	-	-	-	(0.6)	(0.6)
Reclassifications (2)	87.7	0.8	-	-	(88.5)	-
Write-downs (3)	(29.6)	-	-	-	(0.6)	(30.2)
Amortisation (4)	(182.5)	(5.1)	-	(0.1)	-	(187.7)
Balance as at 30.06.2020	621.5	14.9	5.0	2.6	227.3	871.3
<i>broken down as follows:</i>						
Cost	1,663.4	36.3	5.0	3.5	260.9	1,969.1
Provisions for write-downs	(72.0)	-	-	(0.1)	(33.6)	(105.7)
Accumulated amortisation	(969.9)	(21.4)	-	(0.8)	-	(992.1)
Detail:						
(1) Cost	-	-	-	-	(0.6)	(0.6)
	-	-	-	-	(0.6)	(0.6)
(2) Cost	88.0	0.8	-	-	(88.8)	-
Provisions for write-downs	(0.3)	-	-	-	0.3	-
	87.7	0.8	-	-	(88.5)	-
(3) Cost	-	-	-	-	(0.6)	(0.6)
Provisions for write-downs	(29.6)	-	-	-	-	(29.6)
	(29.6)	-	-	-	(0.6)	(30.2)
(4) Net of use of the provisions for write-downs for:						
Provisions for write-downs	32.3	-	-	0.1	-	32.4
Accumulated amortisation	(32.3)	-	-	(0.1)	-	(32.4)
	-	-	-	-	-	-

Investments, which amounted to €169.6 million (€460.6 million as at 31 December 2019) mainly refer to Dramas for €130.4 million and films for €28.4 million.

The amount of work in progress and payments on account refers to programmes for €214.3 million, software for €12.3 million and other rights for €0.7 million.

The write-downs recognised during the year amounted to €30.2 million, and were performed in order to adjust the assets to their estimated recoverable value.

The amount of the existing contractual commitments for the purchase of intangible assets is specified in Note 13.2 "Commitments".

7.5 Equity investments

Equity investments valued by the equity method and other investments, respectively for €4.2 million (€5.8 million as at 31 December 2019) and €1.0 million (€0.9 million as at 31 December 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Joint ventures	3.2	4.7
Associates	1.0	1.1
Total equity investments measured using the equity method	4.2	5.8
Other equity investments	1.0	0.9
Total equity investments	5.2	6.7

Here below are the movements of investments measured using the equity method:

(€/million)	Year ended 31 December 2019			Movements in the period			Half-year ended 30 June 2020		
	Cost	Adjustment to Shareholders' Equity	Financial statement value	Acquisitions/ Transfers	Profit/(loss)	Decrease due to dividends	Cost	Adjustment to Shareholders' Equity	Financial statement value
Joint venture:									
San Marino RTV SpA	0.3	1.6	1.9	-	(0.2)	-	0.3	1.4	1.7
Tivù Srl	0.5	2.4	2.9	-	0.4	(1.7)	0.5	1.1	1.6
Associates:									
Audiradio Srl (in liquidation)	1.4	(1.4)	-	-	-	-	1.4	(1.4)	-
Auditel Srl	-	0.9	0.9	-	-	-	-	0.9	0.9
Euronews SA	0.9	(0.8)	0.1	-	(0.1)	-	0.9	(0.9)	-
Player Editori Radio Srl	-	-	-	-	-	-	-	-	-
Tavolo Editori Radio Srl	-	-	-	-	-	-	-	-	-
Total equity investments in joint ventures and associates	3.1	2.7	5.8	-	0.1	(1.7)	3.1	1.1	4.2

(a) Figure from the Financial Statements as at 31.12.2019, the latest available.

(b) The balance sheet deficit, equal to an insignificant value in millions of Euros, is covered by provisions for charges of an equal amount.

(c) The balance sheet deficit, of €0.3 million, is covered by provisions for charges of an equal amount.

Here below are the movements of the other investments:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Almaviva SpA	0.3	0.3
Istituto dell'Enciclopedia Italiana Treccani SpA	0.8	0.7
Others (1)	0.1	0.1
Gross value	1.2	1.1
Provisions for the write-down of other equity investments	(0.2)	(0.2)
Total other equity investments	1.0	0.9

(1) Banca di Credito Cooperativo di Roma Scpa, International Multimedia University Umbria Srl liquidation and Immobiliare Editori Giornali Srl.

For detailed information on investments in subsidiaries, joint ventures and associates, please refer to the specific paragraph in the Notes to the Consolidated Financial Statements of the Report and Financial Statements as at 31 December 2019.

As regards other investments, it should be noted that the extraordinary shareholders' meeting of Istituto della Enciclopedia Italiana Treccani SpA held on 30 April 2020 resolved to increase the share capital by €8 million through the issue of 8 million ordinary shares with a par value of €1 each, with the same characteristics as those outstanding. The capital increase was subscribed by Rai for its entire share, equal to €71 thousand, thus maintaining the ownership percentage of 0.89%.

7.6 Non-current financial assets

Non-current financial assets, which amounted to €0.8 million (€3.3 million as at 31 December 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Financial receivables from personnel	0.1	0.1
Securities	-	2.3
Other non-current financial assets	0.7	0.9
Total non-current financial assets	0.8	3.3

Non-current financial assets are shown net of the provision for write-downs of €0.2 million (unchanged compared to 31 December 2019) entirely referring to the financial receivables from employees.

The item securities is equal to zero (€2.3 million as at 31 December 2019), as it is entirely made up of Government bonds maturing in May 2021 securing the special services to be agreed with the Government, as also indicated in Note 8.3 "Current financial assets".

Other non-current financial assets of €0.7 million (€0.9 million as at 31 December 2019) refer to the deferral of the non-current portion of commission relating to a give-year revolving line with a pool of banks, maturing in December 2023, for a total of €320 million.

Expiration of the current and non-current financial assets is broken down as shown below:

(€/million)	Half-year ended 30 June 2020			
	<1 year	>1-5 years	>5 years	Total
Financial receivables from personnel	-	0.1	-	0.1
Securities	2.3	-	-	2.3
Receivables from joint ventures and associates	1.4	-	-	1.4
Derivative instruments	0.2	-	-	0.2
Blocked bank deposits	4.3	-	-	4.3
Other financial assets	0.6	0.7	-	1.3
Total current and non-current financial assets	8.8	0.8	-	9.6

(€/million)	Year ended 31 December 2019			
	<1 year	>1-5 years	>5 years	Total
Financial receivables from personnel	0.1	0.1	-	0.2
Securities	-	2.3	-	2.3
Receivables from joint ventures and associates	0.2	-	-	0.2
Derivative instruments	0.2	-	-	0.2
Blocked bank deposits	4.7	-	-	4.7
Other financial assets	0.5	0.9	-	1.4
Total current and non-current financial assets	5.7	3.3	-	9.0

The short-term portion of the financial assets, which amounted to €8.8 million, is included in the current components described in Note 8.3 "Current financial assets".

Information on risks hedged and on hedging policies is disclosed in Note 4.1 "Market risk".

7.7 Deferred tax assets

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Deferred tax assets eligible for offset	108.1	134.6
Deferred tax liabilities eligible for offset	(154.7)	(155.6)
Net deferred tax liabilities	(46.6)	(21.0)

As at 30 June 2020, at 31 December 2019 the net balance of deferred tax assets and deferred tax liabilities shows a negative amount, and is therefore recognised under liabilities in the consolidated statement of financial position. Please refer to Note 10.5 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 12.10 "Income taxes".

7.8 Other non-current assets

Other non-current assets, which amounted to €41.4 million (€16.7 million as at 31 December 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Advances for sports events	30.4	6.3
Advances for trade initiatives	16.8	16.2
Non-current portion of trade receivables	5.6	5.8
Receivables from personnel	0.8	0.7
Amounts committed to cautionary deposit with third parties	2.2	2.2
Other non-current receivables	1.6	1.6
– Provisions for write-down of other non-current assets	(16.0)	(16.1)
Total other non-current assets	41.4	16.7

The items above basically regard non-current portions of assets described in Note 8.5 "Other current receivables and assets" to which reference is made.

Advances for sports events mainly refer to sums paid for the acquisition of rights to future sports' events.

Other non-current receivables refer to €0.9 million for the recognition of the non-current portion of the substitute tax arising from tax relief for the merger deficit generated by the merger through incorporation of the company Sud Engineering with Rai Way in 2017. The current portion equal to €0.1 million was recognised under the current income tax credits as explained in Note 8.4. "Current income tax assets".

The provisions for write-down of other non-current assets, which amounted to €16.0 million (€16.1 million as at 31 December 2019), is broken down below:

(€/million)	Year ended 31 December 2019	Provisions	Drawdowns	Half-year ended 30 June 2020
Provisions for write-down of advances for trade initiatives	(9.8)	(0.2)	0.3	(9.7)
Provision for write-down of advances for sports events	(6.1)	-	-	(6.1)
Provisions for write-down of other non-current assets	(0.2)	-	-	(0.2)
Total provisions for write-down of other non-current assets	(16.1)	(0.2)	0.3	(16.0)

8

Current assets

8.1 Inventory

Inventory, net of its provisions for write-downs, amounted to €1.6 million (€1.5 million as at 31 December 2019), and is broken down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Technical materials	12.7	12.8
– Provisions for write-down of technical materials	(12.0)	(12.1)
Contract work in progress	0.2	0.2
Finished products and goods	0.7	0.6
Total inventory	1.6	1.5

The final inventory of technical materials, equal to €0.7 million net of the bad debt provisions (€0.7 million as at 31 December 2019), refers to stock and spare parts for maintenance and the use of technical capital equipment similar to consumables since their utility is depleted over a period that usually is no longer than 12 months.

Contract work in progress, equal to €0.2 million (unvaried compared to 31 December 2019), refers to costs sustained to develop the Isoradio network, entered in the financial statements of the subsidiary Rai Way.

Final inventory of finished products and goods, equal to €0.7 million (€0.6 million as at 31 December 2019), mainly concern inventories related to magazines and books and home video distribution.

8.2 Trade receivables

Trade receivables, which amounted to €401.9 million (€441.7 million as at 31 December 2019), are broken down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Trade:		
State and other public bodies for agreement services	66.8	62.9
Status of performance of service contract obligations - Law 145/2018	57.7	38.5
Other receivables	327.9	389.1
– Provision for write-downs of trade receivables	(50.9)	(49.0)
Joint ventures and associates	0.4	0.2
Total trade receivables	401.9	441.7

Receivables from joint ventures and associates refer to:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
San Marino RTV SpA	0.1	0.1
Tivù Srl	0.3	0.1
Receivables from joint ventures and associates	0.4	0.2

The breakdown of trade receivables by geographical area shows a national prevalence.

The nominal value of receivables from the Government and other public bodies for services under agreement, equal to €66.8 million (€62.9 million as at 31 December 2019), refers to:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Prime Minister's Office:		
Grants related to income to be paid to San Marino RTV	4.3	2.9
Radio, television and multimedia offer for abroad	10.1	6.7
Broadcasts from Trieste in Slovenian	17.0	11.4
Radio and TV broadcasts in French for the Valle d'Aosta Autonomous Region	3.2	2.1
Revenue Office:		
Management of ordinary TV licence fees	14.0	12.0
Regions and Provinces:		
Autonomous Province of Bolzano: broadcast of radio and TV programs in German and Ladin in the autonomous province of Bolzano	9.6	19.2
Valle d'Aosta Autonomous Region: management of equipment for the TV reception of programs from the French cultural area	8.6	8.6
Total receivables from the State and other public bodies for agreement services	66.8	62.9

Receivables from related parties are specified in Note 13.4 "Transactions with related parties".

Trade receivables are shown net of the provisions for write-downs of €50.9 million (€49.0 million as at 31 December 2019), with movements itemised below:

(€/million)	Year ended 31 December 2019	Provisions	Drawdowns	Absorptions	Half-year ended 30 June 2020
Provisions for write-downs of trade receivables	(49.0)	(2.6)	0.4	0.3	(50.9)

8.3 Current financial assets

Current financial liabilities totalled €8.8 million (€5.7 million as at 31 December 2019). The breakdown is shown in the table below:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Joint ventures and associates	1.4	0.2
From employees	-	0.1
Securities	2.3	-
Derivative instruments	0.2	0.2
Blocked bank deposits	4.3	4.7
Other current financial assets	0.6	0.5
Total current financial assets	8.8	5.7

Receivables from joint ventures and associated companies refer to San Marino RTV for both periods.

The item Securities, equal to €2.3 million (zero as at 31 December 2019), is entirely made up of government bonds maturing in May 2021, securing the Service Agreement and the special services agreement with the State.

Blocked bank deposits, which came to €4.3 million (€4.7 million as at 31 December 2019) refer to amounts seized on current accounts due to litigation in progress.

Derivative instruments recognised at fair value, are broken down below in the assets component, including the current and non-current portions:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Currency hedging derivatives	0.2	0.2
Total derivative financial instruments – current portion	0.2	0.2
Total derivative financial instruments – non-current portion	-	-
Total derivative financial instruments	0.2	0.2

The fair value of derivative instruments was calculated considering valuation models largely used in the financial field and the market parameters as at the reporting date, as better specified in Note 6 “Fair value measurement”.

Cash flow hedging on exchange rates for €0.2 million as at 30 June 2020 (€0.2 million as at 31 December 2019), refer to the hedging of contracts for the acquisition of TV and film rights of Rai Cinema in USD, and are adopted by the Parent Company under a specific mandate of the subsidiary. The non-current portion has an insignificant value in millions of Euros.

Information on risks hedged and on hedging policies is disclosed in Note 4.1 “Market risk”.

8.4 Current income tax assets

Current income tax assets, which amounted to €18.1 million (€18.4 million as at 31 December 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
IRES refund requested	16.9	16.9
Withheld taxes	0.5	1.7
Total IRES	17.4	18.6
IRAP	0.7	0.4
Advance for substitute tax on goodwill	0.1	0.1
Provisions for write-downs of current income tax assets	(0.1)	(0.7)
Total current income tax assets	18.1	18.4

Current income tax receivables are shown net of the provision for write-downs of €0.1 million (€0.7 million as at 31 December 2019) related to withheld taxes on income risking recoverability, with changes detailed below.

(€/’000)	Year ended 31 December 2019	Absorptions	Half-year ended 30 June 2020
Provisions for write-downs of current income tax assets	(0.7)	0.6	(0.1)

The IRAP receivable, equal to €0.7 million (€0.4 million as at 31 December 2019) refers to the IRAP advances paid to tax authorities in previous periods.

The advance on the substitute tax for goodwill refers to the recognition of the current portion of the substitute tax arising from tax relief for the merger deficit generated by the merger through incorporation of the company Sud Engineering into Rai Way in 2017. The non-current portion equal to €0.9 million was recognised under other non-current assets as explained in Note 7.8.

The taxes are commented on in Note 12.10 "Income taxes".

8.5 Other current receivables and assets

Other current receivables and assets, which totalled €161.3 million (€154.8 million as at 31 December 2019) break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Advances for sports events	75.9	63.4
Advances to suppliers, collaborators and agents	22.3	25.6
Receivables from social security and welfare institutions	2.8	3.0
Other tax receivables	3.0	2.3
Receivables from personnel	9.3	9.4
Receivables from entities, companies, bodies and others	22.6	18.7
Receivables for subsidies and grants from the State, EU and other public entities	0.4	0.4
Other receivables	28.3	35.4
– Provision for write-downs of other current receivables and assets	(3.3)	(3.4)
Total other current receivables and assets	161.3	154.8

Please note that:

- the receivables from social security and welfare institutions refer to advances disbursed against contributions due for artistic collaborations and other reasons;
- receivables from personnel are mainly referred to receivables from labour disputes, to advances for travel expenses and for production expenses. The item includes receivables from application of Law 89/2014.

Other tax receivables break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
VAT refund requested	1.9	1.8
Other tax refunds requested	0.2	0.2
Other	0.9	0.3
Total other tax receivables	3.0	2.3

The provisions for write-down of other current receivables and assets, which amounted to €3.3 million (€3.4 million as at 31 December 2019), is broken down below:

(€/million)	Year ended 31 December 2019	Drawdowns	Half-year ended 30 June 2020
Provisions for write-downs of other current receivables and assets	(3.4)	0.1	(3.3)

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed there are significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

8.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to €137.2 million (€194.6 million as at 31 December 2019), are broken down into the following items:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Bank and postal deposits	136.9	194.3
Cash and equivalents	0.3	0.3
Total cash and cash equivalents	137.2	194.6

Bank and postal deposits amounted to €136.9 million (€194.3 million as at 31 December 2019) and represent the money at-call or short-term liquid assets resulting from deposit or current accounts with banks, financial institutions and with the postal administration.

Cash and equivalents amounted to €0.3 million (unvaried as at 31 December 2019) and include the liquidity represented by cash in hand as at 30 June 2020.

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Shareholders' equity

Reported below is the breakdown of shareholders' equity, attributable to the Group and minority interests:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Share capital	242.5	242.5
Legal reserve	12.0	12.0
IFRS first-time adoption reserve	(118.3)	(83.2)
Translation difference reserve	0.5	0.5
Cash flow hedge reserve	(14.0)	(15.5)
Other reserves	264.6	251.6
Total other reserves	132.8	153.4
Actuarial reserves for employee benefits	(31.7)	(35.4)
Retained earnings (losses)	(3.3)	(3.3)
Profit (loss) for the year	(6.8)	(22.1)
Total retained earnings (losses carried forward)	(41.8)	(60.8)
Total Group shareholders' equity	345.5	347.1
Third-party capital and reserves	42.5	42.6
Retained earnings (losses) attributable to minority interests carried forward	11.6	22.0
Total shareholders' equity attributable to minority interests	54.1	64.6
Total shareholders' equity	399.6	411.7

Third party equity interest

The profit/(loss) for the period and the shareholders' equity of Third party equity interest refer to the subsidiary Rai Way, with Rai holding a 64.971% share.

Share capital

As at 30 June 2020, the share capital of the Parent Company consisted of 242,518,100 ordinary shares with a unit par value of €1.00. The share capital, fully subscribed and paid up, is held by:

- the Ministry of the Economy and Finance (MEF) which holds 241,447,000 shares, equal to 99.5583% of the share capital; and
- Società Italiana Autori Editori (SIAE) which holds 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounts to €12.0 million.

Other reserves and retained earnings (losses carried forward)

The other reserves, for €132.8 million (€153.4 million as at 31 December 2019) and losses carried forward, for €41.8 million (€60.8 million as at 31 December 2019) are broken down as shown below.

10.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, total €309.4 million (€664.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	299.0	-	299.0	298.9	349.6	648.5
M/L-term payables to banks	0.1	10.1	10.2	5.2	10.1	15.3
M/L-term payables to other lenders	0.1	0.1	0.2	0.1	0.1	0.2
Total non-current financial liabilities and current portions of non-current financial liabilities	299.2	10.2	309.4	304.2	359.8	664.0

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Non-current liabilities

Non-current financial liabilities, including the current portion, decreased by €354.6 million compared to 31 December 2019, mainly due to the repayment of the bond issue in May 2020 for a nominal €350.0 million (see also Note 4.3 "Liquidity risk") and the repayment of an instalment of the EIB loan for €5.0 million.

The main medium/long-term bank loans due as at 30 June 2020 included:

- new Rai bond issue with a notional amount of €300 million maturing in December 2024;
- amortising loan, maturing in 2021, from the EIB for a residual €10 million, granted to Rai for development of the digital terrestrial infrastructure;
- medium-long term credit lines granted to Rai Way by Mediocredito Centrale and Cassa Depositi e Prestiti for a total amount of €0.3 million.

The new senior unsecured bond issued by Rai in December 2019 and listed on the Dublin Stock Exchange, is fully subscribed to by national and international institutional investors, has a nominal rate of 1.375%, maturity in December 2024 and contains the usual covenants for issues with investment grade rating, including:

- a negative pledge prohibiting the granting of guarantees on other bond issues by the Issuer or its "significant subsidiaries", unless the same guarantees are extended to existing bondholders in circulation;
- A cross-default provision, whereby in the event of default on debt totalling more than €50 million by the Issuer or its "significant subsidiaries", bondholders may declare default on the bond;
- A Change of Control clause permitting bondholders to exercise a put option at par if the Ministry of the Economy and Finance ceases to hold the majority of voting rights exercisable at Ordinary and Extraordinary Shareholders' Meetings of Rai.

On 22 October 2019, Moody's published a rating action confirming the Long-Term Issuer Baa3 of Rai (Investment Grade) and changing the outlook from stable to negative. On 10 August 2020, Moody's announced the completion of the periodic review of the Rai rating, which is expected to be updated in the fourth quarter of the current year.

The EIB loan carries covenants requiring the following balance sheet parameters/ratios to be met in the consolidated annual and half-year financial statements:

- net financial debt (adjusted by operating lease liabilities), net of receivables from the state for television licence fees/shareholders' equity ≤ 1.3 ;
- net financial debt (adjusted by operating lease liabilities), net of receivables from the State for television licence fees/EBITDA ≤ 1.0 .

As at the reporting date, the ratio requirements were fully met at 0.48 and 0.30 respectively.

Derivative financial instruments, recognized at fair value, in the liability component, including the current and non-current portion, have an insignificant value in millions of Euros.

The final due date of financial liabilities held (current and non-current) is shown in the following table:

(€/million)	Half-year ended 30 June 2020			
	<1 year	>1-5 years	>5 years	Total
Bonds	-	299.0	-	299.0
M/L-term payables to banks	10.1	0.1	-	10.2
M/L-term payables to other lenders	0.1	0.1	-	0.2
Dividend account shareholders	22.2	-	-	22.2
Other financial liabilities	0.1	-	-	0.1
Total current and non-current financial liabilities	32.5	299.2	-	331.7

(€/million)	Year ended 31 December 2019			
	<1 year	>1-5 years	>5 years	Total
Bonds	349.6	298.9	-	648.5
M/L-term payables to banks	10.1	5.2	-	15.3
M/L-term payables to other lenders	0.1	0.1	-	0.2
Total current and non-current financial liabilities	359.8	304.2	-	664.0

All medium/long-term debt is held at fixed interest rates.

In compliance with accounting standards, the fair value of significant financial liabilities not recorded in the financial statements according to this criterion was also measured, using the following parameters:

- bond issued by the Company in 2019, maturing in May 2024: the fair value was measured at the market price as at 30 June 2020, equal to 100.9732, including accrued interest, for a countervalue of €302.9 million;
- EIB Loan: calculated discounting flows for capital and interest at implicit Euro curve rates at the reporting date increased by the Rai credit spread, estimated based on the base of securities issued by the Italian state, this is essentially in line with the financial statement value.

10.2 Lease liabilities

Non-current financial liabilities, including current portions, total €90.2 million (€77.6 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Liabilities for operating lease contracts	59.9	24.6	84.5	50.3	21.6	71.9
Liabilities for finance lease contracts	-	5.7	5.7	-	5.7	5.7
Total lease liabilities	59.9	30.3	90.2	50.3	27.3	77.6

The value of current lease liabilities is represented solely by the current portion of non-current lease liabilities, as short-term asset leases are recognised in the income statement under the item costs for the purchase of consumables, costs for services and other costs.

The total value of cash outflows from leases as at 30 June 2020 was €11.5 million, plus interest of €0.5 million.

Interest expense accrued on lease liabilities is detailed in Note 12.8 "Financial income and expenses," to which reference should be made.

Finance lease liabilities, amounting to €5.7 million, relate to the exercise of option rights by Rai in 2018 for the purchase of the building used as the regional headquarters.

The due dates lease liabilities (current and non-current) are shown below:

(€/million)	Half-year ended 30 June 2020			
	<1 year	>1-5 years	>5 years	Total
Liabilities for operating lease contracts	24.6	51.4	8.5	84.5
Liabilities for finance lease contracts	5.7	-	-	5.7
Total lease liabilities	30.3	51.4	8.5	90.2

(€/million)	Year ended 31 December 2019			
	<1 year	>1-5 years	>5 years	Total
Liabilities for operating lease contracts	21.6	41.1	9.2	71.9
Liabilities for finance lease contracts	5.7	-	-	5.7
Total lease liabilities	27.3	41.1	9.2	77.6

10.3 Employee benefits

Employee benefits totalled €411.3 million (€422.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Provisions for employee severance pay	213.3	218.2
Provisions for supplementary pension benefits	113.6	120.3
Provision in lieu of formerly fixed indemnity - journalists	69.2	68.7
Health insurance fund for senior managers (FASDIR)	14.2	13.8
Seniority bonuses	0.6	0.6
Others	0.4	0.4
Total employee benefits	411.3	422.0

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/million)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	FASDIR	Provisions in lieu of former fixed indemnity for journalists	Other benefits
Present value of the liability at the start of the year	218.2	120.3	13.8	68.7	1.0
Current cost of defined benefit plans	-	-	-	-	0.1
Current cost of defined contribution plans	22.0	-	0.9	-	-
Interest expense	0.6	0.4	0.1	0.2	-
Revaluations:					
- Actuarial gains/(losses) resulting from changes in demographic assumptions	-	-	-	-	-
- Actuarial gains/losses resulting from changes in financial assumptions	0.1	(0.2)	-	1.5	-
- Effect of past experience	(2.9)	(2.2)	-	-	-
Cost of past benefits and gains/losses on settlement	-	-	-	(0.1)	-
Benefits paid	(2.7)	(4.7)	(0.6)	(1.1)	(0.1)
Transfers to external funds for defined contribution plans	(22.0)	-	-	-	-
Other movements	-	-	-	-	-
Present value of the liability at the end of the period	213.3	113.6	14.2	69.2	1.0

There are no assets servicing the plan.

Costs for employee benefits, as measured using actuarial assumptions and recognised in the consolidated income statement, break down as follows:

(€/million)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	FASDIR	Provisions in lieu of former fixed indemnity for journalists	Other benefits
Current cost of defined benefit plans	-	-	-	-	(0.1)
Current cost of defined contribution plans	(22.0)	-	(0.9)	-	-
Cost of past benefits and gains/losses on settlement	-	-	-	0.1	-
Interest expense	(0.6)	(0.4)	(0.1)	(0.2)	-
Total	(22.6)	(0.4)	(1.0)	(0.1)	(0.1)

Costs for defined benefit plans recognised in other comprehensive income break down as follows:

(€/000)	Half-year ended 30 June 2020				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Revaluations:					
- Actuarial gains/(losses) resulting from changes in demographic assumptions	-	-	-	-	-
- Actuarial gains/losses resulting from changes in financial assumptions	(0.1)	0.2	-	(1.5)	-
- Effect of past experience	2.9	2.2	-	-	-
Total	2.8	2.4	-	(1.5)	-

The main actuarial assumptions adopted are reported below:

(€/million)	Half-year ended 30 June 2020
Financial assumptions	
Average discount rates (1)	from 0.29% to 0.60%
Inflation rate	1.20%
Expected rate of growth in remuneration/benefits (2)	from 0.96% to 2.70%
Demographic assumptions	
Maximum retirement age	As per law
Mortality tables:	
– Provisions for employee severance pay	SI 2016 revised
– Provisions for supplementary pension benefits	AS62
– Provisions in lieu of the former fixed indemnity for journalists	SI 2016 revised
Disability tables:	
– Provisions for employee severance pay	INPS tables by age and gender
– Provisions for supplementary pension benefits	-
– Provisions in lieu of the former fixed indemnity for journalists	-
Average annual employee leaving rate	from 4.20% to 8.90%
Annual probability of advance requests	1.50%

(1) Measured as the weighted average of the Eur Composite AA June 2020 interest rate curve for 30 June 2020 and Eur Composite AA 2019 for 31 December 2019.

(2) Including inflation.

10.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges totalled €177.4 million (€197.2 as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended 31 December 2019	Provisions	Drawdowns	Absorptions	Other movements	Half-year ended 30 June 2020
Provisions for legal disputes	61.8	4.8	(4.9)	-	-	61.7
Provisions for building renovation and refurbishment	28.0	-	(0.1)	-	-	27.9
Provisions for accrued compensation costs	32.0	3.6	(1.4)	(0.2)	(17.2)	16.8
Provisions for dismantling and restoration costs	14.7	0.1	(0.1)	-	-	14.7
Provisions for social security disputes	3.0	-	-	-	-	3.0
ISC and ICM provisions Agents	2.4	0.2	-	(0.1)	-	2.5
Provisions for disputes over leases	1.3	0.3	-	-	-	1.6
Provisions for default interest payment risks	0.6	-	-	-	-	0.6
Provision for depreciation of equity investments exceeding the carrying amount	-	0.3	-	-	-	0.3
Provisions for licence fee refunds	0.1	-	(0.1)	-	-	-
Other provisions	53.3	2.2	(5.2)	(0.7)	(1.3)	48.3
Total provision for risks and charges	197.2	11.5	(11.8)	(1.0)	(18.5)	177.4

Provisions for legal disputes, totalling €61.7 million, show the prudential and forecast estimate of charges for pending lawsuits in which the Group is involved in various ways. Specifically, the figure includes (amounts inclusive of legal costs) provisions for civil, administrative and criminal litigation for €31.3 million, and €30.4 million in provisions for labour law disputes.

Provisions for building renovation and refurbishment, totalling €27.9 million, show the estimated costs expected to be incurred primarily in relation to the removal of structures containing asbestos present in buildings owned. The constructive obligation to proceed with the refurbishment and renovation of the aforementioned buildings is connected with the Parent Company's expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions.

Provisions for accrued compensation costs, totalling €16.8 million, include the overall costs estimated in relation to employment contracts in place.

Provisions for dismantling and restoration costs, totalling €14.7 million, show the estimated costs for the dismantling and removal of installations and modifications and the restoration of premises rented by the Group under operating leases which require the lessee to restore the area and/or rented premises to their original condition at the end of the lease (where the area and/or lease will not be renewed).

Provisions for social security disputes, totalling €3.0 million, show the estimated costs connected with pending legal disputes with social security institutions.

ISC (Supplementary Customer Indemnities) and ICM (Meritocratic Customer Indemnities) provisions for agents, for €2.5 million, include amounts payable to agents when winding up agency agreements for reasons not attributable to the agent. The provisions are based on estimates that take into consideration the historic data and growth in the customer portfolio or in business with customers already in the portfolio.

10.5 Deferred tax liabilities

Deferred tax liabilities of €46.6 million are shown net of deferred tax assets that can be offset amounting to €108.1 million. The net balance as at 31 December 2019 recorded deferred tax liabilities of €21.0 million.

The nature of the temporary differences that gave rise to deferred tax liabilities and the deferred tax assets eligible for offset is reported in the table below:

(€/million)	Year ended 31 December 2019	Changes			Half-year ended 30 June 2020
		Income statement	Other comprehensive income	Balance sheet	
Statutory/tax differences on property, plant and equipment	(153.4)	1.0	-	-	(152.4)
Currency and interest-rate derivatives	-	-	-	-	-
Other equity investments	(1.7)	-	-	-	(1.7)
Deferred taxes on consolidation adjustments	(0.2)	(0.1)	-	-	(0.3)
Other	(0.3)	-	-	-	(0.3)
Deferred tax liabilities	(155.6)	0.9	-	-	(154.7)
Negative taxable income	127.2	6.4	-	(30.8)	102.8
Write-downs of programmes	0.5	(0.4)	-	-	0.1
Statutory/tax difference on programmes	0.5	(0.4)	-	-	0.1
Employee benefits	0.5	-	-	-	0.5
Estimate of provisions recovered	4.3	(1.2)	-	-	3.1
Deferred tax assets on consolidation adjustments	1.3	(0.1)	-	-	1.2
Other	0.3	-	-	-	0.3
Deferred tax assets eligible for offset	134.6	4.3	-	(30.8)	108.1
Net deferred tax liabilities	(21.0)	5.2	-	(30.8)	(46.6)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Deferred tax assets on tax losses carried forward totalled €102.8 million: It is probable that they will be used to offset the taxable earnings of Group companies that participate in the tax consolidation arrangement and the deferred tax liability carried through to the consolidated income statement.

10.6 Other non-current payables and liabilities

Other non-current payables and liabilities are all stated in Euros. Totalling €0.4 million (€0.5 million as at 31 December 2019), they refer entirely to deferred income for the non-current portion of government grants provided by the former Ministry of Communications to support initiatives for the switch-over to digital terrestrial. See Note 11.1 "Trade payables and other current payables and liabilities" for further information on those grants.

Payables to related parties are reported in Note 13.4 "Transactions with related parties".

11

Current liabilities

11.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities amounted to a total €1,337.7 million (€1,088.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Trade payables to suppliers	584.4	686.8
Trade payables to joint ventures and associates	5.3	4.4
Total trade payables	589.7	691.2
Payables to personnel	201.6	186.6
Payables to social security institutions	63.4	80.8
Other tax payables	36.7	40.0
Payables to the State for the contribution to use frequencies	5.1	-
Other payables for assessments	3.9	5.1
Advances:		
– Ordinary licence fees	59.6	66.1
– Other advances	8.6	4.0
Deferrals:		
– Advertising	1.9	2.8
– Licence fees	357.4	0.7
– Grants for the switch-over to digital terrestrial	0.4	0.6
– Other deferrals	2.1	1.0
Accruals	2.4	3.5
Other payables	4.9	5.6
Total other current payables and liabilities	748.0	396.8
Total trade payables and other current payables and liabilities	1,337.7	1,088.0

Trade payables to joint ventures and associates refer to:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Auditel Srl	-	1.0
San Marino RTV SpA	4.3	3.0
Tavolo Editori Radio Srl	0.2	-
Tivù Srl	0.8	0.4
Total trade payables to joint ventures and associates	5.3	4.4

Trade payables, totalling €589,7 million, fell by €101.5 million compared to 31 December 2019.

Other current payables and liabilities increased by €351.2 million compared to 31 December 2019, mainly due to deferrals on subscription fees originating from the difference between the amounts paid in the first half of the year by the Ministry of the Economy and Finance compared to the relevant economic value, the repayment of which is expected in the second half of the year.

Deferrals for grants for the switch-over to digital terrestrial included €0.4 million for the current portion of government grants provided by the former Ministry of Communications between 2007 and 2011 to support initiatives to fast-track the said switch-over process.

Payables to personnel totalled €201.6 million (€186.6 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Untaken paid annual leave	89.8	67.6
Untaken time in lieu	48.0	52.9
Wage and salary assessment	60.5	52.7
Redundancy incentives	1.7	11.4
Others	1.6	2.0
Total payables to personnel	201.6	186.6

Payables to social security institutions totalled €63.4 million (€80.8 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Payables to supplementary pension funds for personnel	13.0	25.6
Payables to INPGI	11.2	13.8
Payables to INPS	27.1	28.6
Payables to CASAGIT	1.1	1.5
Contributions on assessed wages and salaries	9.4	10.4
Other payables	1.6	0.9
Total payables to social security institutions	63.4	80.8

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Group VAT	9.1	3.1
Suspended VAT	1.0	1.0
Withheld tax on wages and salaries for employees and contractors, substitution tax and other withholdings	26.6	35.9
Total other tax payables	36.7	40.0

Payables to related parties are reported in Note 13.4 "Transactions with related parties".

11.2 Current financial liabilities

Current financial liabilities totalled €32.5 million (€359.8 million as at 31 December 2019). The breakdown is shown in the table below:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Obligations (current portion)	-	349.6
M/L-term payables to banks (current portion)	10.1	10.1
M/L-term payables due to other lenders (current portion)	0.1	0.1
Dividend account shareholders	22.2	-
Other financial liabilities	0.1	-
Total current financial liabilities	32.5	359.8

The dividend liability of €22.2 million (zero as at 31 December 2019) refers to the portion due to third parties of the dividend approved by Rai Way on 24 June 2020 and not yet paid as at 30 June.

The current portion of non-current financial liabilities is reported in the table above and explained in Note 10.1 "Non-current financial liabilities and current portions of non-current financial liabilities", to which reference is made.

11.3 Current income tax liabilities

Current income tax liabilities, which amounted to €12.7 million (€31.5 million as at 31 December 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
IRES	10.6	30.7
IRAP	1.8	0.4
Tax and other assessments	0.3	0.4
Total current income tax liabilities	12.7	31.5

As concerns amounts payable to the Inland Revenue for IRES, totalling €10.6 million (€30.7 million as at 31 December 2019), Group companies opted for Group taxation, thus transferring to the Parent Company, as the consolidating party, obligations related to settling and paying IRES for companies included in tax consolidation. Procedures for consolidating Group taxable income are governed by a specific agreement between the Parent Company and its subsidiaries, as described in Note 13.4 "Transactions with related parties".

Income taxes are reported in Note 12.10 "Income tax".

12.1 Revenue from sales and services

The main items are analysed below:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
TV licence fees	869.9	922.2
Advertising	278.0	327.1
Other revenue	94.1	111.5
Total revenue from sales and services	1,242.0	1,360.8

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

Licence fees, amounting to €869.9 million (€922.2 million in the first half of 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Licence fees for the period - household licences	817.0	817.4
Licence fees for the period - special licences	35.5	43.3
Licence fees collected by enforcement order	6.0	50.1
Licence fees for prior years – household licences	11.4	11.4
Total TV licence fees	869.9	922.2

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the new collection method were used, considering Law 190 of 23 December 2014 (art. 1, paragraph 293). This established a reduction of 5 per cent, from 2015, of sums to be paid to Rai to cover the cost of the Public Service being supplied.

The new collection methods were introduced by Law no. 208 of 28 December 2015 (the “2016 Stability Law”), which provided, in Article 1 (152 et seq.), for TV licence fees for household licences to be charged, as of 1 January 2016, directly in power bills issued by electricity companies, under a separately detailed item.

That law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for power supply to a registered home address, then it can be presumed that the household is in possession of a television set. That presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidation Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 state budget forecasts are to be transferred to Rai in the set proportion of 67% for the year 2016, and 50% for the years 2017 and 2018.

Law no. 145 of 30 December 2018 confirmed, when fully operational, the amount of €90 due for the Rai licence fee for private use and stabilised the allocation to Rai of 50% of the extra revenue.

In relation to the amounts reported above:

- previous year licences - households are related to 2019 licence fees that became known in financial year 2020 as they were paid to the State during the year;
- licence fees collected by enforcement order in the six-month period ended 30 June 2019 include the one-off amount deriving from the adjustment for higher amounts collected by the State through rolls in the years between 2004 and 2015 for €41.3 million.

12

Consolidated
income
statement

The mechanism for determining the single television licence fee contemplated by the Consolidation Law for audiovisual and radio media ("separate accounting"), designed to ensure that revenue from licence fees is proportional to the costs incurred by Rai, as certified by an independent auditor, for its Public Service operations, has found a shortfall in such revenue for the period 2005-2018 of €2.5 billion. The annual separate accounts relative to 2019 are being prepared.

Advertising

Revenue from advertising amounted to €278.0 million (€327.1 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Television advertising on general-interest channels:		
– <i>air time</i>	149.8	179.5
– <i>promotions, sponsorships and special initiatives</i>	77.1	86.8
– <i>product placement and branded content</i>	3.7	4.0
Television advertising on specialist channels	26.8	32.1
Radio advertising	10.8	15.2
Cinema advertising	1.1	2.4
Web advertising	9.1	7.0
Other advertising	1.3	1.1
Share due to third parties	(1.5)	(1.0)
Contingencies	(0.2)	-
Total advertising revenue	278.0	327.1

Other revenue

Other revenue from sales and services amounted to €94.1 million (€111.5 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Special services under convention	22.0	23.0
Fulfillment of service contract obligations and digital programming development - Law 145/2018	19.2	19.2
Sale of music rights and editions	26.2	26.3
Film and home video distribution	10.2	13.5
Distribution and sale of channels	6.7	6.5
Sale of patents and trademarks	0.7	11.9
Fees for hosting plant and equipment	14.6	15.2
Sundry services, mainly for institutional purposes	1.7	3.8
Signal diffusion services, rental of circuits, radio links and connections	1.5	1.4
Interactive telephone	-	0.2
Production services	-	0.3
Revenue from sales	1.2	1.3
Other	2.1	1.2
Share due to third parties	(12.9)	(13.9)
Contingencies	0.9	1.6
Total other revenue	94.1	111.5

12.2 Other revenue and income

Other revenue and income amounted to €3.4 million (€5.1 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Grants related to income	1.1	1.6
Income from real estate investments and rentals	0.9	0.9
Compensation for damages	0.1	0.3
Contingencies	0.3	0.4
Other	1.0	1.9
Total other revenue and income	3.4	5.1

12.3 Costs for the purchase of consumables, costs for services and other costs

Costs for the purchase of consumables, costs for services and other costs totalled €425.6 million (€560.0 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Costs for the purchase of consumables	5.3	6.6
Costs for services	396.5	527.9
Other costs	23.8	25.5
Total costs for the purchase of consumables, services and other costs	425.6	560.0

Costs for the purchase of consumables, totalled €5.3 million (€6.6 million in the first half of 2019), mainly refer to the purchase of various production materials, technical materials for inventories and other materials.

The breakdown of costs for services is shown in the table below. The item totalled €396.5 million (€527.9 million in the first half of 2019), net of discounts and rebates obtained. Among other things, they include emoluments, indemnities for office and reimbursement of expenses paid by the Parent Company to Directors for €0.5 million and to Statutory Auditors for €0.1 million. It should also be noted that no member of the Board of Directors and of the Board of Statutory Auditors of the Parent Company performed similar, overlapping duties in other subsidiaries.

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Contractors	61.0	70.1
Services for programme acquisition and production	86.2	112.6
Business travel and accessory personnel costs	10.9	23.0
Maintenance, repairs, transport and similar	19.6	23.0
IT system documentation and assistance services	27.6	27.6
Other outsourced services (telephone, supply, cleaning, postal, insurance etc.)	64.2	74.5
Rent payable and leases	25.7	31.4
Recording rights	50.7	116.3
Rights of use	53.7	55.0
Contingencies	(0.1)	1.9
Cost recoveries and expense refunds	(3.0)	(7.5)
Total costs for services	396.5	527.9

Pursuant to Article 2427, no. 16-*bis*, of the Italian Civil Code, it should be noted that the fees for the first half of 2020 for the services provided by the Independent Auditors for the annual statutory audit of the accounts and for other audit services, including the review of the half-yearly financial statements of the Parent Company, totalled €0.2 million. Fees for services other than auditing amount to an insignificant figure in millions of Euros.

Other costs, totalling €23.8 million (€25.5 million in the first half of 2019), mainly refer to the contribution toward usage rights for digital TV frequencies and other contributions to the supervisory authorities, indirect taxes and other taxes and to prizes and winnings on radio and television competitions.

12.4 HR expenses

HR expenses, amounting to €513.1 million (€521.1 million in the first half of 2019), break down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Wages, salaries and social security costs	483.5	495.3
Employee severance pay	22.0	21.8
Pensions and similar obligations	7.3	7.3
Others	6.9	3.6
HR expenses	519.7	528.0
Costs for redundancy incentives	1.5	1.6
Recovery of expenses	(0.2)	(0.2)
Capitalised HR expenses	(7.4)	(8.5)
Other HR expenses	(6.1)	(7.1)
Contingencies and releases of provisions	(0.5)	0.2
Total HR expenses	513.1	521.1

The item includes €23.0 million of charges for defined contribution plans and defined benefit plans, and €0.1 million for past benefits, as reported in Note 10.3 "Employee benefits".

Five different collective bargaining agreements (CCLs) are applied within the Group: the CCL for middle managers, office staff and workers employed by the companies Rai, Rai Way, Rai Cinema and Rai Com; the CCL for Rai orchestra musicians; the CCL for journalists (CNLG), applied by Rai under the terms and conditions of the "Convention for the Extension of the CNLG to Rai" and the relative Addendum Agreement with Usigrai for journalist staff; the national CCL for senior managers of manufacturing and service companies and the relative Addendum Agreement between Rai and ADRai; and the CCL for the middle managers and office staff of Rai Pubblicità.

With respect to those agreements, we report that:

- the collective bargaining agreement for middle managers, office staff and workers was renewed, by agreement made on 28 February 2018, for the period 2014–2016 and, on an exceptional basis, for 2017 and 2018;
- the collective bargaining agreement for orchestra musicians was renewed, by agreement on 28 June 2018, for the three-year period 2014–2016 and, on an exceptional basis, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai and Unindustria Roma signed a Convention for the Extension of the National Collective Bargaining Agreement for Journalists to Rai, with the Rai journalists trade union, Usigrai and the National Press Federation, FNSI. the Rai–Usigrai Addendum Agreement expired on 31 December 2013;
- for personnel employed as senior managers, the collective bargaining agreement for the period 1 January 2019–31 December 2023 is still in force, while the Rai–ADRAI Addendum Agreement for the period 2017–2019 was renewed on 6 July 2018;
- the collective bargaining agreement for middle managers and office staff of Rai Pubblicità was renewed, by agreement on 7 July 2018, for the period 2014–2016 and, on an exceptional basis, for 2017 and 2018.

The average number of employees included in the area of consolidation is shown below by employment category:

	Half-year ended 30 June 2020			Half-year ended 30 June 2019		
	Average number of staff on a temporary contract	Average number of staff on a permanent contract ⁽¹⁾	Total	Average number of staff on a temporary contract	Average number of staff on a permanent contract ⁽¹⁾	Total
Senior managers ⁽²⁾	0	319	319	0	336	336
Middle managers	0	1,606	1,606	0	1,443	1,443
Journalists	20	1,818	1,838	111	1,755	1,866
Administrative and production employees ⁽³⁾	88	7,822	7,910	242	7,757	7,999
Workers	4	884	888	14	893	907
Orchestra musicians and other artists	2	114	116	5	105	110
Total	114	12,563	12,677	372	12,289	12,661

(1) Of which trainees/apprentices.

419

333

(2) The figure includes top managers engaged under temporary employment contracts.

(3) The figure also includes technicians and general practitioners

The average number of employees was calculated as the arithmetic mean of the daily number of employees over the reporting period, weighted to account for part-time employees. The average number of employees includes personnel on permanent and fixed-term employees.

12.5 Impairment of financial assets

This item recognises impairment losses (including recoveries) of financial assets, which include all assets of a contractual origin that give right to receiving cash flows (including trade receivables).

The item, equal to €2.3 million (€1.1 million in the first half of 2019), refers to the net effect of uses and allocations to provisions for the write-down of trade receivables, as explained in Note 8.2 "Trade receivables", to which reference is made.

12.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and write-downs totalled €278.8 million (€270.3 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Amortisation and depreciation		
Property, plant and equipment:		
Buildings	6.8	8.5
Plant and machinery	37.4	35.9
Industrial and commercial equipment	1.6	1.5
Other assets	3.3	3.0
Total depreciation of property, plant and equipment	49.1	48.9
Depreciation of real estate investments	0.1	0.1
Lease rights of use:		
Buildings	10.3	10.3
Other assets	1.8	1.8
Total depreciation of lease rights of use	12.1	12.1
Intangible assets:		
Programmes	182.5	195.3
Software	5.1	4.4
Other intangible assets	0.1	0.2
Total amortisation of intangible assets	187.7	199.9
Total amortisation and depreciation	249.0	261.0
Other write-downs		
Programmes under amortisation	29.6	9.0
Programmes in progress	0.6	1.2
Other non-current receivables and assets	0.2	(0.7)
Current income tax receivables	(0.6)	-
Other current receivables and assets	-	(0.2)
Total other write-downs	29.8	9.3
Total depreciation, amortisation and other write-downs	278.8	270.3

12.7 Provisions

The item, which recognises the provisions for risks and charges and any issues not classifiable in specific items of the income statement, shows net provisions of €2.2 million (net issues of €0.8 million in the first half of 2019) due to provisions for €2.9 million (€1.7 million in the first half of 2019), offset by issues for €0.7 million (€2.5 million in the first half of 2019), which mostly relate to sundry disputes.

12.8 Financial income and expenses

Net financial expenses totalled €9.2 million (€7.1 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Financial income		
Interest income from banks	-	0.1
Gains from currency valuation	0.6	0.5
Currency gains realised	(0.3)	(0.5)
Income on exchange hedging derivatives	0.2	0.5
Others	0.1	0.2
Total financial income	0.6	0.8
Financial expense		
Interest expense on bonds	(6.2)	(3.1)
Interest expense due to banks	(0.2)	(0.4)
Foreign exchange losses	(0.5)	(0.5)
Foreign exchange losses realised	0.3	0.5
Interest on employee benefit liabilities	(1.3)	(2.6)
Interest on leases	(0.5)	(0.5)
Others	(1.4)	(1.3)
Total financial expense	(9.8)	(7.9)
Total net financial income (expense)	(9.2)	(7.1)

12.9 Earnings from investments recognised at equity

Earnings from equity investments recognised at equity amounted to a negative €0.2 million (€0.4 million positive in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
Euronews SA	(0.4)	-
San Marino RTV SpA	(0.2)	(0.1)
Tivù Srl	0.4	0.5
Total earnings from equity investments recognised at equity	(0.2)	0.4

The breakdown of the change in equity investments recognised under the equity method is reported in Note 7.5 "Equity investments".

12.10 Income tax

Income tax amounted to €9.2 million (€4.2 million in the first half of 2019). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2020	Half-year ended 30 June 2019
IRES	(12.5)	(15.1)
IRAP	(2.4)	(3.1)
Total current taxes	(14.9)	(18.2)
Deferred tax liabilities	0.9	1.0
Deferred tax assets	4.3	12.7
Total deferred taxes	5.2	13.7
Direct taxes of previous years and other taxes	0.5	0.3
Total income taxes	(9.2)	(4.2)

In the first half of 2020, the economic trends that occurred led to taxable income for the period for Group companies, for which IRES (corporate income tax) of €12.5 million and IRAP (regional tax on productive activities) of €2.4 million were allocated.

Deferred tax liabilities pointed to a positive economic effect of €0.9 million due to return of the temporary differences recognised in the previous years.

For IRES purposes, in the first half of 2020, as well as in the first half of 2019, the Parent Company has determined tax losses for which deferred tax assets of €6.4 million have been allocated which has had a positive effect on the income statement.

13

Other information

13.1 Guarantees

Guarantees provided, which amounted to €23.2 million (€37.6 million as at 31 December 2019), are broken down as follows:

(€/million)	Half-year ended 30 June 2020				Year ended 31 December 2019			
	Surety guarantees	Other personal guarantees	Collateral	Total	Surety guarantees	Other personal guarantees	Collateral	Total
Joint ventures and associates	2.6	-	-	2.6	2.6	-	-	2.6
Others	18.4	-	2.2	20.6	32.8	-	2.2	35.0
Total	21.0	-	2.2	23.2	35.4	-	2.2	37.6

Guarantees given included the assumption of payment obligations in favour of the Tax Authorities, as security for the early repayment of the VAT surplus of €17.2 million (€31.6 million as at 31 December 2019) in favour of subsidiaries.

The Group has also recognised €397.8 million of guarantees provided by third parties (€487.2 million as at 31 December 2019) on commercial and financial obligations. Those guarantees mainly consist of:

- i) guarantees received from various banks and insurance institutions:
 - to guarantee the purchase of goods and services;
 - full performance of contracts for the production of radio and television productions;
- ii) guarantees provided by third parties on obligations held by the Group:
 - for payables – mainly surety guarantees for the Parent Company on the medium/long term EIB loan;

- for other obligations – mainly surety guarantees issued to the Inland Revenue in favour of the Parent Company to guarantee prize competitions, for surety issued to various entities for the 2020 Olympic Games for surety issued to UEFA for qualifications at the European football Championships of 2020 and World football Championships of 2022.

13.2 Commitments

The main commitments, including long-term commitments, connected with products or with technological development and modernisation initiatives and in place at the reporting date are reported in the table below:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
Future commitments on:		
Sports broadcasting rights	228.3	254.4
Investments in audiovisual works	196.5	282.1
Rights and services for the production of programmes	13.7	42.7
Technical investments	79.4	47.0
Total commitments	517.9	626.2

13.3 Contingent liabilities

Group companies, mainly Rai, are parties in civil, administrative, labour law and social security lawsuits connected with their ordinary business activities.

Civil and administrative litigation involving the Group companies is primarily connected with the production and public broadcasting of radio and television programmes. Almost all civil litigation concerns claims for damages, mostly in connection with alleged defamation and infringement of personality rights, while claims for damages under administrative law usually concern disputes over tender awards in which the equivalent compensation claim is usually a subsidiary application to the main application for the annulment of the tender documentation and, in some cases, the award of the contract.

If, on the basis of analyses conducted on such kinds of litigation:

- information is available, at the time of preparation of the financial statements, suggesting it is likely that a liability will arise;
- possibility to estimate the expenses sufficiently reasonably, considering the *petitum attoreo*, the relative expense is registered through a provision to the provisions for legal disputes.

In relation to labour law and social security matters, the Group companies are parties in several lawsuits, mainly concerning claims for reinstatement, applications for investigations into the alleged use of fictitious intermediaries in the procurement of labour, applications for higher level employment grades and categories, compensation claims for alleged demotion and alleged non-fulfilment of social security obligations under employment contracts or collective bargaining agreements. For the purposes of determining the amount of provisions to be allocated, given the large number of pending lawsuits and the consequent difficulty in assessing the contingent liability for each, the cases are subdivided into three categories in relation to their status and any appeal rulings handed down – lawsuits pending in courts of first instance.

Note 10.4 "Provisions for non-current risks and charges" details provisions made for that occurrence.

On the basis of information currently available, the Group believes that provisions for risks are adequate.

13.4 Transactions with related parties

Transactions between the Parent Company and related parties are reported below; as identified on the basis of the criteria provided by IAS 24 “Related Party Disclosures”.

Related party dealings are mainly of a commercial and financial nature and involve the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- Group key management personnel (“Senior Management”);
- other associates and joint ventures with which the Group has an interest as indicated in Note 7.5 “Equity investments”; companies under the control or joint control of Senior Management and bodies that manage benefit plans after the work relationship ends and solely for Group employees (“Other related parties”).

Although related party transactions are conducted at arm’s length, there is no guarantee that if those transactions were negotiated and pursued with or between third parties, the relative contracts, and the transactions themselves, would stipulate the same terms and conditions.

“Senior management” means managers with strategic responsibilities with the power and direct or indirect responsibility for the planning, management and control of Group business, including therein the members of the Board of Directors of Group companies. For information on emoluments paid to statutory auditors of the Parent Company, see Note 12.3 “Costs for the purchase of consumables, costs for services and other costs”.

The follow table details the balance sheet totals as at 30 June 2020 and as at 31 December 2019 and the income effects of transactions between the Group and related parties conducted in the half years ended 30 June 2020 and 30 June 2019, except transactions between Group companies, consolidated on a line-by-line basis:

(€/million)	Senior Management	Other related parties	Total
Current financial assets			
As at 30 June 2020	-	1.4	1.4
As at 31 December 2019	-	0.2	0.2
Current trade receivables			
As at 30 June 2020	-	0.4	0.4
As at 31 December 2019	-	0.2	0.2
Other current receivables and assets			
As at 30 June 2020	-	0.2	0.2
As at 31 December 2019	-	-	-
Employee benefits			
As at 30 June 2020	(5.2)	(14.2)	(19.4)
As at 31 December 2019	(4.5)	(13.8)	(18.3)
Trade payables			
As at 30 June 2020	-	(5.3)	(5.3)
As at 31 December 2019	-	(4.4)	(4.4)

(€/million)	Senior Management	Other related parties	Total
Other current payables and liabilities			
As at 30 June 2020	(8.2)	(8.6)	(16.8)
As at 31 December 2019	(9.9)	(16.6)	(26.5)
Current financial liabilities			
As at 30 June 2020	-	-	-
As at 31 December 2019	-	-	-
Revenue from sales and services			
As at 30 June 2020	-	0.4	0.4
As at 30 June 2019	-	0.4	0.4
Other revenue and income			
As at 30 June 2020	-	-	-
As at 30 June 2019	-	-	-
Costs for services			
As at 30 June 2020	(0.6)	(5.8)	(6.4)
As at 30 June 2019	(0.6)	(6.0)	(6.6)
HR expenses			
As at 30 June 2020	(11.6)	(6.9)	(18.5)
As at 30 June 2019	(11.2)	(6.5)	(17.7)

With regard to the description of the main agreements in place between the Rai and the subsidiaries, associated companies and joint ventures identified above, reference should be made to the specific paragraph in the Notes to the Consolidated Financial Statements of the Report and Financial Statements as at 31 December 2019, with the exception of the following paragraphs.

Group VAT offsetting

The Group has adopted the group VAT offsetting procedure as per Ministerial Decree of 13 December 1979, providing implementing rules for the provisions of Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972.

The option to apply the Group VAT procedure is valid for one year and was exercised by Rai and all its Italian subsidiaries until 31 December 2020. Tax and equity arrangements under the procedure are governed by a specific agreement between the parties.

On 30 July the Rai Way Board of Directors approved the start of a treasury share purchase program which envisages, *inter alia*, a maximum total investment of €20.0 million.

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Subsequent events

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Reconciliation between the Separate and Consolidated Financial Statements

The analysis of items reconciling the result of the income statement and shareholders' equity of the Separate Financial Statements and respective figures of the Consolidated Financial Statements is presented below:

(€/million)

	Profit/(loss)		Shareholders' equity	
	Half-year ended 30 June 2020	Half-year ended 30 June 2019	Half-year ended 30 June 2020	Year ended 31 December 2019
Rai financial statements	33.0	14.0	751.1	713.0
Elimination of the value of equity investments against respective shareholders' equity and of dividends distributed against profits for the period	(28.9)	(10.6)	(351.4)	(300.5)
Adjustment of deferred taxes on the Rai Way equity investment revaluation	-	-	5.0	5.0
Other consolidation adjustments	0.7	(0.1)	(5.1)	(5.8)
Consolidated Financial Statements	4.8	3.3	399.6	411.7
<i>of which non-controlling interests</i>	<i>11.6</i>	<i>11.4</i>	<i>54.1</i>	<i>64.6</i>

16.1 Rai equity investments in subsidiaries

The following table reports the equity investments held by Rai in domestic and foreign subsidiaries.

As at 30 June 2020, the above investments are unchanged from 31 December 2019.

(Values as at 30 June 2020)	Registered office	No. shares/units held	Nominal value (in Euros)	Share capital (in €/'000)	Equity interest held%
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	100.00%
Rai Com SpA	Rome	2,000,000	5.16	10,320	100.00%
Rai Corporation in liquidation	New York (USA)	50,000	10.00 ⁽¹⁾	500 ⁽²⁾	100.00%
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	100.00%
Rai Way SpA	Rome	176,721,110	- ⁽³⁾	70,176	64.971%

(1) Values in USD

(2) Values in USD/'000

(3) Ordinary shares with no stated par value.

The market value of Rai Way shares as at 30 June 2020 was €5.85.

16.2 Net consolidated financial position

Net financial position, as measured in accordance with the recommendations of paragraph 127 of the ESMA document no. 319 of 2013, implementing Regulation (EC) No 809/2004, is reported in the table below:

(€/million)	Half-year ended 30 June 2020	Year ended 31 December 2019
A. Cash	0.3	0.3
B. Other cash equivalents	136.9	194.3
C. Securities held for trading	-	-
D. Liquidity (A + B + C)	137.2	194.6
E. Current financial receivables	8.8	5.7
F. Current bank debt	-	-
G. Current portion of long-term loans	(10.2)	(359.8)
H. Other current financial debt	(52.6)	(27.3)
I. Current financial debt (F+G+H)	(62.8)	(387.1)
J. Net current financial position (D+E+I)	83.2	(186.8)
K. Non-current bank debt	(0.1)	(5.2)
L. Bonds issued	(299.0)	(298.9)
M. Other non-current financial debt	(60.0)	(50.4)
N. Non-current financial debt (K+L+M)	(359.1)	(354.5)
O. Net consolidated financial position (J+N)	(275.9)	(541.3)
Of which operating lease liabilities	(84.5)	(71.9)
Net financial position excluding operating lease liabilities	(191.4)	(469.4)

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Appendix

Certification pursuant to article 154-*bis* of Italian Legislative Decree 58/98

The undersigned Fabrizio Salini, in the capacity as Chief Executive Officer, and Massimo Cappelli, in the capacity as Manager in charge of drawing up the corporate accounting documents of RAI Radiotelevisione italiana Spa, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, hereby attest:

- the adequacy in relation to the characteristics of the Company, and
- the actual application

of administrative and accounting procedures in preparing the Consolidated Interim Financial Statements as at 30 June 2020 during the first half of 2020.

The administrative and accounting procedures and operating practices in place have been applied in a manner consistent with the internal administrative and accounting control system to ensure the achievement of the objectives required by the applicable regulatory framework.

It is also attested that:

- the Consolidated Interim Financial Statements as at 30 June 2020 of the RAI Group:
 - a) have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) are suitable to provide a true and fair representation of the equity, economic and financial position of the issuer and of all of the companies included in the scope of consolidation.
- the Report on Operations includes a reliable analysis of the trends and results of operations, as well as the situation of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 14 October 2020

Fabrizio Salini
Chief Executive Officer

Massimo Cappelli
*Manager in charge of drawing up
the corporate accounting documents*

Independent Auditors' Report

To the Board of Directors of RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying consolidated interim financial statements of RAI – Radiotelevisione italiana SpA and its subsidiaries (the “RAI Group”), which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related explanatory notes as of 30 June 2020. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the consolidated interim financial statements that give a true and fair view in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the RAI Group as of 30 June 2020 do not give a true and fair view of the financial position, the result of operations and cash flows of the RAI Group, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 19 October 2020

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

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Production centre
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Production centre
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and experimentation**
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Rai - Radiotelevisione Italiana SpA

Registered Office
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Share Capital
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The Rai logo consists of the word "Rai" in a bold, white, sans-serif font, centered within a solid blue square. The letter "i" has a distinct dot above it.

Rai

rai.it