



Report
and Financial
Statements as at
31 December
2020

The Rai logo consists of the word "Rai" in a bold, white, sans-serif font, centered within a solid blue square. The background of the entire page is a light gray gradient.

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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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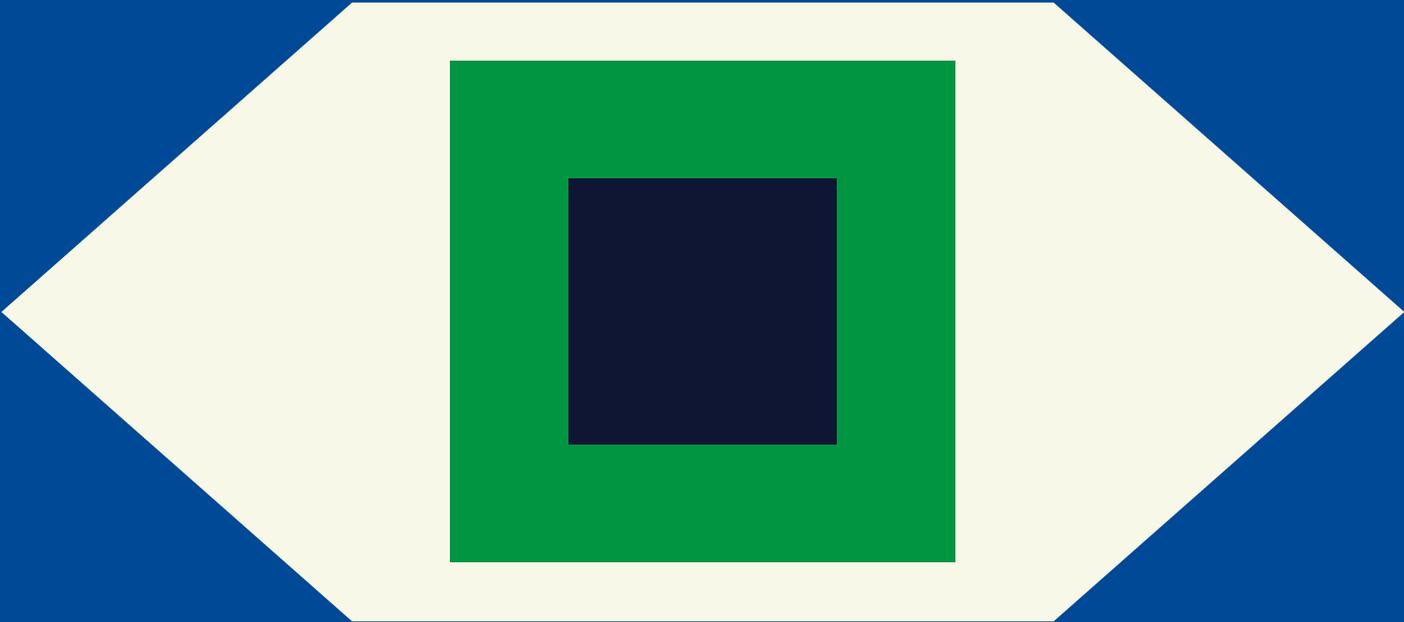
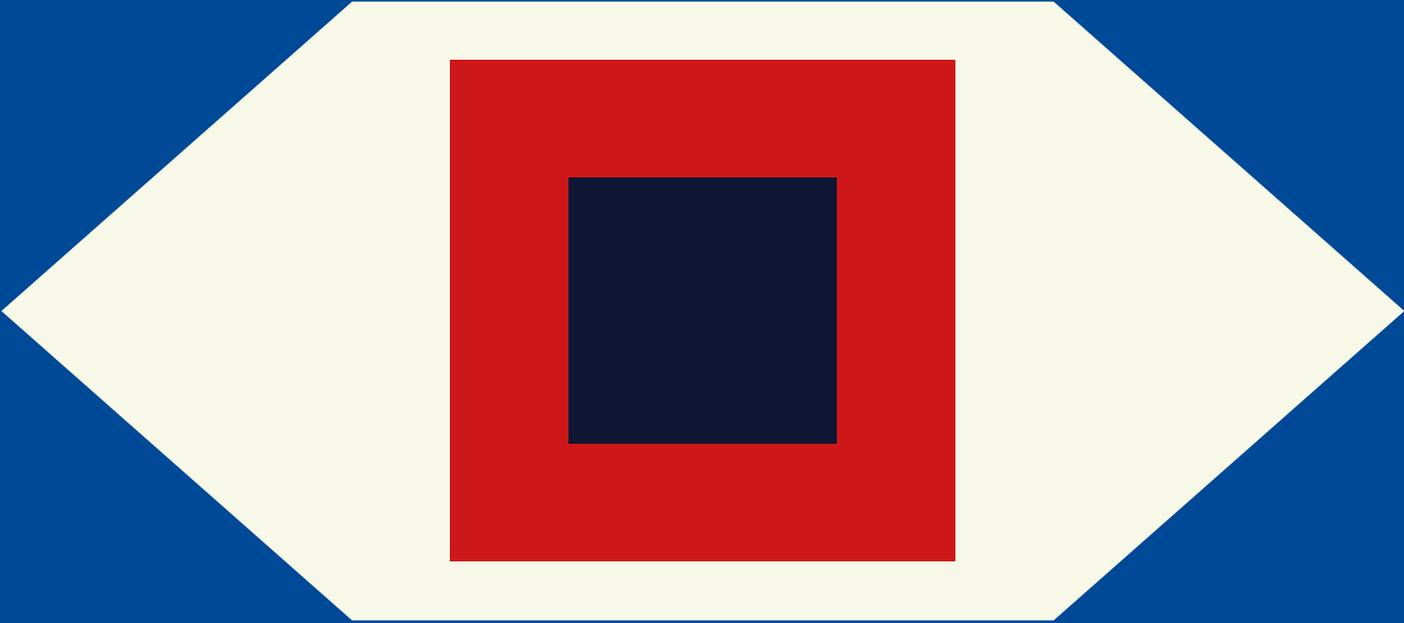
Independent Auditor

PricewaterhouseCoopers

Organisational Structure

(short form)





Letter to the Shareholders from the Chairperson of the Board of Directors

The year 2020 was one of the most complicated in Rai's recent history, due to the Covid-19 pandemic, which posed unimaginable challenges for the company in a national and international scenario that, as we know, was dramatic.

Nevertheless, the company reacted well, with flexibility, showing a spirit of sacrifice and teamwork and taking a number of operational measures that were followed very closely, including by our European partners. In fact, Rai was the first major European public service to face the crisis, in March, and we played a leading role within the European Broadcasting Union, and also beyond Europe's borders. Our experience has helped many Public Service Media to correctly gauge their responses to the crisis.

The pandemic did not spare the media ecosystem, severely affecting accounts and some sectors, starting with the film and drama series industry, and resulting in a prolonged interruption of productions. Our first and foremost concern was to rapidly put in place suitable measures to preserve the health of the thousands of people working at Rai and with Rai at our offices and in the production units. We did this by implementing, where feasible and to the greatest extent possible, a massive and effective remote work plan and by implementing strict and effective safety measures in the production centres. Despite the emergency, Rai not only continued programming on all channels, without interruptions or suspensions, but also cooperated successfully with the Government, responding to specific requests and needs.

The pandemic has made the importance of news and information even more evident, and Rai's editorial teams have reacted promptly by providing timely national, local and international coverage. At the same time, once the first phase of the crisis had passed, we realised that the programming needed to be as varied as possible and to provide moments of entertainment, a need to which the Networks responded with an editorial and production effort that covered the entire spectrum of entertainment programmes.

Despite such a challenging context, the Rai Group recorded positive results overall in FY 2020.

In terms of profit and loss, the consolidated financial statements broke even, with a slight increase in EBIT.

On the revenue side, resources from the licence fee recorded a decrease of more than €70 million, due to both the negative impact of the pandemic on special licences, mainly due from accommodation and catering facilities, and the lack of contingency for past fees compared to 2019. Advertising revenue, on the other hand, although faring slightly better than the market, fell by approximately €45 million. Other sources of revenue also fell, mainly due to the critical situation in the theatrical sector. Overall, the reduction in revenue amounted to almost €147 million, or 5.5%.

At the height of the recession, we took decisive steps to avoid compromising the Company's financial resilience and capital strength, including by reviewing the time horizon of investments, safeguarding those that are strategic for industrial and technological repositioning.

With this in mind, initiatives have been adopted to contain operating costs that have involved the entire Group structure, amounting to €140 million, relating in particular to the sports, product and staff areas. HR expenses also fell by more than €20 million, mainly as a result of the extensive use of remote working; again with regard to personnel, FY 2020 confirmed the policy of rejuvenating the workforce, a fundamental objective for responding to the challenges posed by digital technology, with the continued redundancy incentives with an allocation of €15 million.

The combination of the above trends, taking into account also the good results of our subsidiaries or investees (Rai Cinema, Rai Pubblicità, Rai Com and Rai Way) and a reduction in depreciation and amortisation allowed us to achieve a positive pre-tax result.

Though recording a deterioration, net financial position remained at sustainable levels compared to 31 December 2019.

From an editorial point of view, Rai confirmed its leadership position in the television market (35.2% for the entire day and 36.0% for prime time, a record in almost all its production genres and different audience rating bands); a slight decrease in the share of the specialised TV offer over the entire day and a slight increase in the average number of minutes watched were recorded. Confirming the growth trend of recent years, the progress of the Rai Group's digital platforms is clear: about 260 million total hours are recorded as time spent on the platform with about 1,700 million views (Legitimate Stream). Radio continued to be a dynamic and vital medium, despite suffering due to restrictions on travel, and Rai ranks third with a market share of 11.3%.

As the pandemic unfolded, we tried to honour our mandate by standing by the institutions in the areas we cared most about, from schools and universities to culture. For instance, Rai made a broad range of quality content available to schools, families and students of all ages on the Rai Cultura channels and portal and on Rai Play – always available and usable from any device, so as to provide quality support for distance learning, with the contribution of experts in every branch of knowledge.

This educational activity was complemented by initiatives carried out by Rai Ragazzi, through Rai Yoyo and Rai Gulp, to meet the need for relaxation and entertainment among children and young people, who have been inevitably exposed to a great deal of stress. If the public service is characterised by providing information, education and entertainment, the pandemic crisis also added a quasi-therapeutic task: combating stress and isolation and promoting self-confidence and social cohesion. Communicating in real time about what was happening in sensitive language and creating a climate of solidarity were among our first objectives.

Drama continued to be a central genre of the public service. Suffice it to say that in the ranking of the twenty most successful titles in 2020, 19 are Rai productions. Major series *Il commissario Montalbano* was notably confirmed the most viewed programme with an average total audience of 9.8 million viewers and a 36.4% share. *Doc - Nelle tue mani*, the revelation hospital series of the year, starring Luca Argentero, took second place with an average audience of over 8 million and a 30% share. The podium was completed by Saverio Costanzo's *L'amica geniale - Storia del nuovo cognome*, the second chapter in the major series based on Elena Ferrante's bestsellers, with an average audience of 6.9 million viewers and a 28.1% share.

2020 was an *annus horribilis* for cinema. However, it had opened in the best possible way, with two prestigious awards won at the Berlinale: 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. As a demonstration of Rai Cinema's consolidated role, suffice it to recall the 20 David di Donatello awards won in a ceremony held without a live audience: Among these, no less than six went to *Il traditore* by Marco Bellocchio, including Best Film and Best Director; five to *Pinocchio* by Matteo Garrone and three to *Il primo re* by Matteo Rovere, including Best Producer.

We would like to express our special thanks to Rai's women and men who, despite the difficulties of a dramatic year, gave proof, even remotely, not only of high professional standards, but also of a great sense of duty and

the ability to adapt, ensuring the stability of production and editorial activities, without ever jeopardising the provision of the public service.

Our term of office expires with the financial statements we are submitting for your approval. The outbreak of the pandemic unfortunately hindered the operational implementation of the 2019-2021 Business Plan, forcing its suspension. However, this period saw the launch of the English-language channel and the official channel, provided for in the Service Agreement, and some new departments including New Formats, Documentaries and Rai per il Sociale.

The hope of the entire Board of Directors as well as my own is that Rai, during the next term of office, will be able to operate in conditions of renewed normality and will be able to rapidly recover an impetus to innovate and plan that can allow it to preserve its central role and its propulsive capacity, in a context of growing competition and with adequate and plannable economic resources.

An important element in this context will be the recent legislative measure that has partially reformed the withholding by the State of a percentage that users pay to use the public service offer. It is not the full recognition to the concessionaire of the entire amount of the licence fee resources, but it is nevertheless an important improvement that heads in the right direction. Other steps will have to be taken, starting with a framework that recognises the market trend in the way programmes and videos are viewed, with the unstoppable power of the digital environment and the adaptations that this entails, in terms of both the offering and the necessary infrastructure investments.

In this difficult 2020, it should be pointed out that the pandemic did not stop Rai from further strengthening its network of international relations, not only within Europe but also in Asia, Africa and Latin America, with continuous and growing proof of esteem and appreciation from our partners.

As regards events occurring after 31/12/2020, it is worth mentioning Rai's important success in the auction for the acquisition of exclusive multi-platform rights of all 64 matches of the 2022 World Cup to be held in Qatar, with the right to sub-licence. Rai has thus regained the primacy in the transmission of one of most beloved events of Italians, who are united in the national football team even in the most difficult moments; moreover, an important factor in the decision is that the competition organised by FIFA will, for the first time in history, be held in a highly strategic period for the media, from 21 November to 18 December.

Lastly, we would like to thank our television viewers, our radio listeners, the users of our websites, the users of our applications and the viewers of our film productions: serving the Italian public has been an honour and a pleasure for us.

Marcello Foa

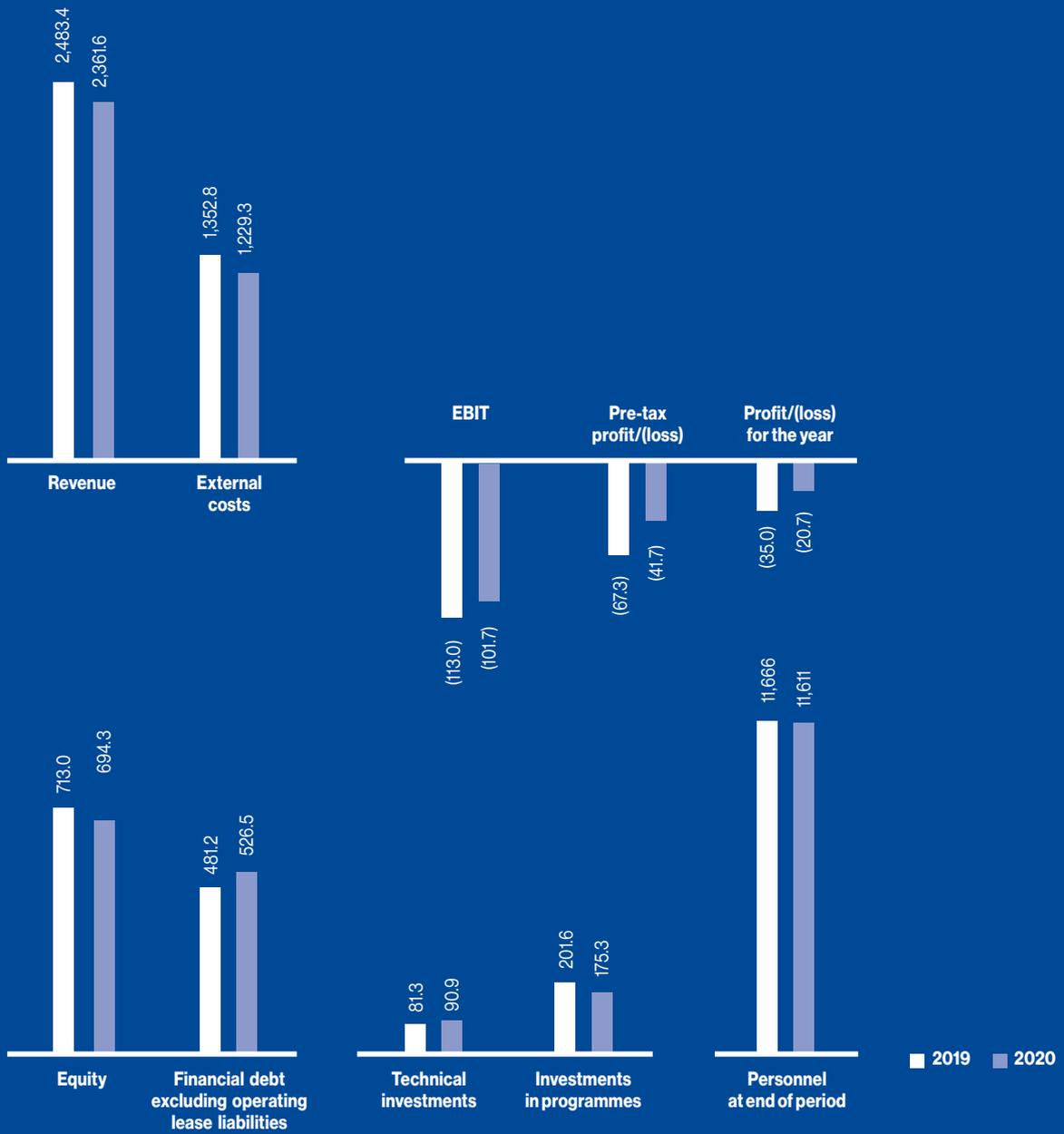
Financial Highlights

Rai SpA

(€/million)	FY 2020	FY 2019	Change
Revenue	2,361.6	2,483.4	(121.8)
External costs	(1,229.3)	(1,352.8)	123.5
HR expenses	(917.2)	(939.0)	21.8
Total operating costs	(2,146.5)	(2,291.8)	145.3
EBITDA	215.1	191.6	23.5
EBIT	(101.7)	(113.0)	11.3
Pre-tax profit/(loss)	(41.7)	(67.3)	25.6
Profit/(loss) for the year	(20.7)	(35.0)	14.3
Investments in programmes	175.3	201.6	(26.3)
Technical investments	90.9	81.3	9.6
Investments in lease rights of use	17.7	14.1	3.6
Total investments	283.9	297.0	(13.1)

(€/million)	31 December 2020	31 December 2019	Change
Equity	694.3	713.0	(18.7)
Net financial debt excluding operating lease liabilities	526.5	481.2	45.3

(units)	31 December 2020	31 December 2019	Change
Permanent personnel as at	11,450	11,527	(77)
Temporary personnel as at	161	139	22
Temporary and permanent personnel as at	11,611	11,666	(55)

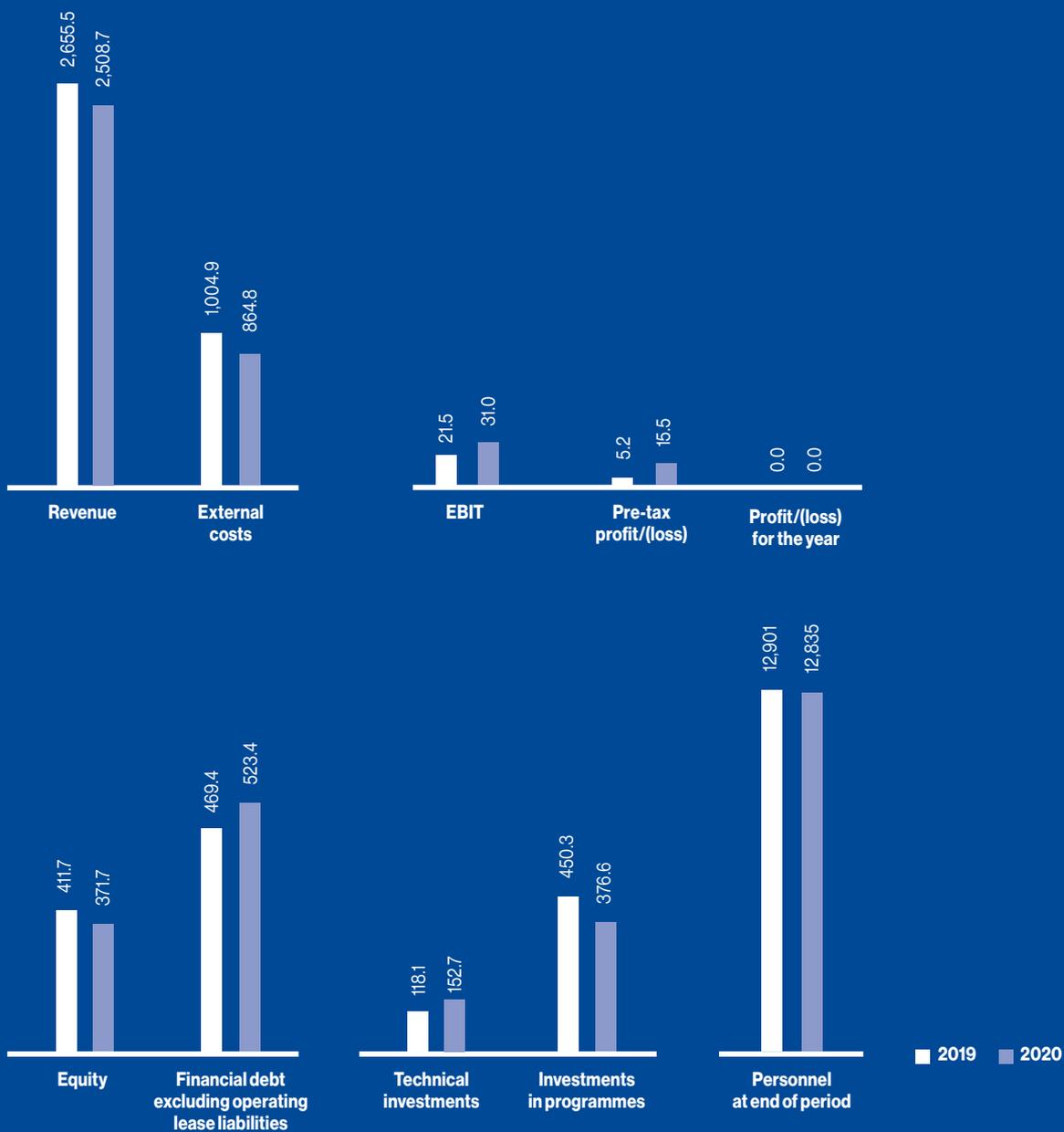


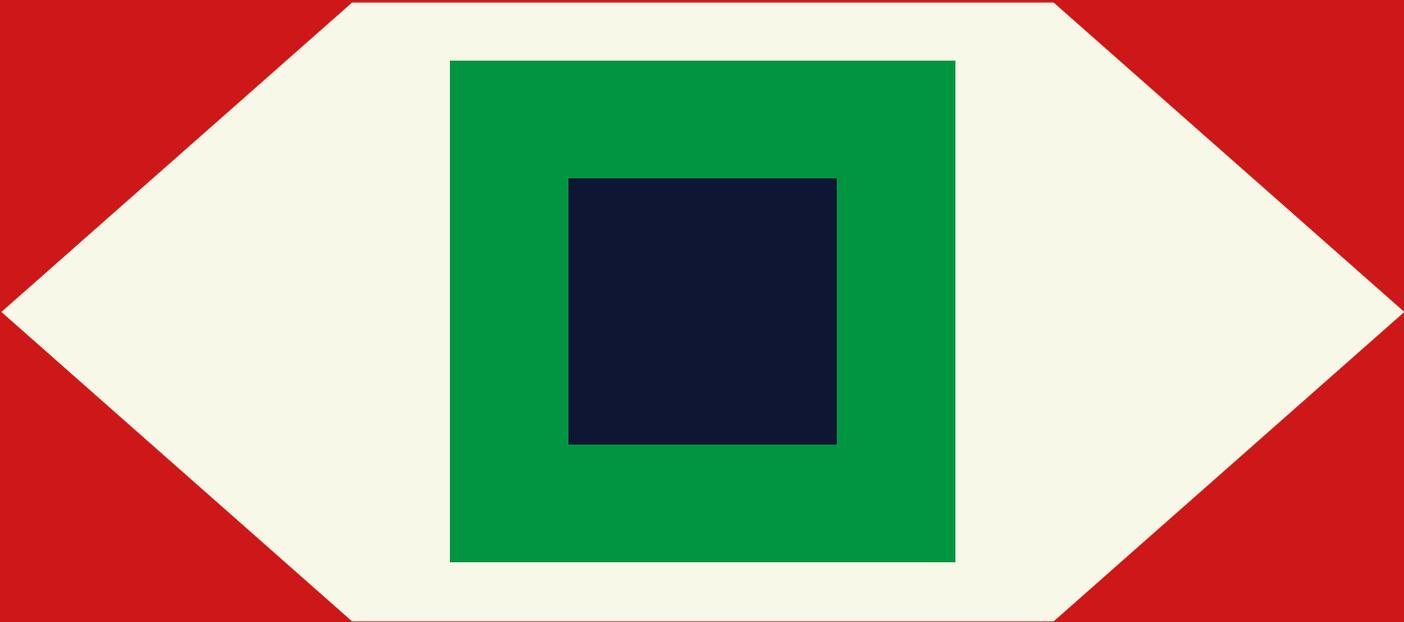
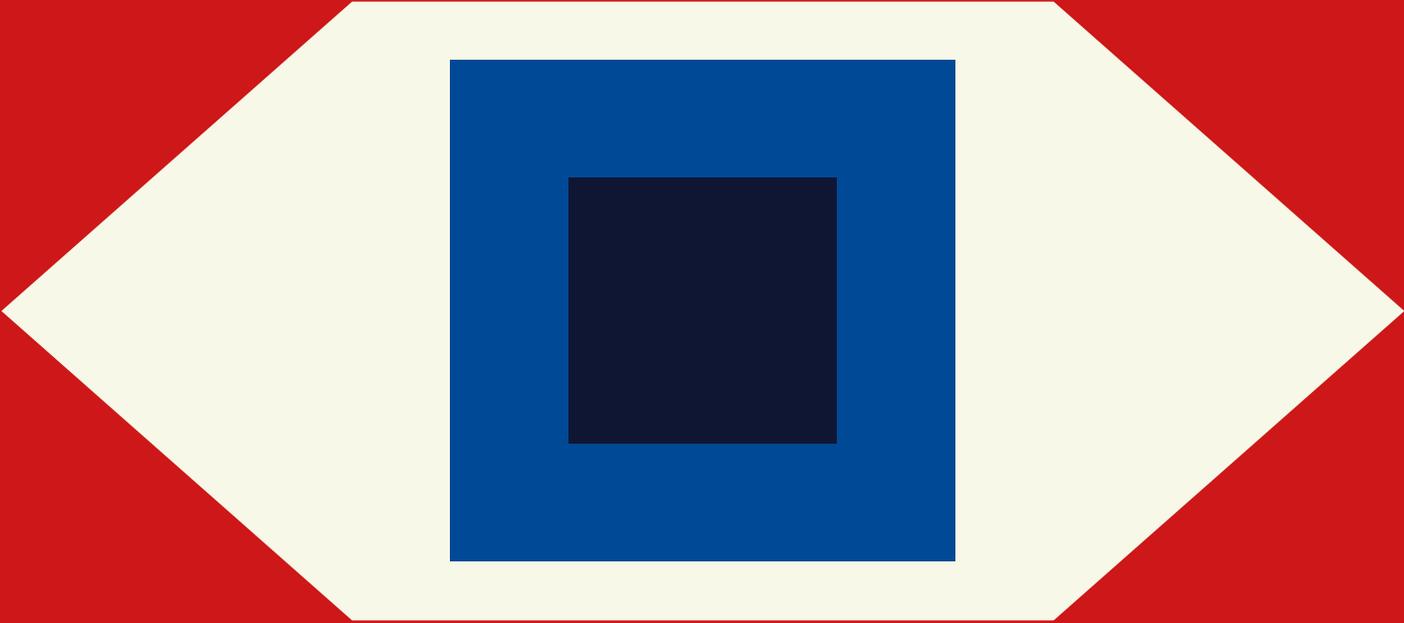
Rai Group

(€/million)	FY 2020	FY 2019	Change
Revenue	2,508.7	2,655.5	(146.8)
External costs	(864.8)	(1,004.9)	140.1
HR expenses	(1,014.2)	(1,036.0)	21.8
Total operating costs	(1,879.0)	(2,040.9)	161.9
EBITDA	629.7	614.6	15.1
EBIT	31.0	21.5	9.5
Pre-tax profit/(loss)	15.5	5.2	10.3
Profit/(loss) for the year	0.0	0.0	0.0
Investments in programmes	376.6	450.3	(73.7)
Technical investments	152.7	118.1	34.6
Investments in lease rights of use	36.8	15.6	21.2
Total investments	566.1	584.0	(17.9)

(€/million)	31 December 2020	31 December 2019	Change
Equity	371.7	411.7	(40.0)
Net financial debt excluding operating lease liabilities	523.4	469.4	54.0

(units)	31 December 2020	31 December 2019	Change
Permanent personnel as at	12,649	12,726	(77)
Temporary personnel as at	186	175	11
Temporary and permanent personnel as at	12,835	12,901	(66)





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 year 2020 was marked by profound restrictions in habits for all citizens, as well as by fear of being infected and of the unknown and by widespread economic difficulties.

A snapshot of this particularly difficult year can be found in the analysis conducted by Censis in its 54th *Report on Italy's social situation*. The results of the study tell us that the sentiment of Italians throughout 2020 were largely characterised by fear and uncertainty, hovering between resentment and hope. According to statements, for example, 73.4% of Italians were pervaded by a feeling of fear of the unknown and pointed to the State as a lifeline; 57.8% of the population would give up their personal freedom in favour of greater protection of collective health, while 38.5% would give up their civil rights for greater economic well-being. The bonus economy, i.e., the measures implemented by the State, which in 2020 affected about a quarter of the Italian population, were not enough to curb the decline in household consumption: economic indicators show, in the second quarter of 2020 (vs. 2019), i.e., in the period of the full lockdown, a 19.1% drop in household consumption, a 22.6% drop in investments and a 33% drop in exports, a historically driving asset of the Italian economy. However, the final months of the year saw signs of recovery and upward revisions to the International Monetary Fund's October 2020 economic forecast, mainly due to developments in Covid-19 vaccines that provided signs of hope. In January 2021, the IMF revised its October estimate of Italy's GDP (-12.8) upwards to -9.2%. The Fund revised its forecasts on the global economy for the better, reducing its estimate of a 2020 GDP slump to -3.5% from -4.4% in October. Despite the positive signs, new variants of the virus and waves of infection around the world still raise considerable concerns about the prospects for recovery, which the Fund estimates will take place at different rates in each market.

The effects caused by the pandemic also affected the entire audiovisual chain, resulting in delays in the production and distribution of content. The Ampere Analysis institute has highlighted how, in terms of growth in revenue, at a global level, the sharpest drop was that of the theatrical market (-75%), followed by that of TV advertising (-14%), that is, that of all TV operators whose business model is based on advertising sales, followed by Pay TV operators (-3%), while a positive result was recorded by public service operators taken as a whole (+2%), the digital video advertising sector (+13%) and SVoD services (+32%, with the latter value, if referred only to the Italian market, equal to +47%).

Net of the theatrical segment, the advertising market is the one that recorded the most significant drop, with the digital segment (including the OTT estimate) surpassing the television segment in terms of volume for the first time in Italy. According to the analysis provided by the Ampere Analysis Institute, in fact, the global advertising market was worth around €470 billion in 2020, a drop of around €46 billion yoy, equal to a drop of around 9% in percentage terms. According to analysts' estimates, the global advertising market should return to pre-Covid-19 levels within a couple of years.

Main television operators with registered offices in Italy

Free-to-air TV

Digital terrestrial

Rai
Mediaset Group
Discovery Italia Group
Sky Italia Group
Cairo Communication
AL.MA Media⁽¹⁾
Viacom Italia
Gedi Gruppo Editoriale
RTL 102.5

Satellite

Rai
Mediaset group
Discovery Italia group
Sky Italia group
Cairo Communication
Viacom Italia
Gedi Gruppo Editoriale
(only 1 Radio channel, Capital)
RTL 102.5

Pay Tv

Digital terrestrial

Sky Italia group
Mediaset group
Disney group
Fox Italia group

Satellite

Sky Italia group
Mediaset group
Disney group
Fox Italia group
Discovery Italia
Turner Broadcasting System

Viacom Italia
De Agostini S.p.A.
GEDI Gruppo Editoriale
A&E Television network
DAZN

¹On 12 February 2021, the Civil Court of Tivoli, by judgment No. 3/2021, declared Alma Media S.p.A. bankrupt

The trend of media consumption was the exact opposite and recorded instead significant growth, especially in the lockdown phases, with the TV audience that, over the entire day, showed a change in percent of more than 10%, from 9.9 million in 2019 to about 11.1 million in 2020, with peaks in March and April that showed, again in comparison with 2019, growth of more than 3.5 million. The increase in digital consumption was also very significant, driven on the one hand by objective needs (e-commerce, services and relationships) and, on the other, by a need for entertainment that has translated into an increase in the consumption of the various streaming services, particularly SVoD platforms. In this regard, in order to better understand the motivational aspects expressed by the public in this particular year, it is worth emphasising the findings of the analysts of the GfK Institute in the research conducted in the early months of the lockdown (March/May). They found that the interests of individuals were articulated along three main lines: a need for information (+60% compared to January/February); a need for relationships (+49%); a need for entertainment (+32%). In fact, in practice, these needs have been transformed into actual consumption behaviours: the survey period saw a surge in 24-hour info TV channels (+170%) and news websites (+50%), confirming the need for information; an increase in the use of social networks (+47%) and video calls/chats (+53%), demonstrating the need for relationships; an increase in the consumption of books (55%), TV channels dedicated to the programming of Films, Series or Drama (37%) as well as the world of videogames (25%) and above all streaming services (+73%), supporting the need for entertainment (Source: GfK Sinottica). In particular, in the latter area, in 2020, the streaming war was further intensified by the entry of new international players such as Disney+ and Apple TV+, which at a global level, at the end of 2020, reached 92.4 million and 49.9 million subscribers, respectively, figures still distant from the incumbent operators Netflix (203.6 million) and Prime Video (147 million) with whom they contend the conquest of the share of time and the share of wallet among consumers.

As far as Rai is concerned, the outbreak of the pandemic unfortunately hindered the operational implementation of some projects set out in the 2019-2021 Business Plan. First of all, the activities to define the new processes and management methods for the transition to the new content centric organisational model were suspended. In fact, the need to concentrate all efforts on managing the pandemic crisis and ensuring the continuity of programming suggested postponing what appears to be the most significant and innovative project for reorganising the editorial area. On the other hand, some initiatives are now near operational implementation, such as the English-language channel and the institutional offering. In any case, the path charted in the Business Plan is still valid and the lines of action identified will be able to support a greater focus on content, while ensuring greater corporate efficiency.

Knowing, reaching and retaining the *audience* is increasingly at the heart of the challenge. The SVoD market landscape is growing steadily, in terms of subscribers, platforms and content; in January 2021, Discovery launched Discovery+, a streaming

service dedicated to *real life entertainment* and non-drama products, the Group's core genres, in Italy and 25 other countries.

From an industrial point of view, the dynamism in the world of streaming is also confirmed by the actions taken by the traditional Media Companies, both commercial and public service, to continue to be competitive in this important market segment. From this perspective, three strategic lines of actions can be identified. On the one hand, at the national level, public service operators and major national commercial broadcasters continue to forge agreements to launch joint paid streaming platforms - the launch of *Salto* (France Télévisions, TF1 and M6) in France in late 2020 followed that of *Brit Box* in the UK (BBC and ITV). On the other hand, also at national level, there have been agreements between media companies and Telco operators, the latest of which is the deal between the main Belgian telecommunications company Telenet and DPG Media, a Flemish commercial operator, which led to the launch in September 2020 of the *Streamz* SVoD service. Finally, it is worth mentioning the agreements between national and international players to consolidate streaming platforms that are also active nationally; the agreement between Discovery (a US media conglomerate) and ProSiebenSat.1 (a German media company), which led to a reorganisation of *Joy'n's* offering in September 2020 to replace the *Maxdome* service, goes in this direction.

As regards the Italian SVoD market, Netflix, with around 3.8 million subscriptions in 2020, confirmed its leadership, followed by Prime Video with 2.3 million subscriptions and TIMvision with slightly more than 2 million subscriptions. Subscribers to new SVoD services also increased: since its launch in November 2019, Apple TV+ has surpassed one million subscribers (1.1 million), while Disney+, active in Italy from March 2020, has reached 980,000 subscribers and, according to estimates, could more than double its customer base by 2021 (Source: *Ampere Analysis*).

With regard to media consumption, again in the national market, according to data provided by the *Digital Trends 2020* survey conducted by the Ergo Research Institute, the time dedicated to media has been confirmed to increase from 6 hours and 34 minutes in 2019 to 6 hours and 50 minutes in 2020.

In terms of media time budget, 3 hours 57 minutes of this time (almost 60% of the total) are dedicated to video consumption: of these, 2 hours and 24 minutes in linear mode (free and traditional pay TV) and 1 hour and 32 minutes in non-linear mode (SVoD/TVoD/EST, Catch up/AVoD and Pay TV on demand). Compared with 2019, there is a strong increase in non-linear mode compared to linear mode, which increased in composition from 29% to 39% in 2020.

With regard to the view by device, while linear video viewing is, as is well known, mainly through traditional TV screens, video streaming is more articulated: connected or connectable TV is used by 60% of individuals, followed by Laptop 24%, Smartphone 21%, Tablet and PC 12% and 11%, respectively (gross of duplications); 42% of individuals viewed content with

others, 38% alone, while 20% of the sample indiscriminately consumed on-demand content alone or in company.

The percentage breakdown by gender and age group shows that non-linear consumption tends to prevail more among males (43% vs 36% women - 15+ individuals) and younger; the phenomenon of de-linearisation grows with decreasing age, with more than 50% of the 15-34-year-olds claiming to enjoy video content mainly on demand; on the contrary, about 82% of those over 65 said they enjoy content mainly in linear mode. This consolidation process towards non-linear consumption does not see the use of "television" content being abandoned, but rather its multi-device and multi-platform consumption.

With regard to the consumption habits of Italians, the aforementioned Censis report shows that the health emergency had a negative impact, also in terms of public perception, on almost all areas of citizens' lives, with the exception of the digital sector, which recorded an important acceleration. The year 2020 saw an evolution of digital consumer behaviour: 87% said they consistently used the fixed internet connection at home with more than 70% of Italians saying they were able to carry out all activities online. Also according to Censis estimates, there was a significant increase in network users during the lockdown, with 43 million individuals (>18) claiming to have used video calling systems to stay in touch with friends or family.

A similarly clear picture is provided by GfK's *Consumer Sentiment* survey, which showed that although the pandemic had a profound impact on consumer sentiment, since summer 2020 there has been a gradual reduction in levels of consumer dependence on the dynamics of the pandemic framework in favour of increasingly proactive emergency management. During the year, consumers reconfigured their consumption priorities, this *rethink* logic, according to GfK analysts, affected 49% of individuals in spring 2020 and 63% of consumers the following winter. With regard to the digital world, again according to the results of the survey, 56% of those interviewed confirm the importance of technological progress to the extent that they consider technology as a means of improving their lives.

In this particular context, the issue and articulation of digital content is becoming increasingly central, and can be broken down into four macro-categories, also in accordance with the study by the Politecnico di Milano, which has analysed the supply chains in detail: video entertainment, music, gaming, publishing, and news and information.

During 2020, in line with the above, all segments recorded increases. The audience concerned by this specific study stated that they spent increasingly more time on video entertainment content (40%), publishing, news and information (20%), gaming (14%) and music (12%).

The crisis in the advertising market described above inevitably also affected Italy, showing significant suffering. According to official Nielsen data, there was a 15.3% drop from €5.9 billion in 2019 to just under €5 billion in 2020. Although this decrease is significant, it is a good result in light of the -26.8% drop recorded

in the first half of 2020. Considering also the Search, Social, Classified, Other Display and non-FCP Video components - estimated by Nielsen at €2.8 billion - the advertising investment market would decrease by 11%, from €8.6 billion in 2019 to €7.8 billion in 2020. As regards the breakdown of revenue by the various media, there was a general decrease in the period under consideration, specifically: TV -9.5%, Radio -25%, Digital -0.8% (-2.1% including the estimate for Search, Social, Classified, Other Display and non-FCP Video), Newspapers -16.2%, Periodicals -36.6%, Outdoor -45.7%, Direct mail -29.5%, Transit -57.1%, Cinema -84% and Go TV -89%.

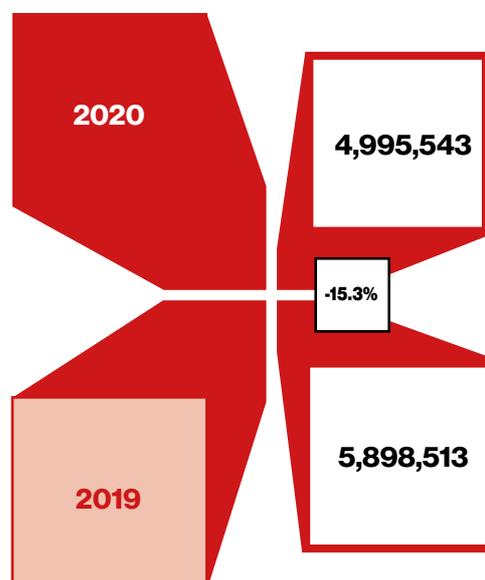
In only the television market, in terms of advertising revenue by individual publisher, Rai showed a decrease of 7.4%, which, however, was less than the market average (-9.5%), with Sky at 11.8%, Discovery at 11.4%, Mediaset at 10.1%, and La7 1.8%.

With regard to traditional pay TV services, the number of Sky subscribers decreased in 2020 by 5.8%, from just under 3.8 million in 2019 to around 3.6 million in December 2020 (the figures do not include the share of families subscribed to Sky through DTT). According to analysts, this decline was due to a number of factors: the economic impact of the pandemic, the suspension and postponement of various sporting events (a key asset of the satellite platform), the closing of Disney channels and strong competition from SVoD services. In view of these factors, Comcast has revised its pricing policies as of 2021.

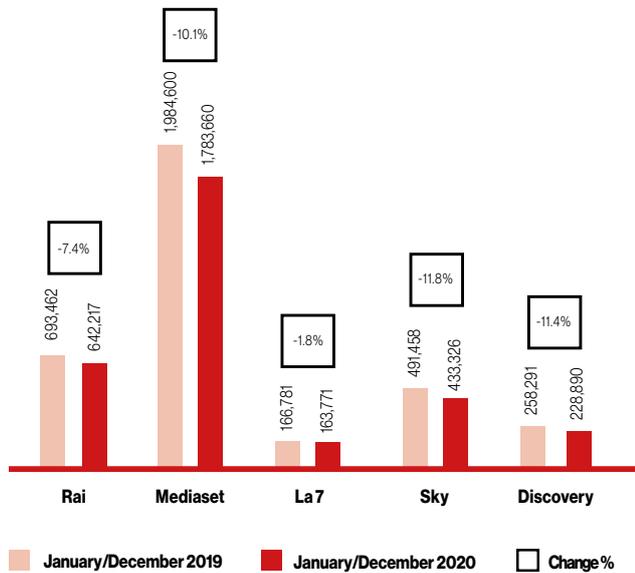
With regard to the free satellite platform TivùSat, on the other hand, there was an increase in both the number of active smart cards, which rose from 3.6 million in 2019 to around 3.9 million in 2020, and in the number of individual users, which reached 2.6 million in December 2020 (vs. 2.4 million in 2019).

The following changes occurred in 2020 in terms of the competition framework:

Total advertising (source: Nielsen - thousands of euro)



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

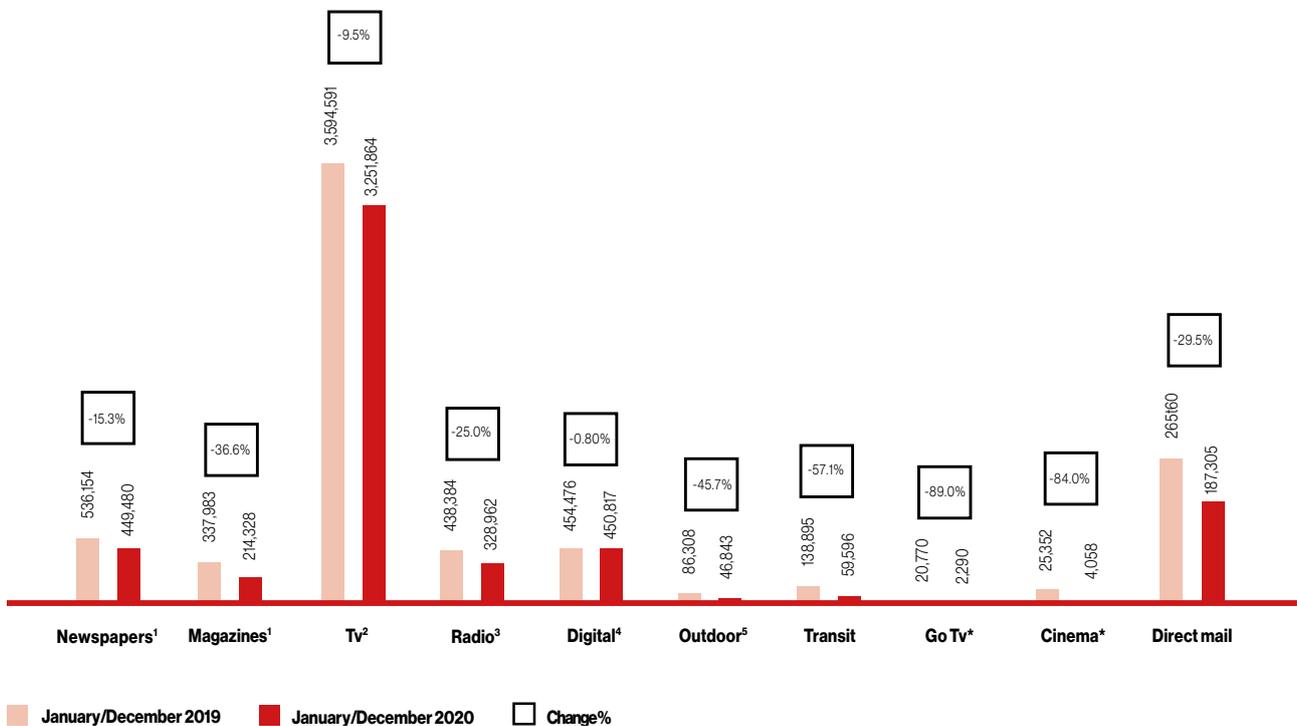


- in January, Mediaset launched the Cine34 channel (LCN 55) entirely dedicated to Italian cinema and closed the Mediaset Extra 2 channel;
- in February Discovery launched the *Home & Garden TV* channel (LCN 56);
- in March Virgin Radio TV returned to digital terrestrial on the LCN 257 channel, quitting 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;
- also in May, Alma Media launched the Alma TV channel on digital terrestrial (LCN 65) and closed the Marcopolo, Alice, Case Design Stili and POP Economy channels;
- in July, Mediaset Premium pay TV channels were included in the Sky offering (DTT and DTH), while Fox Life quit Sky;
- in October, Boing, channel 40 on DTT, a joint venture between WarnerMedia Group and RTI Mediaset, renewed its visual identity;
- since November, the TV8 and Cielo SD channels are no longer active but are only available on new generation devices;
- in December, Dmax and Real Time satellite broadcasts closed;
- also in December, Rai start broadcasting its regional news programmes on TivùSat.

At the same time, the new features in the digital video-on-demand market included:

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.).

1 The calculations were carried out with the contribution of FCP - Assoquotidiani and FCP - Assoperiodici.

2 This figure includes generalist, digital and satellite broadcasters.

3 The calculations were carried out with the contribution of FCP - Assoradio.

4 The calculations were carried out with the contribution of FCP - Assointernet.

5 The calculations were carried out with the contribution of Audioutdoor.

* Data not available as of March 2020.

TV channels in Italy

(source: Confindustria Radio Televisioni)

390

TV channels receivable on the main platforms

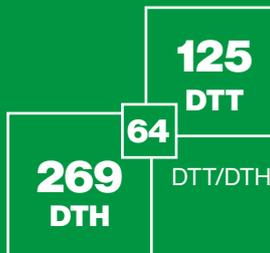
330

TV channels produced by companies with registered offices in Italy

390 of which

330 of which

Technology platforms



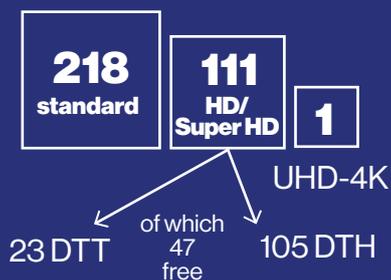
TV publishing groups with registered office in Italy

57

330 of which

330 of which

Definition type



330 of which

Pay TV vs Free-to-air TV



- in March, Disney launched the Disney+ streaming service in Italy too;
- in May, the Prime Video app was integrated into the Vodafone TV platform;
- in October, CHILI, the Italian TVoD/SVoD player, launched its AVoD service with a wide selection of films and documentaries;
- in November, NOW TV (Sky) and QLASH (one of the world's leading eSports organisations) signed a strategic agreement on eSports targeting millennials;
- also in November, Amazon expanded its Prime Video offering with the Prime Video Channels service, which gives access to several channels including Infinity Selection, Starzplay, Mubi and Juventus TV;
- in December, Sky and Amazon signed a partnership under which Amazon's Prime Video app is distributed in Europe on Sky platforms and the NOW TV app is integrated into Fire TV devices;
- also in December, the SVoD service DAZN announced its global expansion into over two hundred territories;
- from December, the contents of the Starzplay streaming service, the international platform with films and TV series on demand from the Starz network, will be integrated on Vodafone TV and be accessible directly from the Vodafone TV Box;
- also in December, Disney announced the launch of the Star channel, dedicated to a more adult audience, on the Disney+ platform.

Also in terms of new features with possible prospective impacts, it is worth mentioning Netflix's strategic initiative, which at the end of 2020 made Netflix direct, a linear programming service, available in France, and Comcast/Sky's announcement of the remodulation of the entire European Pay TV commercial plan, which will be implemented in 2021.

At the end of 2020, the TV channels headed by TV publishers based in Italy (source: Confindustria RadioTV) totalled 330—net of duplications—available on DTT, DTH or on both platforms; of these, 330, 61 were only available on the digital terrestrial platform, 205 only on satellite (free and pay) and 64 available on both platforms. In terms of the business model, a total of 171 free channels are available, 111 of which can be seen on the TivùSat platform; there are 159 pay TV channels net of duplications - all owned by Sky Italia - of which 142 are visible on the satellite platform only, 7 on the digital terrestrial platform only, and 10 channels visible on both platforms. The high-definition offering (HD, Super HD, UHD-4K) is stable at 112 channels net of duplications on the various platforms. HD channels are mainly present on satellite (105 channels).

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, approved in December 2017. In compliance with the provisions, Rai undertakes to expand its activities and diversify its television, radio and multimedia offers.

In 2020, the Group continued its commitment to promoting transparent audience measurement systems (TV, Radio, Digital), inspired by international best practices and shared, as far as possible, by all players in the sector and in line with the requirements of the competent authority (AGCOM). Rai has always supported and promoted 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. This model, known as the Joint Industry Committee (JIC), 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 plays a proactive role with these bodies and their technology partners, also to ensure verification and compliance with all issues related to both the processing of personal data of users collected on the property of publishers and the assignment of processing roles for the purposes of GDPR legislation.

Below is an overview of the main events that characterised 2020 for each of the three surveys (TV, Digital, Radio).

Television audience survey

Auditel continued its multi-year development plan centred on the "Total Audience" project, which will make it possible, once it is fully operational, to add up the objects of measurement (programmes, contents, commercials) consumed through the television set with those consumed on each digital device, thus obtaining the total audience.

Specifically, during 2020:

- from February 2020 (Sanremo Festival), extension of the measurement of Rai digital properties consumed via Smart TV apps;
- additional installation to the traditional measurement systems of a special meter (so-called Focal Meter) capable of detecting the consumption of digital video content on the various devices, both individual and family, in TV panel households;
- further insight and fine-tuning of the statistical model for individualisation and profiling of digital audiences.

The Covid emergency caused several limitations in the interaction with households at home (Basic Research interview,

installation and maintenance of focal meters). In this context, particular attention was paid to maintaining the quality standards of the Auditel survey, trying to mitigate the consequences of this reduced interaction while complying with the rules. Here are some examples.

- The Basic Research activities (shared with Audiweb), after a mandatory stop in the initial months of the pandemic (March-June), resumed in mid-June with the introduction of some useful solutions to increase the safety margin (semi-domestic interviews, also carried out outside the home, telephone calls, follow-up interviews).
- As of December, in view of the renewed restrictions on individual mobility, an all-phone interview approach was adopted.
- In the interests of protecting the health of both families and technicians, activities that would have required interventions in families' homes were significantly reduced. However, the maintenance of the panel's already high quality standards was ensured through remote intervention.
- There were no interruptions in the production of TV audience and digital census data, net of some initial delays of a few hours in the publication of the data, recorded in the initial phase of the pandemic and linked to the significant increase in the volume of audience data to be processed, which Auditel quickly made up for.

Survey of digital audiences

Audiweb continued the production of audience data in 2020 with the renewed methodological framework called Audiweb 2.0.

Both the spring lockdown period and the subsequent mobility restrictions in November due to the Covid-19 emergency had a moderate impact on the Audiweb survey:

- the collection and dissemination of data was not interrupted even though, due to the high volume of data to be processed, the activities for producing this information suffered significant delays - even of a few weeks - in the release of audience data, particularly in March and April;
- basic Research also suffered a stop in the months of March to June; the update of the values of the so-called universes (i.e., the shares of the population potentially exposed to the digital offering on PCs and/or mobile devices) planned for the end of the first quarter was not carried out and was recovered in October.

Lastly, as part of the innovative renewal of the survey from a technical and methodological point of view, two elements should be noted. The first, of a technological nature, concerns the introduction of new user tracking mechanisms that will make it possible to avoid the use of 'third-party cookies' (which will soon no longer be usable in the browser environment). The new

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;

measurement methods are scheduled to be used from January 2021. The second element is of a "system" nature and concerns the definition of a project aimed at reforming the companies that collect readership data for the daily press and periodicals and internet audience data in Italy: the merger between Audiweb Srl and Audipress Srl. As a result of this merger a new and single corporate entity will be created. It will favour the confluence of the interests of the various stakeholders currently represented in Audipress and Audiweb, facilitating the definition of a new research system that can lead to a unitary measurement result for publishing brands, in line with recent technological developments; ultimately, it will also generate synergies and savings in terms of operating costs and resources in conducting research.

Radio audience survey

In 2020, TER (Tavolo Editori Radio) opened a discussion on the need to evolve from the current survey methodology based on CATI telephone interviews, which highlighted several critical aspects. The aim, also supported by RAI, continues to be that of developing a path - structured and shared by publishers - that could lead to a survey using automatic instruments (meters) within a couple of years. Such a development could also encourage the involvement of TER associations representing the advertising market (investors, agencies and media centres) in TER governance, also meeting the requests of the competent authority AGCOM. In this perspective, it should be borne in mind that in autumn 2020 Rai launched its own experimental project for measuring the audience of the Radio Rai offering based on a meter methodology. This initiative is for editorial purposes only and therefore does not impact on the survey carried out by TER, but could be important if seen as an experimental or pilot project.

In the case of the TER-sponsored research, the impact of the lockdown period associated with the Covid-19 emergency is considered high. In March 2020, the TER Board of Directors decided not to proceed with the survey, thus discontinuing the information collection process. This decision was taken considering the impossibility of effectively carrying out usual quality controls during the interviewers' work. This had the following impacts on the dissemination of audiences to publishers and the market:

- no publication of public data for the first half of 2020;
- no publication of publishers' data relating to the second quarter of 2020 and the whole of 2020.

However, the survey resumed normally on 16 June 2020, meeting the deadline initially scheduled for the third quarter.

- 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 in some Italian regions.

Map of the Rai offer

(As at 31 December 2020)

Television ¹

Generalist

Rai 1, Rai 2, Rai 3, Rai 1 HD, Rai 2 HD, Rai 3 HD

Semi-generalist channels

Rai 4, Rai 5, Rai Movie, Rai Premium², 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+ HD, Rai Gulp, Rai Gulp HD³, Rai Yoyo, Rai Yoyo HD³

Radio⁴

Rai Radio1, Rai Radio1 Sport, Rai Radio2, Rai Radio2 Indie, Rai Radio3, Rai Radio3 Classica, Rai Isoradio, Rai Gr Parlamento, Rai Radio Tutta Italiana, Rai Radio Techete', 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 Techete', 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.

⁶ Since 18 December 2020, TgR regional news broadcasts and programming for linguistic minorities have been available on TVSat.

Information⁶

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

International Offers⁵

Rai Italia, Rai World Premium, Rai News 24

Web

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

App

RaiPlay, RaiPlay Radio,
RaiPlay Yoyo, Rai News

Cinema

Rai Cinema,
O1 Distribution

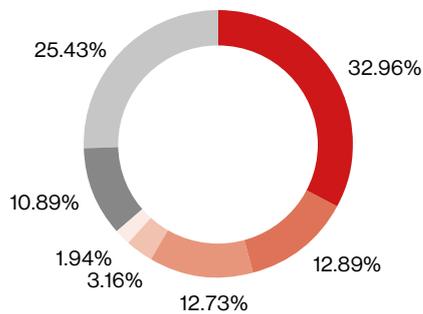
Home video

O1 Distribution,
Rai Com

Publishing

Rai Libri

Programming by genre on generalist networks (Source Rai)

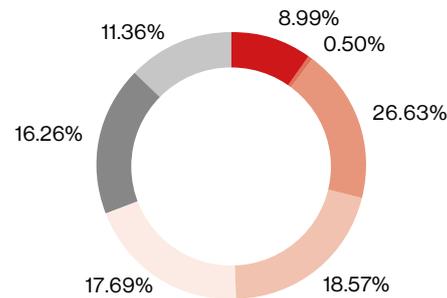


- General and in-depth information
- Information programmes
- Cultural and entertainment programmes
- Sports information and programmes

- 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.

Programming by genre on specialised networks (Source Rai)



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 the TivùSat 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).

As already mentioned, the effects of the pandemic included a significant increase in the number of television viewers, which mainly affected the first months of 2020 and had an impact on volumes for the entire year. In this context, television has been essential for Italian families, first and foremost to satisfy the need for up-to-date information, but also to meet the public's need for escapism and entertainment.

The crisis situation has forced the production sector to reset processes in order to be able to continue to guarantee a live programme offering and avoid audience disaffection and alienation. For example, this is the direction taken with programmes such as *Non mollare mai - storie tricolori*, *Musica che unisce* (the virtual concert organised by Rai 1 to support the Italian Civil Protection Dept.) or the *David di Donatello* have been able to maintain the entertainment levels typical of Rai's flagship.

From an editorial point of view, the following should be noted.

Information

Rai has confirmed its central role in the public's choices by addressing its need to be informed about Italy's general situation. This is reflected in the high audience ratings achieved by the news programmes and the widening gap with competitors,

as well as in the significant increase in ratings achieved with updates on the national and global emergency situation. In terms of information, Rai has managed to cover every single moment related to current affairs with a 24/7 production, in which ordinary and extraordinary news editions have followed one another without interruption. Examples include: *Tg 1 Pandemic Special*, broadcast on 11 March in the middle of the lockdown, which was the second most-watched current affairs programme of the year after the Message from the President of the Republic on unified networks; *Tg 1 Extraordinary Edition* of 9 March, in which the first national lockdown was announced and which, with around 11 million viewers, ranked as the third most-watched title of the year; *Tg 2 Specials* and programmes such as *Speciale #PortaaPorta L'Italia unita ce la farà*. It is also worth noting the important performance of the TgR, which, compared to 2019, recorded the most significant growth among all the TG news programmes, with a +2.9% for the 7:30 pm edition and a +2.6% for the 2:00 pm edition. Also the growth of the Tg 1 news programme was significant and in the 8:00 pm edition consolidated the gap with the main competitor Tg 5 distancing it by almost 5 pp of share, thanks to an increase in performance, vs 2019, of 1.8 pp; in the 1:30 pm edition, Tg 1 also recorded a 1.7 pp increase in share.

In addition to the health emergency, Rai also gave adequate coverage to the passing of two much-loved public figures: Ennio Morricone, to whom a special episode of *Che tempo che fa* was also dedicated, and Gigi Proietti, to whom Rai paid tribute with *Gigi, che spettacolo*, a programme full of personal accounts and stories of the artists linked to his long career, while Rai Cultura aired *La Tv di Gigi Proietti*, a selection of variety shows, plays, films and series that saw him as a protagonist.

Drama and Films

2020 saw the renewed success of the first showings of Montalbano, broadcast in March, which exceeded a 36% share

and reached the top of the series ratings. Rai Fiction's successes were confirmed. *L'amica Geniale*, a co-production with HBO now in its second season, broadcast semi-concurrently in both Italy and the United States and sold in 162 countries, thus achieving worldwide coverage. However, the big news of 2020 was *Doc-nelle tue mani*, which was a success both in terms of ratings, reaching an average share of 30%, and achieving great international acclaim. The series was broadcast in Spain, Portugal and, from January 2021, in France, and the rights were purchased in the UK. The fiction has also been a protagonist in the schedules of the second and third Rai Networks, differentiating the editorial mission and target audience. Among the detective/noir series, Rai 2 programmed *L'alligatore*, the second season of *Il cacciatore*, as well as the drama *Mare Fuori*, which tackled the issue of juvenile prisons. On Rai 3, the second season of *I Topi*, directed and interpreted by Antonio Albanese, and *Liberi Tutti*, a drama conceived for preview distribution on the RaiPlay platform, then also broadcast on TV.

As regards Films, Rai 1's programming topped the charts thanks to the success in ratings, with family audiences, of films such as *Assassinio sull'Orient Express* and animated titles programmed during the Christmas season such as *Gli eroi del Natale e La bella e la bestia*.

Entertainment

The genre, penalised as mentioned by the contingent situation, had to find new narrative and production forms. The already mentioned *Musica che unisce* and the *David di Donatello awards* took this path, the latter made possible thanks to live broadcasts from the homes of the protagonists. Before the lockdown, there was no shortage of major events such as the *70th Sanremo Festival* and the *Panariello Conti Pieraccioni Lo Show. L'anno che verrà* and *I soliti ignoti il ritorno*, both of which made the list of the 20 most-viewed programmes of the year, also fared well.

Rai 1's prime time entertainment was also marked by important new features: the return, after more than three years of absence from the schedule, of *Affari tuoi* and the new *The Voice Senior*, which once again saw Antonella Clerici hosting the show in the highest audience segment. Rai's second network also saw confirmations and new features with the 5th edition of the format *Il collegio*, the 6th edition of *Boss in incognito*, hosted by Max Giusti and the new *Un'ora sola vi vorrei* in which Enrico Brignano discussed issues of current affairs with his own characteristic style. As for Rai's third network, there was the return of *Che tempo che fa* and the programming of the *May 1st Concert*, which gathered various artists who performed from the Auditorium in Rome and other locations throughout the country instead of Piazza San Giovanni in Rome.

Sport

After the inevitable interruption/postponement of live events in the first months of the year - the most emblematic of which was the postponement of the Tokyo Olympics to 2021 - sports programming resumed in June with the football events of the Coppa Italia, followed in autumn by the UEFA Nations League,

broadcast on Rai 1. The most important cycling events, the Giro d'Italia and the Tour de France, were also rescheduled in October and August, respectively, and broadcast on Rai 2. In terms of ratings, RaiNews24 Sport, broadcast on Rai 3, fared well and, in particular with the 19 March episode, was the second most watched sports programme of the year.

Culture

In 2020, the Public Service continued its commitment to promoting and enhancing the country's territory and artistic heritage, in particular with the 3rd series of *Meraviglie, la penisola dei tesori* and the 6th series of *Stanotte a...* dedicated to Caravaggio, both on Rai 1. Rai's flagship channel also confirmed its attention to these issues through the continuous daytime programming of *Linea Verde* and its summer version. The Rai channels dedicated to culture focused on the issues of education, also in the light of the extraordinary situation faced by the world of education in 2020, offering a series of specific initiatives as detailed below.

Religious events

Rai continued to be a point of reference for religious programming, as well as for current affairs, politics and news. In the crisis situation, religious broadcasts met a community need and were well received by the public. The events linked to the Christian Easter were watched by millions of people, in particular the Benedizione Urbi et Orbi, the Rito della via Crucis and the Palm Sunday Mass, all broadcast by Rai's flagship channel.

Generalist networks:

In autumn 2020, Rai 1 made a major overhaul of its daytime schedule, changing three titles in the weekday schedule and achieving good ratings. The renewal also involved the starring hosts: Marco Frittella and Monica Gandotti in the infotainment programme *Uno Mattina*; Serena Bortone in *Oggi è un altro giorno*, a novelty in the early afternoon programming; Antonella Clerici's return at lunchtime with the cooking show *È sempre mezzogiorno*, which replaced the historic *La Prova del Cuoco*. It is worth noting the good weekday daytime performance of *Il Paradiso delle Signore*, whose ratings have consolidated significantly over time.

In terms of ratings, the weekend's performance was also positive.

Among the new features for Rai 2's weekday daytime was the new information show *Ore 14*, hosted by Milo Infante. *Apri e vinci* also continued to be programmed, and was given a new editorial look to cope with the pandemic by switching to the *Resta a casa* and *Vinci* version, in which contestants could participate directly via video broadcast from their homes.

In 2020, the productions of *Il Nostro Capitale Umano*, *Generazione Giovani*, and *O anche no*, a Rai initiative for social cohesion, hosted by journalist Paola Severini and dedicated

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%
Cenerentola (K. Branagh)	Rai 1	27/12/2020	5,173,000	20.8%
Gifted Il Dono del Talento	Rai 1	03/04/2020	5,102,000	16.9%

Drama

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	10,905,000	61.6%
L'anno che verrà (var)	Rai 1	31/12/2020	8,158,000	33.6%
C'e' posta per te	Canale 5	14/03/2020	7,215,000	28.6%

Sports special features

Title	Channel	Date	Audience	Share
Sport Mediaset	Italia 1	09/09/2020	1,548,000	10.0%
Rai News 24 Sport	Rai 3	19/03/2020	1,498,000	8.6%
Novantesimo Minuto	Rai 2	06/01/2020	1,401,000	7.0%

Sport

Title	Channel	Date	Audience	Share
Italian Cup	Rai 1	17/06/2020	10,206,000	39.3%
UEFA Nations League	Rai 1	11/10/2020	6,815,000	26.1%
UEFA Champions League	Canale 5	25/02/2020	6,408,000	23.3%

Religious programmes

Title	Channel	Date	Audience	Share
Tg 1: 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	3,212,000	14.1%
Chi l'ha visto? Special	Rai 3	18/08/2020	2,475,000	14.0%

Animation and cartoons

Title	Channel	Date	Audience	Share
Gli eroi del Natale	Rai 1	25/12/2020	3,410,000	13.6%
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%

Science and environment

Title	Channel	Date	Audience	Share
Linea Verde	Rai 1	05/04/2020	5,297,000	22.7%
Linea Verde Estate	Rai 1	06/09/2020	2,854,000	21.7%
Melaverde	Canale 5	22/03/2020	2,839,000	13.6%

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%
Stanotte a San Pietro	Rai 1	08/04/2020	3,869,000	14.4%

Inchiesta

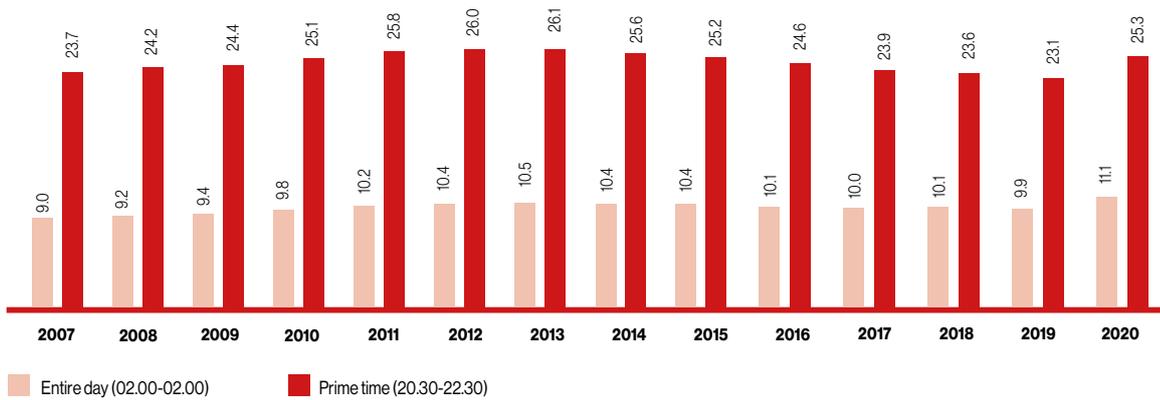
Title	Channel	Date	Audience	Share
Report	Rai 3	16/11/2020	3,488,000	13.2%
Porta a Porta Speciale	Rai 1	06/03/2020	3,307,000	13.9%
Otto e Mezzo	La7	14/04/2020	2,859,000	9.3%

Current events

Title	Channel	Date	Audience	Share
Message from the President - Sergio Mattarella	Unified Network	31/12/2020	15,274,000	64.8%
Tg1-Pandemic Special	Rai 1	11/03/2020	5,610,000	18.4%
Italia Si!	Rai 1	15/03/2020	4,094,000	19.5%

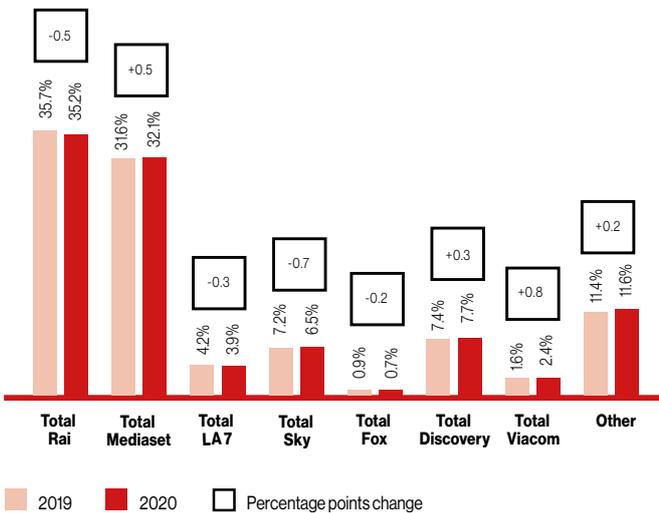
Evolution of the average television audience

(source Auditel, figures in millions)



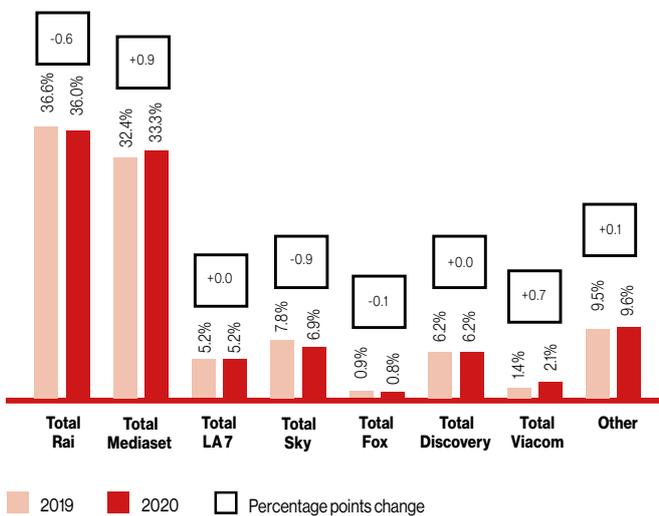
Share of publishers on average day general and specialised channels

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



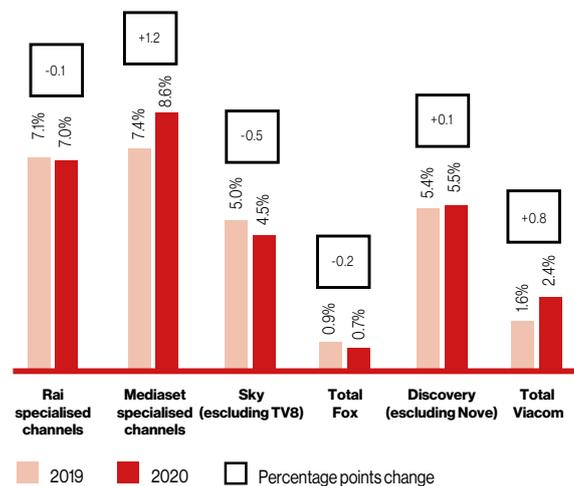
Share of publishers in prime time general and specialised channels

(time band 8.30 - 10.30 pm, source Auditel)



Share of publishers on average day specialised channels

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



to disability, were also confirmed. The partnership between Rai 2 and Rai Radio2 continued with the *Radio2 social club*, in visual radio format, in Rai 2's morning programming, a project capable of combining radio and video languages. In Rai 2's late night, experimentation continued with a large number of new titles, including *Una pezza di Lundini*, an unconventional satirical programme hosted by a newcomer to the network, Valerio Lundini; *Voice Anatomy - Le voci del cinema* hosted by Pino Insegno, a talk show on the world of dubbing; *Primo Set*, a programme on Italian cinema hosted by Antonia Truppo with Gianvito Casadonte and *Giovani e Famosi*, which follows in the footsteps of the series *Giovani e...* by Alberto D'Onofrio. There are three late night programmes devoted to current affairs and politics: *Re-Start*, by Annalisa Bruchi, *Second Life - C'è vita oltre la politica*, by Laura Tecce and *Più o meno*, by Sabrina Giannini. Finally, there was the return of *Stracult Live Show*, hosted by Fabrizio Biggio, Andrea Delogu and Marco Giusti.

The overhaul of Rai 3's daytime also included the arrival of new faces: Luisella Costamagna to host *Agorà*; Lidia Galeazzo and Federico Ruffo on *Mi manda Raitre*, and finally Benedetta Rinaldi has joined Michele Mirabella on *Elisir*.

Semi-generalist or specialised networks

In 2020, the performance of Rai News 24 stood out, providing coverage of all the most important national and world events, winning the favour of the public and overtaking its main competitor Tgcom 24. In 2019, the performance of Rai Gulp and Rai 4 also grew. In particular, thanks to the programming of great TV series (*The Game of Thrones* and *Vikings*) and the proposal of thematic evenings, dedicated to the Far East, the latter has managed to achieve a good success with the public, making it the first Rai network after the generalist channels, both in prime time and daytime.

Radio

In 2020, radio is once again an authoritative and reliable medium that can provide entertainment and information despite the difficulties caused by the health emergency. Radio continues to keep pace with change, to evolve and to find new ways of interacting and connecting with its audience.

As for the ways in which radio is used, the lockdown period favoured, on the one hand, the return and rediscovery of this traditional medium - also thanks to events that attracted a large audience - and, on the other, access to radio content through the new digital platforms. These new ways of listening stabilised during the year.

Among the initiatives promoted by radio stations during the period of greatest restrictions, suffice it to mention La Radio per l'Italia, an event (20 March 2020) that saw many Italian national and local radio stations simulcast the Italian National Anthem and four pieces of music. It was an unprecedented event, appreciated by listeners and much commented on in the media, and it declared anew the social value of radio in times of emergency.

At the end of April, Radio Player Italia was launched, a free app, without registration, for simple, unique access to live streaming and on demand contents of 140 Italian radio stations via Smartphone, Smart Speaker, Smart TV, Connected Car and Wearable devices. The choice to debut during the lockdown, proved to be of added value and was well received by the public (100,000 downloads in 100 days). 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. This is a European project already active in 14 EU countries, with development plans in the automotive, mobile and home device sectors.

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.

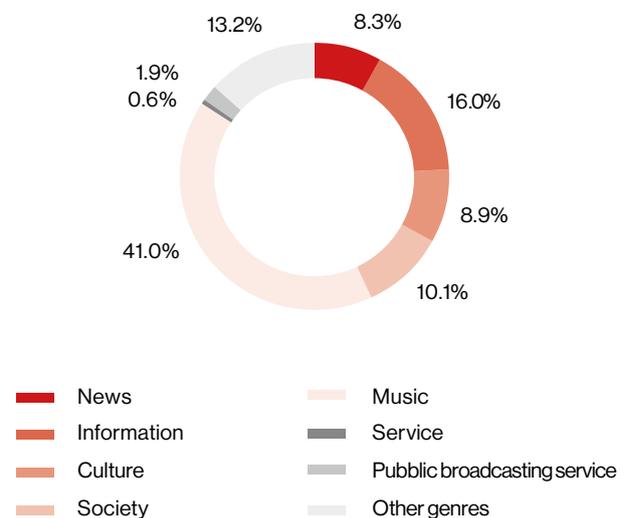
In detail, the Rai Radio offer is organised into 12 stations, broadcast on eight technological platforms, diversified based on editorial mission and reference target, all active online and on social media:

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

The specialised stations join the generalist and special-interest stations for the very purpose of making up a complete offer aimed at capturing vertical audiences.

Radio programming by genre

(broadcast time; source Rai)



Despite the difficulties linked to the Covid-19 emergency, Rai Radio continued to expand its cross-media offering following a variety of strategic lines of action. It has invested in the technological evolution of production systems, implemented linear and non-linear multi-platform distribution and built a state-of-the-art production centre. Among the technological and infrastructure investments set out in the Business Plan, the most relevant are: the digital terrestrial network (Dab+), audio-video production facilities (visual radio), web and social media, the integration and further development of the RaiPlayRadio online platform and the Radioplayer Italia app.

Throughout 2020, Rai Radio1 reaffirmed its vocation as an all-news broadcaster by broadcasting radio news broadcasts every hour and reporting on the health emergency throughout its programming, also with insights, live and special reports.

In addition to the pandemic, attention was paid to the country's political situation at both national and local level, with space devoted to regional elections (Emilia-Romagna and Calabria), the referendum and the government crisis. Internationally, all major events such as the electoral campaign and the presidential elections in the United States of America were also covered. The broadcaster's scheduling gave prominence to programmes dedicated to Italy's main national commemorative events, such as the *Giorno della Memoria* commemorating the Shoah (27 January), the *Giorno del ricordo* in memory of the victims of the Foibe massacres (10 February), 25 April, the commemoration of the 40th anniversary of the Ustica massacre (27 June) and the Bologna massacre (2 August), the Day of Remembrance for mafia victims (21 March), the Day of Remembrance for victims of terrorism (9 May) and the International Day for the Elimination of Violence against Women (25 November).

The channel's programming included all the issues concerning current political and economic affairs, news, employment and job market, respect for human rights, as well as satire and social issues. All programmes have also confirmed their commitment to always supporting and listening to the campaigns promoted by the Rai social secretariat.

New developments in 2020 included: relays (#staffettaRadio1), which allowed certain events, such as the Perugia-Assisi peace march, to be followed with particular attention, involving radio programmes and news programmes throughout the day; value campaigns on topics of primary interest such as No women no panel - Senza donne non se ne parla conceived within the European Commission and advanced by Rai Radio1 for equal gender representation in conferences, commissions, public events and radio and television debates.

Sports programming, the backbone of Rai Radio1 and the radio news, was heavily hit by the lockdown and only partially recovered in the summer when sports competitions such as football, Formula 1, MotoGP and cycling, resumed.

Music also played a fundamental part, as always, harmonising the channel's schedule.

Rai Radio1's media partnerships in 2020 include: Musicultura, the Casa museo di Alberto Sordi, the Rome MED - Mediterranean Dialogues conference, the Premio Morrone, DIGITALmeet 2020, the Turin Film Festival, the CDP Open Days, Il mondo dopo la fine del mondo, Anmil, the Diversity Media Awards, Lucca Comics, the Italian Pavilion at Expo 2020 Dubai, Sustainability Day, How can we govern Europe?, and Maker Faire.

The channel strengthened its presence on social profiles (Facebook, Twitter, Instagram), publishing videos and ad-hoc interviews by Gr new correspondents, posting news and information to update and promote interaction with listeners. The editorial offer was enriched and consolidated during the year with the introduction of podcasts dedicated, inter alia, to sports, music, politics, technological innovation and science.

In 2020, Rai Radio2 strengthened its public service role, always keeping in touch with listeners, reshaping its programming and launching at the end of September the experimental Visual Radio offer that allows following the channel also in video on RaiPlay. The initiative, implemented in a particularly challenging year, also aimed to bring the digital native audience closer to the world of radio.

In June, Rai Radio2 resumed broadcasting from 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. In December, Claudio Baglioni presented his latest musical project *In questa storia che è la mia* during a live special broadcast from Sala A on Via Asiago.

New features this year included: *Call Mara 3131*, the historic phone-in show taking calls from radio listeners; *Viva Sanremo, Grazie dei Fiori*, with Pino Strabioli; *Campioni del Mondo, Milledonne e un Uomo*; *Esordi*, the first no-talent radio show, to give space to young new talents.

There were also numerous editorial synergies launched in collaboration with television programming, *Musica che unisce, One World: Together at Home*; *Seat Music Awards*, *Ama Sanremo, Sanremo Giovani con Rai1*; *Castrocaro Festival 2020*, with Rai 2; *May 1st Concert* with Rai 3 and *Europe Shine a Light* with Rai 4.

As regards the presence on social media, Rai Radio2 expanded its activities on its Facebook profile with live streaming from the homes of hosts and guests as part of the #iorestoacasa initiative; it made its debut, at the height of the lockdown (March), on Telegram - the first radio station to activate a channel on the app - and it recorded excellent results on Instagram.

Throughout 2020, despite the restrictions that led to the cancellation of all events and live concerts - to which the channel traditionally dedicates a great deal of space - Rai Radio3 continued its mission of connecting with the world of culture, with the aim of keeping alive the sense of community by also reporting on the consequences that the health emergency has determined on Italy's social and artistic landscape, paying particular attention to the major issues of the cultural and civic debate and expanding the qualitative profile of its

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.

musical offering. Particularly noteworthy was the eight-hour long concert *Sleep. Unifying nations in quarantine*, with music composed by Max Richter and the extraordinary voice and piano concert by Nick Cave.

Digital

In 2020, the evolution of Rai's digital offer continued, following an overhaul of the editorial and distribution strategy. In this sense, one of the very first actions implemented by Rai, also in view of the lockdown period, was to remove the obligation to register (from 10 March to 24 May), to view on-demand content on the RaiPlay platform, making access more immediate and simplifying the viewing experience. Two additional vertical sections were introduced: the Teen section, characterised by a content aimed at the 10/16-year-old target and the Learning section (in collaboration with MIUR), to support schools in the challenge of distance learning. In addition, the platform's offer was enriched and supplemented to cope with the increase in the number of viewers and the growth in consumption of on-demand content generated by the exceptional situation.

During 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 Rai Cultura portal is for users to access and use the cultural content of Rai online with dedicated content and services from original productions by the Rai Cultura web editorial team, TV, thematic and generalist programmes, as well as the considerable resources of the Rai Teche archive.

The launch of the new News Portal - also accessible via smartphone anywhere and free of charge - will be able to offer "certified" information content on digital platforms, characterised by a constant flow of news and the presence of insights, investigations, multimedia content, videos, infographics and podcasts.

The primary objective of the project is to reach citizens of all ages and engage even the youngest through impartial and quality information, also exploiting the use of video to achieve faster and more effective communication.

Rai's News Portal will offer national and international news, with 24 local pages, as many as there are TgR editorial offices, 21 in Italian and 3 in other languages: Ladin, German and Slovenian and three other pages by Rai Sport, Rai Parlamento and Rai Vaticano.

Despite major mobility restrictions, the Isoradio channel continued to provide a 24-hour service, while the Gr Parlamento channel addressed the Covid-19 emergency across all its programming.

In doing so, Rai, in line with the commitments made in the Public Service Agreement, is proceeding along the road to the "digital leap".

With regard to the editorial profile, there were three main areas of focus: series, cinema and purchased content.

In terms of pan-European integration, Rai has joined the European Digital Platform project, which is the result of collaboration between EBU members. The idea is to pool one of the most important (if not the most important) assets of European public services: correct, reliable, and fact-checked information. In a word, quality information.

The project provides for sharing multimedia content between the various European public service companies. The initial phase will see the active participation of 10 public services, including Rai, but many others have already expressed their interest. Each contributor will upload the services (text or audio/video) they find most interesting to the common platform built by the EBU, called Monitoring Tool, where they will be automatically translated into English by the EUROVOX system, also developed by the EBU.

Drama produced

Also in 2020, they were confirmed to be RaiPlay's main asset. In addition to the replay products, the Platform distributed original titles including: the mini-drama *La mia Jungla*, in which a family would tell about the minor/major changes to their daily life as a result of the pandemic, the first and second seasons of *I Topi* written by and starring Antonio Albanese, *Liberi tutti*, *Passaggeri notturni* and *Mentals*, a remake of the Finnish series of the same name that tells the story of a group of teenagers with mental issues.

Film offer

The extensive catalogue of films available on demand and catch-up was enriched by a further selection of exclusive first-run titles, such as Mario Martone's *Il sindaco del Rione Sanità*, and some initiatives such as: #ilcinemanonsiferma, which provided for the exclusive publication of 8 titles, 4 of which never released before in cinemas but presented in first run directly on RaiPlay; *Sabato cinema*, an exclusive selection of quality films including original premieres and international blockbusters; *Cineclub*, a series of reviews on the greats of Italian cinema such as Sordi, Fellini and Gassman and international cinema such as Rohmer, Truffaut and Bergman; *Fuori Orario*, a section dedicated to arthouse films.

Purchased TV series

In addition to what was already on the platform, titles appropriately chosen for the millennials target audience were purchased and published, such as: *Zoey's Extraordinary World (NBC)*, *Into The Dark*, a horror anthology series (Hulu), *Beforeigners* and *Foodie Love*, both produced by HBO Europe.

Finally, also in 2020, RaiPlay enriched the wide selection of contents (programmes, varieties, scripts, investigations) created by drawing on the public TV archives thanks to the synergy between the Teche Rai Department and the RaiPlay and Digital Department.

International offer

Rai Com S.p.A. is tasked with the marketing of Rai's channels abroad. The subsidiary handles the European distribution of broadcasting rights for 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 for the non-EU 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, three Serie A matches a week); Rai World Premium (the channel broadcasting original drama 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 platforms—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.

In line with the evolution of the international health emergency, all the activities of the Foreign Channel Distribution segment related to maximising revenue continued in 2020. 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 became Rai channels users, 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 at satisfactory levels. Towards the end of the year, there was also growing interest from local operators in extending existing agreements to OTT exploitation (non-linear, of channels and programmes) and from platforms with greater technical reception capacity for the HD signal of the channels.

In the non-European area, in 2020 there was a significant drop in the number of subscribers to Rai channels in the United States and Australia, an issue mainly due to the crisis situation generated by the global pandemic. In Latin America, despite the ongoing pandemic, revenues remained more or less stable compared to the previous year as Rai Italia is positioned in basic or extended basic offers. In Canada, Rai Com finalised an important agreement with CCSA, Canadian Cable Systems Alliance Inc., which represents and acts on behalf of hundreds of the country's smallest independent Internet, TV and telephone providers serving hundreds of thousands of Canadians living in communities generally outside of urban markets.

TV offer performance

According to Auditel data, in 2020, the number of average viewers who watched television was just over 11 million over the entire day and 25.3 million during prime time, up by 1.1 million and 2.2 million viewers, respectively, compared to 2019, for the reasons stated above.

The Rai Group confirmed its market leadership with 35.2% of the share for the entire day (-0.5 pp compared to 2019) and almost 36% for prime time (-0.7 pp); Mediaset grew and reached a 32.1% share (+0.5 pp) for the entire day and 33.3% in prime time (+0.9 pp). 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 1.3 pp over the entire day, from 56.5% in 2019 to 55.1% in 2020 and a decrease of 0.6 pp in prime time, down from 60.1% to 59.5%. The semi-generalist channels (Tv 8, Nove, Rai4, Cielo, Real Time, Sky Uno, Dmax, 20 and the relative time-shifted channels) show a slight drop of 0.2 pp for the entire day, reaching a share of 9.8%, and of 0.1 pp in prime time, consolidating a share of 10.1%. Specialised channels as a whole were stable for the entire day at 25.8%, while they fell by 0.4 pp in prime time, from 22.6% to 22.2%. There was significant growth in the Other TV aggregate, which recorded a 1.5 pp increase in share for the entire day and a 1.2 pp increase in prime time, reaching 9.2% and 8.3%, respectively. This aggregate includes local broadcasters, broadcasters not registered with Auditel, the use of on-demand contents (beyond 7 days from their airing on TV or digital exclusives) from the Smart TV apps of the registered publishers (such as RaiPlay and Mediaset Play) and other uses of the TV screen, such as, for example, the use of the screen as a monitor, the transmission from other devices (Chromecast, Fire TV or videogame consoles, Blu-ray players, etc.), listening to local/web radio and the use of OTT contents (such as Netflix or Amazon Prime Video).

In detail:

- With a 16.4% share for the entire day and 18.7% in prime time (+0.1 pp in both slots vs 2019), Rai 1 was once again the most viewed Network, maintaining a decent margin over Canale 5 (especially in prime time, +4 pp of share), which recorded a share of 15% for the entire day (-0.4 vs 2019) and 14.7% (-0.1 pp vs 2019) in prime time;
- Rai 2 lost 0.6 pp for the entire day, settling on a share of 4.9% and 0.3 pp in prime time, falling to 5.8%;
- Rai 3 was stable throughout the day, with a share of 6.9% (+0.1) and lost 0.4 pp in prime time, standing at 5.4%.

In terms of the performance of the competition's main channels during the period in question, the following results are reported: Throughout the day, Italia 1 achieved a 4.7% share and in prime time 5.3% (-0.1 pp in both slots vs. 2019); there were minor fluctuations for Rete 4, which stood at 3.8% (-0.1 pp) for the entire day and 4.7% (+0.1 pp) for prime time; La7, slightly down in the entire day with 3.4% (-0.3 pp), was stable in prime time with a 4.8% share; TV8 lost 0.1 pp over the entire day, stopping at 2.1% of the share and with 0.2 pp in prime time with a share of 2.2%; NOVE was substantially stable, with a share of 1.7% for the entire day (+0.1 pp) and in prime time.

With regard to semi-generalist and specialised channels, the results show a growth for Mediaset channels (+1.3 pp for the entire day, +1 pp in prime time vs. 2019), which stand at around an 8.5% share in both slots, versus a substantial stability for Rai channels (7%, -0.1 pp in the whole day and 6.1%, -0.2 pp in prime time vs. 2019). With regard to the other semi-generalist channels (Cielo, Real Time, Dmax and Sky Uno), performance in comparison with 2019 recorded a slight decline (-0.2 pp) in both slots with values that stood at a 3.3% share in the whole day and 3.6% in prime time.

Radio offer performance

Due to the interruption of the TER survey in the first half of 2020, data for the entire year are not available, but only for the second half of the year. These are illustrated and commented on further below.

Obviously, the restrictions linked to the pandemic also had an impact on radio, which, as is well known, has its peaks in outdoor listening. Already in general terms, for example, in the second half of 2020, listening outside the home dropped by more than 5 pp, from 58.4% in the second half of 2019, to 53.2% today. Listening via car radio also declined by 3.8 pp, from 71.5% in the second half of 2019, to 66.8% today. In terms of listeners, radio stood at 6.3 million listeners versus the second half of 2019, a 3.9% drop. Also in terms of average penetration, the figure recorded in the second half of 2020 of 63.6% of the population represents a drop of 2.2 points from the 65.8% recorded in the reference period. Almost all the publishers recorded widespread drops. In absolute terms, in terms of listeners, the only broadcasters to record growth were, in order: Radio Kiss Kiss (+292,000; +9.4%), Radio24 (+220,000, +6.8%), Rai Radio3 (+134,000, +5.5%) and M2o (+131,000, +2.3%).

In terms of Groups, the ranking for the 6:00-24:00 slot remains unchanged and sees in first position the RadioMediaset Group (Radio105, Virgin Radio, Radio101 and Radio Montecarlo) with 972,000 listeners equal to a share of 15.5% (+0.08 vs the second half of 2019), followed by the Gedi Group (Radio DeeJay, Radio Capital and M2o) with 729,000 listeners and an 11.6% share (+0.09%), third the Rai Radio Group (Rai Radio1, Rai Radio2, Rai Radio3, and Isoradio) with 708,000 listeners and an 11.3% share (+0.42%), fourth RTL (RTL 102.5 and Radio Freccia) with 690,000 listeners and an 11% share (-0.64%).

RTL 102.5, in spite of the decrease, managed to maintain the lead in the ranking of broadcasters in the 6:00-24:00 band with 581,000 listeners on an average day (9.3% share), followed by Radio105 with 493,000 listeners (7.9%), in third place Radio DeeJay with 462,000 listeners (7.4%), fourth place for Radio Italia with 395,000 listeners (6.3%), fifth place for RDS with 393,000 listeners (6.3%), sixth place for Rai Radio1 with 297,000 listeners (4.7%), seventh place for Radio Kiss Kiss with 292,000 listeners (4.7%), eighth place for Rai Radio2 with 234,000 listeners (3.7%), ninth place for Virgin Radio with 225,000 listeners (3.6%) and tenth place for Radio24 with 220,000 listeners (3.5%). The other two Rai broadcasters, Rai Radio3 and Isoradio, were in twelfth and seventeenth place,

Average share of TV channels - Year 2020

	Entire day (02:00-02:00)		Prime time (20:30-22:30)	
	2020	2019	2020	2019
Rai 1	16.39%	16.27%	18.68%	18.54%
Rai 2	4.94%	5.57%	5.85%	6.11%
Rai 3	6.91%	6.78%	5.36%	5.74%
Rai Generalist	28.24%	28.62%	29.88%	30.38%
Rai 4	1.37%	1.35%	1.45%	1.36%
Rai Premium	1.27%	1.28%	1.16%	1.20%
Rai Movie	1.15%	1.13%	1.25%	1.25%
Rai 5	0.39%	0.41%	0.39%	0.43%
Rai Storia	0.25%	0.23%	0.31%	0.30%
Rai Scuola	0.02%	0.03%	0.02%	0.03%
Rai Yoyo	0.98%	1.16%	0.59%	0.79%
Rai Gulp	0.31%	0.29%	0.35%	0.25%
Rai Sport	0.39%	0.57%	0.28%	0.44%
Rai News 24	0.82%	0.64%	0.28%	0.20%
Rai Specialised	6.96%	7.09%	6.08%	6.25%
Total Rai	35.20%	35.70%	35.96%	36.63%
Canale 5	14.98%	15.42%	14.75%	14.87%
Italia 1	4.75%	4.84%	5.30%	5.39%
Rete 4	3.78%	3.93%	4.73%	4.63%
Mediaset Generalist	23.51%	24.18%	24.77%	24.89%
Mediaset Specialised	8.57%	7.44%	8.54%	7.49%
Total Mediaset	32.08%	31.63%	33.32%	32.38%
La7	3.38%	3.66%	4.79%	4.81%
Total La7	3.86%	4.16%	5.15%	5.19%
Total Sky	6.53%	7.23%	6.85%	7.80%
Total Fox	0.70%	0.90%	0.80%	0.94%
Total Discovery	7.71%	7.41%	6.24%	6.23%
Total Viacom CBS	2.37%	1.60%	2.07%	1.38%
Other channels	11.55%	11.37%	9.61%	9.45%
Total TV	100.00%	100.00%	100.00%	100.00%

respectively, with 134,000 (2.1%) and 43,000 listeners (0.7%). Data source: TER - Second half 2020 (16 June - 14 December).

Digital and social offer performance

In 2020, the Total Digital Audience measured by Audiweb reached 34.4 million unique users on the average day, +3% compared to 2019. On average, each user spent 3 hours and 18 minutes a day in the digital world. There are 11 million Italians (2+) who access the Internet on an average day via PC (+7% compared to 2019); 29.7 million (target 18+) from Smartphone (+1% vs 2019) and 4.8 million from Tablet (+3% vs 2019) - non-cumulative data per device.

According to the Audiweb survey, on a monthly basis, in 2020, an average of nearly 43.5 million individuals, i.e., around 73% of the Italian population connected to Internet at least once a month (+5% compared to 2019). There were 27.2 million users who surfed from PCs (stable vs 2019), those who connected to the Internet from Mobile were about 38.2 million, 38 of whom million from Smartphones (+5.7% vs 2019) and 7.7 million from Tablets (+3.2% vs 2019) - non-cumulative data per device.

In the same period, 12.4 million users connected on average at least once a month to one of the various Rai sites or apps (28.5% of the active population on the Internet). The value increased compared to 2019: +19% (+21% for mobile consumption).

With this result, Rai ranks 27th among the main online groups active in Italy, gaining 3 positions compared to 2019; Mediaset, seventh, gained 4 positions in the ranking and obtained an average of 28.8 million. Top rankers included, instead, some major international players such as Google, Facebook and Amazon, immediately followed by Microsoft, RCS MediaGroup and GEDI Group.

The Rai information portal, Rai News, recorded a monthly average of unique users of 4.5 million (+31% over 2019), far from the main competitors (Corriere.it 29.5 million; TGcom24 26.2 million; Repubblica.it 26 million; Il Messaggero 24.5 million), which are also growing at rates on average comparable to that of Rai News, as a direct consequence of the increased need for information (Audiweb).

As regards video portals, the main national players considered grew overall; in terms of unique users in the average month of 2020, all operators continued to record positive results; in particular: Mediaset Play consolidated its leadership reaching 11.2 million, RaiPlay was firmly in second place at almost 8 million unique users, La7 in third place with just under 5.9 million users, followed by DPlay (now Discovery+) at 1.8 million [Audiweb 2.0, individuals 2+].

Even considering the same operators in terms of the time spent by users on their services, the ranking remains the same, but the balance of power changes, with the two market leaders far behind the other players: Mediaset Play with 2 hours and 56 minutes is in first place, followed by RaiPlay with 2 hours and 39 minutes, while La7 and DPlay alone record a time spent of

21 minutes and 27 minutes, respectively. It should be noted that these rankings are strongly influenced by the perimeters considered, as well as by the different editorial choices made by the Groups. For example, Mediaset Play includes not only the views made on the Mediaset Play player, but also all those - with an important relative weight - made with any embeds (inside or outside Mediaset properties) such as Witty Tv, Striscia la notizia and Le Iene. Excluding the values from embedded traffic, RaiPlay with a total of 2 hours and 11 minutes would go to the first place overtaking Mediaset Play, which would stop at 1 hour and 39 minutes [Audiweb 2.0, individuals 2+].

As regards the details of the multimedia offering of video content, RaiPlay improved its own performance over the same period of 2019 (Webtrekk census data): a total of 161.9 million unique browsers were registered (+18%).

Drama were the most watched content on RaiPlay, accounting for 37% of total views in on-demand mode, followed by TV programmes accounting for 32%. The most viewed titles were: *Il Paradiso delle Signore*, *Il Collegio*, *L'Allieva*, *2020 Sanremo Festival*, *Doc - Nelle tue mani* (Webtrekk census data).

In 2020, the offer of Rai content on YouTube, through the two official channels - Rai channel and *Il Collegio* channel - generated 1,353 million views overall (source YouTube Analytics).

Rai's three main mobile applications (RaiPlay, RaiPlay Radio, RaiPlay Yoyo) totalled 11.7 million downloads in 2020: the RaiPlay app 10 million; RaiPlay Radio 0.9 million and RaiPlay Yoyo 0.7 million. The Rai News app in 2020 recorded just under 300,000 downloads.

In 2020, the contents on the RaiPlay Yoyo app generated about 44 million views (Webtrekk data).

With regard to the social world, the metrics for collecting information have been changed from this year. Compared to previous years, programme-related interactions are measured 24 hours a day, whereas previously the measurement covered a range from 3 hours before to 3 hours after the broadcast. The new system records a much higher total number of interactions than in the past, but this system tends to penalise Rai, whose share actually decreases mainly for two reasons. Firstly, compared to its competitors, Rai has a lower number of programmes that are discussed in the days before and after airing and, secondly, even if sporting events (live competitions) are excluded from the survey, all before and after comments are included in the count. This latter aspect, in particular, helps to better understand Mediaset's and Rai's contextual overtaking by Sky.

In 2020, the roughly 580 Rai profiles present on the Facebook, Twitter and Instagram platforms exceeded a total of 38 million fans and followers: 23 million on Facebook; 8.6 million on Twitter and about 6.5 million on Instagram, gross data (source: Fanpage Karma). In 2020, Rai accounted for 16% of total interactions generated by television programming on a national scale (net of sporting events), with 189.6 million total interactions.

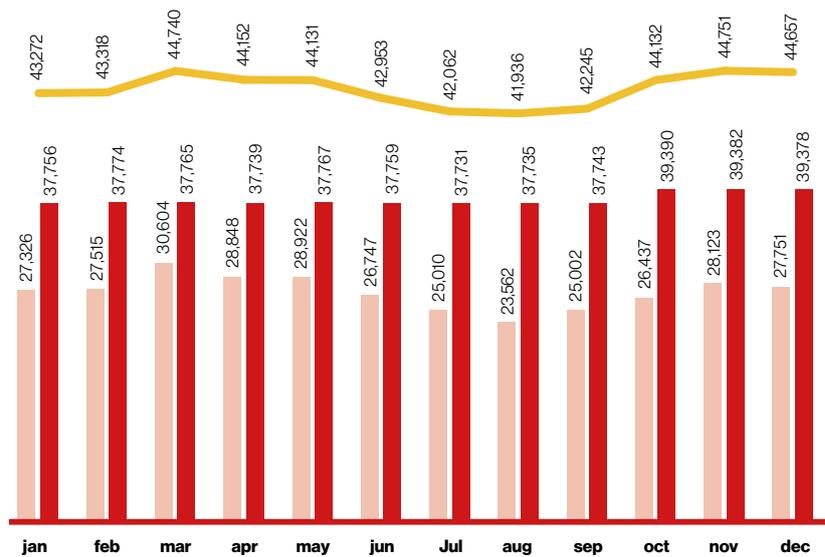
With this share, Rai ranked third among the publishers in terms of number of interactions generated after Sky, which holds 46%, and Mediaset 25%. With regard to Rai's offer, in terms of genres, in first place we find entertainment (66% of the total), driven by the interactions developed by *Che tempo che fa*, followed by Talent and Reality (22%), where Rai's offer is led by *Il collegio* and then by Drama (7%), whose first title is *Doc - Nelle tue mani* (Source: Nielsen Social Content Ratings).

As of December 2019, Auditel also measures TV ratings on digital devices via both browser and app. The system for detecting TV ratings on digital devices measures the online ratings of five publishers (Discovery, La7, Mediaset, Rai and Sky), which account for over 85% of the total traditional TV audience. The ratings are registered on a census basis; the system uses several metrics: the Total Time Spent (TTS), calculated by adding up all the seconds when each device views editorial and advertising content of a single publisher, the Legitimate Streams (LS), which measures the volume of content streams delivered and viewed for at least 300 milliseconds, (the technical

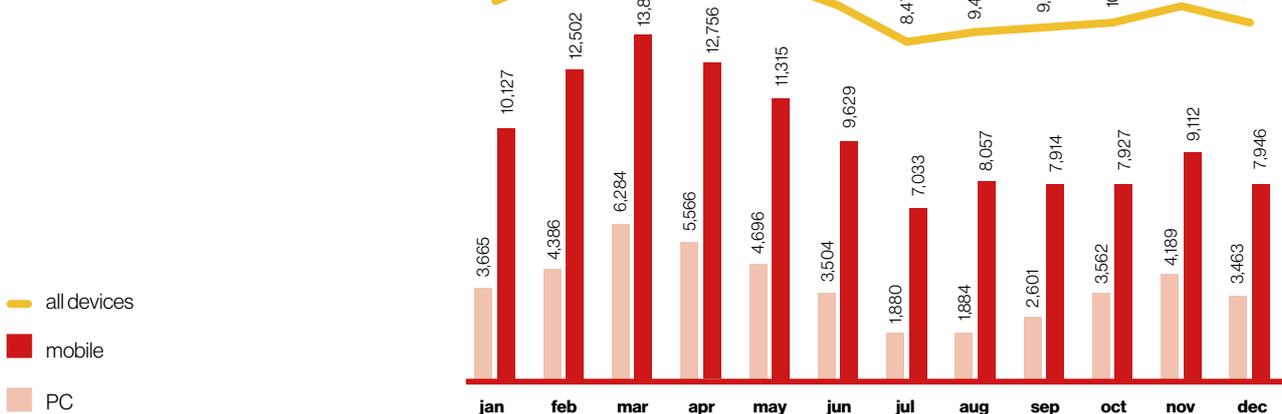
threshold that guarantees the effective start of the stream) from each device and the AMRD, which is the average daily number of devices connected in the minute. The survey also measures consumption by embedding, i.e., by content offered on properties external to the reference brands. This approach is particularly relevant for Sky - which has agreements with over 260 sites - and Mediaset (around 150 sites).

In 2020, the total TTS amounted to 821 million hours: Rai 32%, Mediaset 38% and Sky 25%. This figure is the sum of hours spent consuming content in linear mode (307 million hours) and on demand mode (514 million hours). In linear mode, Mediaset leads the way (38%), followed by Sky (29%) and Rai (25%); in the on-demand mode, Mediaset confirmed its leadership with 38%, followed by Rai (36%) and Sky (22%). Linear consumption is driven by the programming of the Mediaset channels, TgCom, Mediaset Digital (which includes 24-hour live broadcasts of Grande Fratello (Big Brother) cameras in addition to those already transmitted on Mediaset Extra) and Canale 5, which alone account for almost 40% of the total linear offer. Mediaset

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



Digital Audience per month Rai - 2020
(unique contacts/000, source Audiweb)



is the leading publisher in terms of time spent on demand (38%), followed by Rai (36%) and Sky (21%). Leading the ranking of programmes viewed on demand - a ranking flawed by the fact that Sky content cannot be traced back to television programmes but only to the digital channel of reference - is *Uomini e Donne* (28 million hours), also distributed through the Witty TV portal, which also carries Mediaset's talent shows (such as *Amici*), while RAI's top title is *Il Paradiso delle Signore*, in fourth place with 13 million hours.

In LS terms, the 2020 total was 12.2 billion streams: Sky (52%), Mediaset (32%) and Rai (11%). This figure too is the sum of linear and on-demand use. In linear mode, Mediaset remains in the lead with 60% of total LS, followed by Rai (18%) and Sky (17%). Mediaset's result are buoyed by the offer of TGCom 24 (over 450 million views), Mediaset digital (157 million) and Canale 5 (155 million). As regards on demand mode, again in LS terms, out of a total consumption of 12 billion, Sky accounts for 52% and Mediaset 33% of the total while Rai carves out a share of 11%. This distribution depends on the formats made available

by the operators, which obviously rewards 'short' content over 'medium-long' content, even more so when distributed by embedding on a significant number of brands outside the original ones. In this sense, for example: Sportmediaset (414 million LS) and TGCOM24 (243 million LS). In the consumption of 'long' contents (>30') in on-demand mode, instead, Rai is the publisher with the largest market share, both in terms of Time Spent (46%) and in LS terms (47%).

As regards total consumption, looking at the month-by-month trend, Rai tended to be at the top of the ranking during the lockdown periods (March, April, May) in terms of time spent, thus confirming the importance of the Public Service in times of need, and Mediaset in the other months. In terms of on-demand consumption, Rai was also in the lead in November and December, thanks to the programming of *Il Collegio* and successful drama products. In terms of LS, the month-by-month ranking always saw Sky outperform Mediaset and Rai, but, as already mentioned, the LS are affected by the type of formats used, rewarding shorter ones (Source: Auditel online).

Television

Generalist channels

Rai 1

A prestigious and authoritative network with a high-quality offering in terms of content and language.

Rai 1 intercepts with professionalism and sensitivity the needs for information, service, entertainment and culture of an increasingly large and demanding audience.

The year 2020, characterised by the health emergency, saw Rai, and in particular the leading channel, play a central and irreplaceable role on the television offering landscape. Rai 1, in fact, wholly fulfilled its role as the leading public service broadcasting channel, both by keeping the country together and by providing all of the vital information we needed to live with the pandemic. It did so by undertaking continuous and widespread work on the news both through news mastheads and through all network programmes dedicated to communicating the progress of the pandemic and the stories of those affected by the virus and of everyone committed to caring and providing assistance day by day.

Alongside this, Rai 1 demonstrated the ability to intelligently deliver moments of entertainment and distribution, great drama and cinema characterised by quality of content and language to ensure shared and universal enjoyment. Rai 1, in fact, has the institutional task of reaching as many listeners as possible with its offering, bringing them products that reflect the leading channel's mission to inform and entertain on a great scale and with a sense of responsibility, respect and distinction. A quality offering with the ambitious objective of 'enriching' viewers with values such as excellence, universality, integration, reliability, originality and distinctiveness. Generally speaking, 2020 saw a considerable

increase in television audience numbers as people were forced by the pandemic to stay home, and the Rai 1 network managed better than any other to intercept this new audience with an average of 1.8 million viewers throughout the day (+197,177 compared to 2019) and 4.7 million at prime-time (+436,872 compared to 2019).

Rai 1 also confirmed its leadership in terms of share with increases of 16.39% (+0.12% compared to 2019) and 18.68% at prime-time (+0.14% compared to 2019). These results are extremely important because they enhance Rai 1's role as a leading channel during a unique period in time that has forced the network to revise its offering and rerun the best of its past offerings due to the impact Covid-19 has had on all television production activity. The increase in share also highlighted a major result where younger audiences (15-24-year-old target) were concerned, with an increase of +1.64 over the course of the day and +1.32 at prime-time compared to 2019.

The data confirms the vitality of Rai 1, which, in a constantly evolving and highly competitive scenario and in the midst of a pandemic, was able to intercept the needs of the public to reach the largest number of viewers. The main strengths were a daytime offering, renewed in the autumn, that focused on information and current affairs, and a prime-time offering with great dramas, entertainment and a selection of film titles.

The late evening slot made way for in-depth analysis of current affairs, politics and information, while the other slots featured stories about the country and promoted our artistic and cultural heritage, which represents the strength of our country and is a concrete foundation on which to build our future.



23.1 million

DAILY
CONTACTS



108

MINUTES
VIEWED PER DAY



16.4%

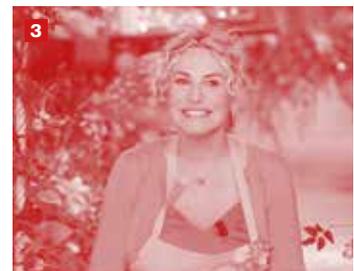
24-HOUR
SHARE



18.7%

PRIME-TIME
SHARE

1. Sanremo Music Festival
2. Porta a Porta
3. È Sempre Mezzogiorno



Drama was one of the genres most affected by the pandemic, with locations shut down for a long period of time in order to comply with the regulations in force, resulting in delays in the preparation of products. That said, with fewer evenings but with a good balance of new titles and returning series, the genre achieved more than satisfactory results with brand-new content, with a share of 22.8% and 5.6 million viewers. The first series of *Doc, nelle tue mani* notably received 8 million viewers, with a 29.9% share, whilst new episodes of *Montalbano* (9.4 million, 36% share) and the second series of *L'amica geniale* (6.7 million, 28.1% share) were also met with great success. Rai 1 ended the season with an event dedicated to the great theatre of Eduardo De Filippo with a television adaptation of the comedy *Natale in casa Cupiello*, which achieved a 24% share with 5.7 million viewers. Daytime soap opera *Il Paradiso delle Signore*, meanwhile, confirmed its role as a key appointment for the Rai 1 audience.

In an unprecedented context, evening entertainment, like other genres, suffered from halts in production and restrictions. Rai 1 did, however, honour its commitment to the public by also providing light and innovative entertainment content. Traditional titles such as *Tale e Quale Show* and *Ballando con le Stelle* were flanked by new offerings highlighting the best performances in the genre. These included *Top 10*, which reached 3.7 million viewers with a 19.4% share, *The Voice Senior*, achieving 4.1 million with a 18.9% share, and the return of Antonella Clerici in prime time.

One memorable event of 2020 was the 70th edition of the Sanremo Festival, hosted by Amadeus with Fiorello, which recorded the best result of the last 20 years with an average of almost 10 million viewers and a 55.27% share over the four evenings, spanning all target audiences.

Rai 1 also broadcast entertainment events that characterised the difficult year we were experiencing in 2020, and it did so using a television language that was mindful and respectful of the evolution of the pandemic and of the country's feelings, ranging from the New Year's Eve party with Roberto Bolle and *Danza con me* to the solidarity of *Musica che unisce*, in the midst of the emergency, in which Italy's greatest musical performers sought to express their solidarity with the Civil Protection Service and all of the country's citizens. Another noteworthy project was *Pavarotti*, directed by Ron Howard to entertain and celebrate culture, the world of show business and the great maestro himself. Other highlights of the entertainment programme were the *Music Awards*, *La Partita del cuore* and *Telethon*, which raised significant funds for research.

There was no shortage of cultural dissemination with Alberto Angela, either, with new episodes of *Meraviglie*, *Ulisse* and *Stanotte a... Caravaggio*, which represented a central and indispensable fixture in Rai 1's quality offering. During the summer months, in keeping with tradition, the baton was passed to Piero Angela with a new cycle of *Superquark*.

Cinema completed the 2020 prime-time offering with, among other things, a selection of quality brand-new titles designed for the general public on Rai 1, including *Assassinio sull'Orient Express* (Murder on the Orient Express), *Il Coraggio di contare*, *Ben is Back* and the Christmas offering dedicated to families, with Disney princesses played by leading actresses, including *Cenerentola* (Cinderella), *La Bella e la Bestia* (Beauty and the Beast) and *Biancaneve* (Snow White).

Compared to the previous year, cinema attracted significantly greater ratings in 2020, with an average

- 4. Carlo Conti
- 5. Settestorie
- 6. La Vita in Diretta



share of 14.5% (+ 0.4% compared to 2019) and of 15.2% in the autumn season alone (+1% compared to the autumn), a sign of the vibrancy of the choices made in terms of purchased products, too.

Rai 1 also confirmed its authoritative position in the field of information in 2020, providing a platform for in-depth analysis in the daytime with *Uno Mattina*, *Storie Italiane*, *Oggi è un altro giorno* and *La Vita in Diretta* and in the late evening with *Settestorie* and *Porta a Porta*, in addition to the news and the various sections thereof. In this sense, the network always professionally maintained contact between citizens and institutions, adapting its programming where necessary to make room for live broadcasts, follow the progress of the pandemic and provide real-time updates. This included at the weekend, with *Il Caffè di Rai 1* and *Uno Mattina in famiglia*, journeys around the country with *Linee*, *Domenica In* and *Da noi... a ruota libera*, delivering information and in-depth analysis in a lighthearted, respectful and always entertaining manner.

Last but not least, the 2020 schedule featured the national football team once again in the second half of the year with both friendly matches and the Nations League.

In a year marked by the pandemic, the health emergency and the resulting difficulties with regard to production, Rai 1 consequently reinforced its position as a point of reference for citizens. The introduction of the Pope's mass at 7am, just a few days after the general lockdown that closed Italy down, was the most immediate and significant response to the primary need for consolation, solidarity and cohesion, with unprecedented ratings for that time slot and a 23.9% share.

With a great sense of responsibility, Rai 1 held the country together, supporting and accompanying the public at an unprecedented time in the history of television and successfully intercepting the needs for information, reports, entertainment and culture with professionalism, authority and sensitivity.

"Rai 1 confirms its image as a leading channel in the field of public service broadcasting, capable of guaranteeing enjoyment for all whilst also informing and entertaining with respect and elegance".

1. *Da noi... a ruota libera*
2. *L'Eredità*
3. *Ballando con le Stelle*





15.5 million

DAILY
CONTACTS



49

MINUTES
VIEWED PER DAY



4.9%

24-HOUR
SHARE



5.9%

PRIME-TIME
SHARE

Rai 2

In what has become an increasingly complex and challenging competitive scenario, Rai 2 maintained its spirit of innovation, making a name for itself as an ever-evolving network bringing audiences a general-interest offering with an unmistakable identity.

Innovating, breaking audience habits and creating new ones was a major challenge for Rai 2 in 2020, given the upheaval in programming caused by the health emergency, particularly during the lockdown period, which naturally put ideas, projects and creativity on the back burner. Between March and May 2020, in fact, Rai 2 adapted its own offering, producing hours of live content and always maintaining communication with its audience, with the particularly challenging task of adapting its schedule. The Covid-19 emergency did, in fact, deprive the daytime offering of key productions and sporting events of primary importance to the network's schedules, making way for live parliamentary broadcasts, documentaries and products for children, and therefore hindering the experimental activity that has characterised Rai 2 for some years now.

This challenge resulted in viewing shares of 4.94% throughout the day and 5.85% during prime time - slightly down on the previous year, reflecting a tense situation in the world of television, due also to competition from the great appeal of streaming platforms and small digital terrestrial channels. This contraction did not, however, affect Rai 2's position on the competitive stage, with the network maintaining its position in the ranking of the most

viewed channels, confirming its 3rd-place prime-time ranking and 4th place overall ranking throughout the day.

On the entertainment front, one of the cornerstones of the network's offerings, well-known titles were offered alongside a few new ones.

Stasera tutto è possibile, the comedy show that has made fun and mirth its strengths, with comedians, actors and entertainers bringing us laugh-out-loud performances, was one of them.

A renewed and pop version of *Pechino Express*, now in its eighth edition, was aired, immediately attracting the interest of the public, especially among very young viewers and teenagers, and a strong following on social networks with 2.9 million interactions, 1.8 million generated in the linear band (+/-3 hours from airing).

Made in Sud, the variety show comprising elements of comedy, laughter, music, colour and fun, was back on the air, against the odds, in an off-season spot between June and July. The presence of Stefano De Martino was once again the trump card for the programme's success. The six episodes recorded an average share of 8.3%, with an average of over 1.6 million viewers.

Il Collegio continued to amaze with its ability to break record after record and attract very young and teenage audiences and a strong appeal to young people confirmed not only by the ratings on linear TV but also on social media, where the reality show consistently ranked among the most commented on of prime-time programmes. The fifth season, airing in autumn 2020, further strengthened the connection with the younger generations and broke all of the records set by previous editions. It was the youngest ever, in fact, with an average age of under 40, and the most widely watched of all, with a share of 11.34%

1. *Quelli che il calcio*
2. *Pechino Express – Le Stagioni dell'Oriente*
3. *I Fatti Vostr*



and over 2.7 million average viewers. A resounding success among younger audiences, the programme achieved a share of 45.0% in the 8-14 age group and 40.8% in the 15-19 age group. The programme also achieved promising levels of performance on the social front, with extremely positive results in all respects and even better than those achieved with previous editions. The programme took 1st place in Nielsen's ranking of the most talked about prime-time programmes on social media during the period of its airing.

But autumn 2020 was also marked by the return of *Boss in Incognito*, the docu-reality show following the adventures of entrepreneurs who have decided to take on the challenge of working undercover alongside their own employees for a week. After a two-year absence from the network's schedules, the programme certainly managed to win back its audience.

The year's new offerings included Enrico Brignano's new show *Un'ora sola vi vorrei*, a fun and entertaining 70-minute analysis of the week's events that primarily used satire to unwrap and examine what happens every day, making it an incredible race against time to entertain and amuse the vast audience of Rai 2. The great television revelation of 2020, however, was *Una pezza di Lundini*, the comic and surreal late-night programme full of gags, part-bizarre, part-outlandish, with a good measure of irreverence for all aspects of life, from politics to fashion, society to entertainment. The show lasted only half an hour but had a very strong appeal in the press and online.

The daytime entertainment offering hinged upon three core titles that further strengthened and innovated upon its vocation for entertainment,

namely *Quelli che il calcio*, the long-standing Sunday programme bursting with guests, comic sketches and links from stadiums that really played on its satirical dimension this season; *I Fatti Vostri*, the daily show talking about and interviewing both famous and ordinary people with unusual life stories from 'Piazza Italia'; and *Detto Fatto*, with lots of valuable advice on fashion, cooking, DIY, animals and all things green.

As for the network's information offering, after the autumn experiment with *Seconda Linea* - the weekly political, economic, social and cultural news programme with a new pair of presenters - in the prime-time slot and economic programme *Restart*, featuring leading figures from Italian economic life providing concrete answers in clear and simple language and bringing the public closer to the issues of finance, the economy and work, the long-running series of investigations by *Petrolio-Antivirus* continued, with prime-time specials following the evolution of the pandemic.

Drama reflects the imagery of the network. An imagery in which Italian programmes characterised by a contemporary and sophisticated style that fully fits into the international quality TV genre – coexist with markedly mainstream programmes in an effort to present a varied and high quality offer.

As for Italian fiction, the second season of *Il cacciatore*, inspired by the true story of magistrate Alfonso Sabella, a member of the Palermo anti-mafia pool in the early 1990s, aired in the spring. In the autumn, the new prison drama *Mare fuori*, which attracted a large and appreciative young audience by telling the story of the uphill adolescence and desire for redemption of the young inmates of Naples' young offenders' institute, and *L'Alligatore*,

4. *Il Collegio*
5. *Il Cacciatore*
6. *Detto Fatto*



a crime series based on the bestselling novels of the same name by Massimo Carlotto and set in the Venetian Lagoon, also aired.

“Balancing innovation with tradition, Rai 2 continues to attract viewers’ interest by providing a generalist offering with a strong identity”.

As far as mainstream series are concerned, and again premiering, alongside traditional titles such as the *N.C.I.S.* franchise, *SWAT*, *The Rookie* e *Bull* and *F.B.I.*, medical drama *The Good Doctor* was aired for the third year running and met with the usual approval of the channel's audience.

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.

- 7. *Made in Sud*
- 8. *L'Alligatore*
- 9. *The Good Doctor*





17.6 million

DAILY
CONTACTS



60

MINUTES
VIEWED PER DAY



6.9%

24-HOUR
SHARE



5.4%

PRIME-TIME
SHARE

Rai 3

As a channel of innovation and experimentation, not forgetting the network's long-standing brands, Rai 3 is consolidating its own identity and growing at all levels of programming.

In a year marked by an unprecedented pandemic, the 2020 offering was inevitably redefined and characterised by reporting on the emergency while continuing to experiment, with the aim of always providing a response to viewers' questions and queries.

The network offered in-depth analysis, investigative reports, real-life stories and interviews with political, economic and social figures. In 2020, Rai 3 was again characterised by in-depth political and informative coverage both during the daytime and in the prime-time slot, from *Agorà*, which also featured on the summer schedules with *Agorà Estate*, and *Mi Manda Rai 3 to ½ ora in più*, not forgetting *Indodovina chi viene a cena*, *Presadiretta*, *Report*, *#Cartabianca* and *Chi l'ha visto?*.

Report, the long-running investigative journalism programme, and many of its authors, also received a number of prestigious honours and awards in 2020. These included the Sis 118 'Emergency Journalist Award', the 'Courage of Images Award' by the Pordenone Docs Fest - Le voci dell'inchiesta, and the *Premio Fava Giovani* awarded by the Coordinamento Giuseppe Fava of Palazzolo Acreide commission, in collaboration with the Fava Foundation.

The network's long-standing titles were joined in the prime-time slot by *Titolo V* - a programme divided into two parts, one presented from Milan, the other from Naples, in two studios with the same graphics

and an identical set design, tackling the same theme but reporting the facts from two different perspectives - and *Frontiere*, a weekly current affairs magazine offering commentary on the hottest events affecting not only Italy, but above all Europe and the rest of the world, including investigations and reports featuring figures of authority and always incorporating different perspectives, analyses and personal accounts.

As far as prime-time entertainment is concerned, the offering was wide and varied, ranging from Serena Dandini's intelligent satire to Filippo Timi's show celebrating the history of Italian television in an entirely original way. There was also *Che Tempo Che Fa*, which returned in the autumn season with the best of the cultural, political and sporting scene, both national and international, offering a unique narrative featuring faces and figures of value and interesting personal accounts.

Because of the pandemic and the consequent closure of the theatres, Rai 3 turned the Sistina theatre into a television studio, initially with *Qui e Adesso*, the show within a show by Massimo Ranieri, and later with *Ricomincio da Rai 3*, a container that turned the spotlight on the professionals working in the sector who had been left with shows that were ready to go on tour.

There was no lack of event evenings, either. These included *Mia Martini, fammi sentire bella*, a docufilm enriched with rare unpublished documents, Rai archive material, private contributions and exclusive interviews on the incredible life of one of the most beautiful and expressive female voices of Italian pop music, marking 25 years since the great artist's death.

1. *Che Tempo che Fa*
2. *Cartabianca*
3. *Report*



The educational genre has long characterised the Rai 3 offering. In this context, the scientific dissemination has recently been enriched by the new programme by geologist Mario Tozzi *Sapiens - Un solo pianeta*, a journey of knowledge and understanding to discover places of unspoilt beauty, enriched by documentary content and authoritative figures from the scientific world. In addition to this there was *Sapiens doc*, a 'space' that continued the educational process with specific in-depth studies, focusing on the survival of the planet, environmental emergencies, climate change, the wonders of nature, adventure and exploration.

Il borgo dei borghi and *Ogni cosa è illuminata* with Camila Raznovich and *Città segrete* with Corrado Augias also continued to feature on the schedule. The daytime offering was notably centred on a daily basis around nature and environmental programme *Geo*. With regard to weekend viewing, *Kilimanjaro* continued to take viewers on a journey around the world with some excellent, evocative and insightful film clips accompanied by interviews and studio segments. There was also a new weekly appointment with *Le parole per dirlo*, offering an original look at the Italian language.

In 2020, Rai 3 confirmed its winning line-up of prime-time women's products such as *Amore Criminale*, followed by the spin-off *Sopravvissute*, *Le ragazze* and *Illuminate* - programmes dedicated entirely to the in-depth analysis of gender issues in respect of the representation of the female image, with the aim of providing the broadest and most comprehensive representation of the various roles that women play in society, disseminating content aimed at tackling violence against women in its various forms.

The late-night offering was extensive and varied, including innovative titles such as *Lessico Civile* with Professor Massimo Recalcati, exploring all aspects of civil coexistence; *La Scelta, i partigiani raccontano*, the story of the country as told through the personal accounts of the women and men involved in some way or other; *Narcotica*, a series of television reports on the fight against drugs and traffickers; *Grazie dei Fiori*, featuring interviews with figures from the world of entertainment who have made history; *Doc3*, offering a review of art-house documentaries; *Commissari*, interviews with key law enforcement figures; *Che ci faccio qui*, an exploratory journey into the lives of others, stories of ordinary and extraordinary people, unmediated portraits highlighting the most hidden parts of the human soul and society; *Fame d'Amore*, a docu-series looking at eating disorders, our relationships with food and with our bodies, and the care provided by specialised teams; and *Insonnia*, a social and cultural look at a disorder that affects so many, incorporating elements of in-depth analysis and lightheartedness.

With its different ways of illustrating civil society and the realities of everyday life, even the prime-time slot experimented with various new programmes. From *Nuovi Eroi*, telling the story of an Italy with a profound sense of civic duty, to *Tutto su mia madre*, the docu-reality programme on the ordinary yet extraordinary lives of Italian mothers, and *Che Succ3de?*, a part-serious, part-amusing journey between information and entertainment, taking *Blob* viewers by the hand and leading them right through to *Un posto al sole*. On Saturdays, *Le parole della settimana* quickly became one of the network's most popular and warmly received products, with its high-profile interviews and 'speeches'.

4. Mezz'Ora in più
5. Che succ3de?
6. Agorà



It achieved extremely positive results in terms of ratings for the network, maintaining 3rd place overall across the whole day in the 2020 ranking of general-interest channels, with a 6.91% average share of viewing figures. Even more significant is the data on weekday and holiday daytime programming, a segment in which the Rai 3 network experienced the greatest growth on the Italian television scene in 2020, recording an average share of 8.1% with an increase of 0.40 p.p..

Narration, involvement and innovation. These are the keywords that describe the Rai 3 network's presence on the main digital channels, where over 100 production lines follow, pre-empt and continue the linear schedule thanks to a cross-media representation that is active on the main social networks and with continuous references to RaiPlay. Content designed to tell different audiences about the identity of the network and its programmes is produced and published every day, with a digital offering that is constantly being developed to generate engagement with the various digital communities and to direct people to the full version on the company's RaiPlay platform.

In addition to the activities related to the television schedule, there was a wide range of premium content on offer, including streaming with Q&A sessions, even on live TV, Facebook groups with communities, weekly social live broadcasts, 'interactive' experiments on Instagram stories and Facebook with polls, quizzes and backstage content, cross-media video content and original RaiPlay products.

Nielsen data on interactions generated between 1 January and 31 December 2020 indicated a total

of around 17 million interactions, broken down in percentage terms as 53% Facebook, 27% Instagram and 19% Twitter. These were in addition to all those interactions generated outside the broadcast window. Those accounts that generated the highest numbers of interactions included *Che Tempo Che Fa*, *Chi l'ha visto*, *Report*, *#Cartabianca* and *Un posto al sole*.

"Rai 3 has made storytelling the true backbone of the network through a series of innovative codes and languages that have come to characterise all of the genres it offers".

1. Le parole della settimana
2. Kilimanjaro
3. Che ci faccio qui



Semi-generalist and special interest channels

Rai Gold

Rai 4

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

At the end of 2020, the audience figures confirmed, with slight upward corrections, the 2019 results with a share of 1.37% throughout the whole day and 1.45% during prime time. With respect to the target audience of the 15-44 year age group, the average was 1.60% for the entire day and 1.70% on prime time.

The number of films broadcast with an audience of over 400,000 nearly doubled, from 95 in 2019 to 147 in 2020. A figure that clearly reflects the central role of the films proposed in the prime time, 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 2020 for the Luc Besson film *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 the exclusive films aired, the indestructible *Parker*, a classic noir action/movie starring the iconic Jason Statham, which consistently tops the channel's ratings charts, led the pack here, too. Completing the top action line-up were *Cold Blood: Senza pace*, in the same groove as the Besson production, starting with veteran Jean Reno, and the dystopian *Seven Sisters*, starring Noomi Rapace.

The channel's policy regarding its programme offering has always been characterised by its focus on particular strands of genre film production and their respective iconic directors and stars. Take, for example, Nicolas Winding Refn's film noir *Drive* and *The Counselor: Il procuratore*, by Ridley Scott; survival thrillers *A Lonely Place to Die* and *Daughter of the Wolf: La figlia del lupo*; and the two detective stories of revenge, *Bent: Polizia criminale* and *Reprisal: Caccia all'uomo*, the latter still starring specialist Bruce Willis.

The focus on new European cinema, which is periodically showcased in dedicated reviews, was reflected in the results achieved by three exclusive and highly representative productions from different countries, namely British prison drama *Il ribelle: Starred Up*, French action film *Banlieue 13*, now a classic manifesto for parkour, and Spanish noir *La Isla Minima*.

As regards series, the mix of genres for which the Rai 4 offering is known was, as always, dedicated to different types of products. Series with horizontal plots, with greater characterisation from an editorial point of view, were cleverly combined with mainstream crime series with self-contained episodes.

Demonstrating the variety on offer, the autumn afternoon programming included crime drama *Ransom*, Chinese epic/fantasy saga *Tribes and Empires: Le profezie Novoland* and science fiction show *Project Blue Book*, a sophisticated reconstruction of the investigations of ufologist Allen J. Hynek, incorporating elements of fantasy and history. There was also, from the summer prime-time offering, crime/thriller mini-series *Il principio*



4.9 million

DAILY CONTACTS



44

MINUTES VIEWED PER DAY



1.4%

24-HOUR SHARE



1.5%

PRIME-TIME SHARE

1. *Daredevil*
2. *The Counselor*
3. *3 days to kill*



del piacere, a brand-new Eastern European co-production on a par with the very best Scandinavian crime shows.

In terms of free first showings, the latest seasons of great epic sagas *Il Trono di Spade* and *Vikings* passed the prime-time baton on to the martial arts with *Warrior* and adult crime series *Narcos*, a cross between crime news and pop mythology, and the spin-off *Narcos: Mexico*. The thriller/romantic drama series *Private Eyes* and the Marvel superhero franchises *Marvel's Daredevil* and *Marvel's Agents of S.H.I.E.L.D.*, meanwhile, spanned the prime-time and daytime schedules.

There were also various action series on offer, including the brilliant *MacGyver* and *Scorpion*, both scheduled in the afternoon slot, and the uniform dramas *SEAL Team* and *Strike Back*.

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.

The thematic combination of prime-time films and late-night monographic documentaries was introduced in the early autumn with the *film & doc* formula. Again in late evening, series *The Planets*, a rigorous BBC production dedicated to the planets of the solar system, and *The UnXplained*, in which the great William Shatner presents a series of mysteries that straddle the worlds of science and the supernatural, were both aired.

The dialogue between the real world and imagination is one of the main ideas of *Wonderland*, the long-running weekly 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.

Music was back in the spotlight with the non-competitive show *Europe Shine a Light*, simulcast with commentary by Rai Radio2, which replaced the *Eurovision Song Contest* semi-finals due to the pandemic, and with original production *Stranger Tape in Town*, dedicated to the new leading figures of Italian trap music. The annual appointment with the *Emmy Awards* ceremony was repeated in the autumn, broadcast, as always, live from Los Angeles, while weekly late-night show *Pigiama Rave*, hosted by Saverio Raimondo, made its debut in December.

Programming on the linear channel was again supported by communication on social media channels of new features on the schedule, as well as extras, backstage coverage, interviews and the usual direct link that Rai 4 maintains with its viewers, particularly on Facebook, to answer questions from its audience. *Pigiama Rave* was accompanied by a weekly live broadcast on Twitter and Instagram during its airing, and the publication of clips of the programme on both RaiPlay and YouTube, with dedicated playlists for easy enjoyment.

“Original formats and special events enhance our programming that has always been dedicated to film and TV series fans, as well as selected documentaries and musical events.”

- 4. *Seal Team*
- 5. *The Planets*
Earth & Mars
- 6. *Europe Shine a Light*





5.7 million

DAILY CONTACTS



31

MINUTES VIEWED PER DAY



1.2%

24-HOUR SHARE



1.3%

PRIME-TIME SHARE

Rai Movie

Rai Movie is the movies for you.

As a channel that has always been entirely dedicated to cinema, 2020 saw Rai Movie consolidate its position on a competitive landscape characterised by the launch of new thematic channels and the growth of streaming platforms. Thanks to its patient and dedicated programming, Rai Movie managed to guarantee overall ratings stability, despite the complex period that the pandemic has created.

In fact, with a share of 1.15% over the whole day and 1.25% in the prime-time slot, Rai Movie confirmed its position on the national television scene without ever losing sight of the artistic quality of its offering and ensuring ample coverage of Italian and European cinema.

The programming schedule is based on specific and recognisable genres, themes and time slots and helped to build the loyalty of an increasingly wide audience. Monday is, in fact, the day for westerns, Sunday for films loved by the whole family. Films featuring the biggest stars were popular with viewers on Tuesdays, while recently produced Italian films established a strong position on Wednesdays; Thursdays and Fridays, meanwhile, alternated between thrillers and big-screen titles, while Saturday's offering was aimed primarily at female audiences.

The usual *Colazione da Rai Movie* cycle brought us the classics of Italian cinema along with lesser known titles, while the weekend day-time schedule was designed for family enjoyment. Since the early days of the spring lockdown, there was also the *Orgoglio*

italiano ('Italian pride') cycle - a selection of the best films made in Italy in recent years and suitable for the whole family.

Both well-known and lesser-known anniversaries are always an opportunity to air titles commemorating them. The centenary of Federico Fellini's birth was an opportunity to dedicate the *Federico Fellini, realista visionario* cycle to the great maestro, proving a great success and a great reason to air masterpieces such as *La dolce vita* and *8 1/2* in the prime-time slot; marking the 40th anniversary of the March of the Forty Thousand, the network proposed a reflection on the theme of work through a review of films dedicated to the issue.

In November, the *Alain Delon - Occhi di ghiaccio* cycle showcased the great star, who worked primarily in the noir genre, through a series of four restored titles, not forgetting two major films in the form of *Rocco e i suoi fratelli* and *La prima notte di quiete*. Closing the year was the *Piacere, Cary Grant* series of three prime-time films dedicated to one of the most fascinating stars of American cinema, an icon of sophisticated elegance who remains unblemished to this day.

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. Almost all foreign films are broadcast in 'double audio' mode, with the original soundtrack available on the second DDT audio channel. Titles are broadcast with audio description for the blind where available. Always keen to provide a broad showcase for national productions, Rai Movie strengthened its Italian programming over the course of the year by screening titles on Wednesdays and ensuring a link with the channel's magazine programme, which offered insights and curiosities in the late-evening slot.

1. *The Italian Pride cycle*
2. *Movie Mag* interviews
3. *La sceneggiatura - the A Scuola di Cinema con Rai Movie series of video lessons*



Rai Movie is also the channel for current affairs and in-depth film coverage, with the weekly *Movie Mag*, in collaboration with Anica, bringing us curiosities, backstage coverage, festivals, the industry and the imagery produced by cinema and new narrative forms of filmmaking. The magazine looks back at the great tradition of Italian cinema through archive material and interviews leading figures from the world of entertainment in an intense face-to-face session with Federico Pontiggia.

MovieMag's special productions of 2020 included *Nei titoli di coda c'è gente che lavora*, giving a face to the many often invisible professionals in the film industry; *Torino 2020 - Storie da un altro mondo* told the story of the city of Turin and its close relationship with making and preserving film, coinciding with the 20th anniversary of the founding of the National Cinema Museum at the Mole and the birth of the Film Commission Torino Piemonte.

Rai Movie also provides a television showcase for awards ceremonies and film festivals.

Awards ceremonies broadcast this year included the *David di Donatello Awards*, simulcast live with Rai 1, and in the prime-time slot, live from Rome's MAXXI, the network covered the awards ceremony for the *Nastri D'Argento*, the prestigious awards by the Sindacato Nazionale Giornalisti Cinematografici.

The festival offering, meanwhile, included the traditional coverage of the most prestigious events. As the first in-person festival after the pandemic emergency, the 77th *Venice International Film Festival* was a very important testing ground. The exceptional circumstances called for commitment and great care in terms of both the production model and the content, along with the adoption of a careful and effective health protocol. Rai Movie reported on the Festival with *Venezia Daily*, while all the press conferences and other events were available on RaiPlay. The opening and closing ceremonies, with first-class, highly emotive live music and great emphasis on scenography and television direction, were also broadcast in LIS, the Italian sign language, in collaboration with Rai Pubblica Utilità.

Even the *Rome Film Fest*, the last in-person cinematic event of 2020, was covered by Rai Movie with plenty of dedicated airtime and two late-evening *Speciali*, along with the *Turin Film Festival*, held online due to the return of the pandemic emergency, which featured in the channel's schedule through special content and insights.

Rai Movie has long supported the programming of the television schedule with in-depth features and interactive exchange with its users through 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.

During the 2020 lockdown, social networks proved to be even more indispensable in supporting and assisting the channel's activity, hosting the social version of *MovieMag*, whose television production was suspended due to the pandemic. With the hashtag *#iorestoacasa with Rai Movie*, in addition to the usual programmes (*Faccia a faccia*, *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.

Furthermore, the *A scuola di cinema con RaiMovie* experience, which saw some of the leading Italian screenwriters and directors accompanying film enthusiasts on an educational journey dedicated to writing and directing films and television series, began during the lockdown and continued thereafter. Two weekly appointments, with a total of twenty 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 Play and rerun punctually on Rai Movie's social networks with the hashtag *#AScuolaDiCinema with Rai Movie* and *#100autori*.

As a media partner to Ciak magazine, together with the National Cinema Museum of Turin, RaiPlay and 'Turin City of Cinema', Rai Movie hosted on its social networks the game *I film della nostra vita*, which ended with a large audience participation (over 200,000 votes).

"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."



4.1 million

DAILY CONTACTS



48

MINUTES VIEWED PER DAY



1.3%

24-HOUR SHARE



1.2%

PRIME-TIME SHARE

Rai Premium

The channel that tells the story of Italy and its various lifestyles through a variety of choices and offerings, featuring the greatest titles in the Rai catalogue and the general public's best-loved characters in a whole host of previews and repeats spanning multiple eras, languages, genres and sub-genres.

To make viewers think, laugh and thrill.

The year 2020, characterised by the impact of the pandemic on everyone's daily lives, confirmed the positive performance of Rai Premium, which defended the results of previous years with a share of 1.27% for the entire day and 1.16% in the prime-time slot. These results, which were achieved in a context of increased competition, were only possible thanks to the great efforts on the part of the network, which managed to organise a competitive programme offering that was still in keeping with the expectations of the channel's audiences.

The prime-time fiction and entertainment rerun offering continued in synergy with the generalist schedule, incorporated with a selection of the best purchased European and non-European productions, both series and TV movies. The offering was, as usual, complemented in other programming slots with reruns of the most popular products that were albeit a little less recent yet still able to pull in large segments of loyal audiences, and with original productions that showcased treasures from the archives or, in synergy with Rai Pubblicità, developed branded content operations. Titles such as *L'amica*

geniale 2, *Bella da morire* and *Vivi e lascia vivere* confirmed the popularity of immediate replays.

In addition to fiction, the generalist channels' entertainment productions featuring the most familiar faces continued to be rerun both immediately and in the short term.

This was not just the case with Italian productions; indeed, the channel's offering was also enhanced with international TV movies and series. These included long-running evergreen European series such as *Last Cop* and romantic TV films from English-speaking countries that attracted audiences in search of reverie and lightheartedness to the channel.

Repeats of the Rai's best and most popular fiction in more slots continued to be the most popular choice in the daily offering both during the daytime and on Saturdays and Sundays with marathon airings. Weekend replays of weekday afternoon broadcasts gave the public the opportunity to catch up historic series such as *Una pallottola nel cuore*, *Ho sposato uno sbirro*, *Provaci ancora prof!*, *Il commissario Manara* and many others.

Rai Premium also successfully reran and confirmed the popularity of *Il Paradiso delle Signore* daily in 2020, in major slots such as the Saturday afternoon marathon and Sunday late-evening slots.

Rai Premium also brought us news, previews, debates, projects and interesting snippets from the worlds of fiction and entertainment through various special-interest features, offering an audience of fans an inside perspective, with 2020 also confirming the channel's commitment to original productions. These included *Allora in onda*, the brainchild of the

1. *Una pallottola nel cuore*
2. *Il paradiso delle signore*
3. *Tale quale show*

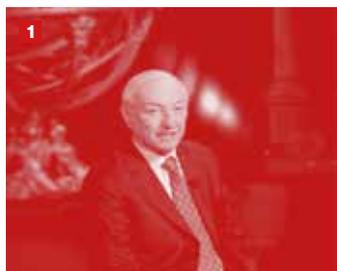


dynamic Marzocca-Sarcinelli duo, which paid tribute to glorious RAI dramas in an extraordinary journey of interesting snippets, behind-the-scenes stories and classic anecdotes from those Italian television series that are the most alive in the TV viewers' memories; *Mood*, an amusing journey through memory and memories, revisiting unforgettable moments from TV, cinema and the collective imagination and seeing them in a different light; and *Uniche* by Diego Dalla Palma, which featured eight stimulating new interviews with the most interesting women on the Italian arts scene.

The end of the year saw the Rai premiere of *Prepararsi al futuro*, a series of educational snippets on innovation created by Piero Angela and produced by Rai per il Sociale, a veritable public service product aimed at the younger generations and the first step along a broader pathway to sustainability.

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

1. *Prepararsi al futuro*
2. *Provaci ancora Prof*
3. *Salemme il bello.
della diretta*



Rai Italia

Rai Italia is the channel for Italians abroad and for the promotion of the Italian language and culture around the world, complete with sports, 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, Sub-Saharan 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.

The channel offers a schedule covering a wide variety of genres and titles to entertain a vast and varied audience, from historic Italian immigrants and their descendants to the latest generations of ex-pats, including the Italics and those who are simply fans of all things Italian, across all four continents outside of Europe. An editorial offering that included 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, in addition to the channel's original productions.

Editorial activity was strongly affected by the health emergency over the course of 2020, which led to the readjustment of programming schedules, the temporary suspension of many programmes and the development of new strategies for safeguarding the production of the channel's original productions. In the context of the emergency, *L'Italia con voi*, Rai Italia's main production dedicated specifically to Italians abroad and considered an essential public service, was not only never suspended but in fact

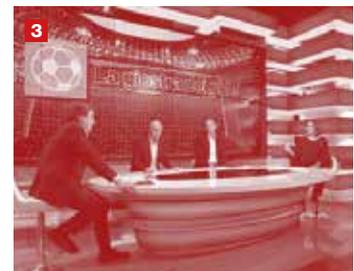
continued beyond the usual end of its season, throughout the summer, in its original format including service information, entertainment, the promotion of Italian excellence and, above all, the story of Italianness and all things Italic around the world.

During the episode aired on 25 July, the President of the Republic, Sergio Mattarella, sent a video message, addressed to Italians abroad, of encouragement and solidarity in the face of the pandemic.

New features introduced during the emergency period included *Anteprima*, a space dedicated to providing service information for Italians abroad who found themselves in difficulty due to the health emergency. Produced in collaboration with the MAECI (the Italian Ministry of Foreign Affairs and International Cooperation) and its diplomatic and institutional offices, *Anteprima* provided daily information on the initiatives in place to support communities abroad and assistance with repatriation through special flights. This also included reports, produced in collaboration with the Ministry of Foreign Affairs, on the Department of International Cooperation's commitment to getting Italians stranded abroad during the pandemic back to Italy, which were previewed, at the initiative of the Ministry of Foreign Affairs and International Cooperation, at the Rimini Meeting of summer 2020. *L'Italia con Voi* also offered studio meetings, or meeting by linkup, with members of parliament elected in foreign constituencies over the course of the year, with representatives of the Ministry of Foreign Affairs and International Cooperation (MAECI), with representatives of Italians Abroad Committees (Comites), of the General Council of Italians Abroad (CGIE) and with experts of the Public Administration to inform our compatriots living abroad on issues that concern them directly.

The programme included many features, including, in collaboration with Rai Radio, *Era ora-Il lato C della*

1. *L'Italia con Voi*
2. *Cristianità*
3. *La Giostra dei goal*



musica, bringing us the main new developments on the national music scene; *Made by Italics*, a series of editorials by Piero Bassetti, president of the *Svegliamoci Italici* association on all things *Italic* and their diffusion around the world; *Lezione di italiano*, with linguists from the Dante Alighieri Society; *L'invito al cinema*, offering an introduction to the Italian films featured on the channel's schedule and video messages from the stars thereof; *A spasso con l'arte*, on our great artistic heritage; *I had a dream*, dedicated to great Italian entrepreneurs; *I colori dell'Italicità*, which tells about the Italian protagonists on the international cultural scene.

Not only news and reports from Italy, but also stories and events involving Italian communities and their leading figures around the world, as told by a network of *video-makers* abroad. These stories, broadcast in the daily and weekly magazine *L'Italia con Voi - Speciale Le Storie*, are also intended for broadcasting on the generalist networks, in an effort to meet the request for information from our compatriots.

Another original Rai Italia flagship programme, and one that had been temporarily suspended in March 2020 due to the Coronavirus and resumed as soon as the football championship restarted, was *La giostra dei gol*, produced in collaboration with Rai Sport, which is responsible for providing commentary on the Serie A Tim football championship and the Coppa Italia. The programme covers three live matches per week and offers highlights of all other matches of the footballing day.

Cristianità, another long-standing feature on Rai Italia, conducted live by Sister Myriam Castelli and continuing right throughout the health emergency, brought us news from the religious world and the many manifestations of faith, festivals and religious events that characterise the lives of many compatriots abroad. As part of the programme, the Pope's Angelus and Sunday mass live were broadcast. The mass conducted every morning by Pope Francis from the Casa Santa Marta in the Vatican, preceded by an introduction to the liturgy of the day, was also broadcast live and repeated until 18 May. Rai Italia also continued to broadcast *I mercoledì di Francesco*, a programme with midweek papal audiences, produced in collaboration with Rai Vaticano.

The channel's programming also offers the best of the RAI networks, from news to entertainment, from fiction to in-depth programmes.

The main editions of the national and regional news are broadcast live every day, the latter being very popular with compatriots abroad because of their roots in their home territories.

The prime-time schedule featured dozens of films from the latest productions starring the leading figures of new Italian cinematography and the best of Rai fiction, including new episodes of *Commissario Montalbano*, *Don Matteo 12*, *Pezzi unici*, *La vita promessa 2*, *Il giovane Montalbano*, *Vivi e lascia vivere*, *L'allieva 3* and *Doc-Nelle tue mani*.

There was no shortage of cultural dissemination programmes such as *Superquark*, *Stanotte a Venezia* or *Meraviglie-La penisola dei tesori*, by Piero and Alberto Angela, either. Big entertainment offerings included *Tale e quale show*, *Ballando con le stelle*, *Pechino Express*, *Top 10*, *I soliti ignoti*, *L'Eredità* and *Il cantante mascherato*, while the great operatic music offering covered the opening of the La Scala season, *A riveder le stelle*, and the 2020 end-of-year show *L'anno che verrà*. There were also specials with Roberto Bolle, Roberto Benigni, Laura Pausini, I Pooh, Fiorella Mannoia, Vasco Rossi, Gianni Morandi and Enrico Brignano.

The most popular soaps such as *Un posto al sole* and *Il Paradiso delle Signore* were shown daily at the same time as in Italy. The schedule also featured talk and insight programmes including *Che tempo che fa*, *Presa diretta*, *Report*, *#Carta Bianca*, *Porta a porta*, *Sette storie*, *Petrolio*, *Mezz'ora in più* and *Frontiere*. Then, of course, there were major sporting, musical and cultural events such as *the Sanremo Festival*, *the Giro d'Italia* and *the David di Donatello* awards, as well as *Domenica in* and daily shows including *I fatti vostri*, *La vita in diretta*, *La prova del cuoco*, *È sempre mezzogiorno*, *Storie italiane* and *Unomattina*. There were also various programmes exploring the country, such as *Linea verde*, *Linea blu*, *Linea bianca*, *In viaggio con Marcello*, *Paesi che vai*, *Geo* and *Kilimangiaro*.

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

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

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 2020, since the beginning of the Covid-19 emergency, Rai Cultura (and Rai Scuola in particular) was engaged in an unprecedented effort to support the new forms of distance learning stemming from the world of education and training. In collaboration with the Ministry of Education, Rai made available to students and teachers new programming slots dedicated to schools, with an offering 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.

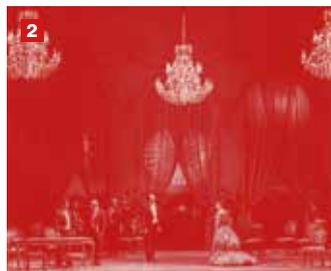
In addition to delivering the multi-platform offer of the three TV channels Rai Storia, Rai 5 and Rai Scuola, the vertical themed portals which were aggregated into the single Rai Cultura portal www.raicultura.it (art, literature, history, music, cinema, theatre and ballet, philosophy and science) and of the Rai National Symphony Orchestra, Rai Cultura occupies

programming slots in the schedules of Rai's generalist channels through titles such as *Italiani* (Storia special on history), *Italia viaggio nella bellezza*, *Siti italiani del patrimonio mondiale Unesco* on Rai 1, *Memex* and *Progetto Scienza* on Rai 2, and *Passato e Presente*, *Di là dal fiume e tra gli alberi*, *I grandi della letteratura italiana*, *I grandi della letteratura europea*, *#maestri*, *La seconda guerra mondiale*, *Storia dell'economia*, *Punto di svolta*, *Terza pagina* and *Save the date* on Rai 3.

Rai Cultura is a centre of expertise for the production of classical music. In fact, exclusive events and prestigious concerts are produced 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.

Highlights in the second half of the year included a live broadcast of *The Barber of Seville* by Martone, directed by Gatti, on Rai 3 on 5 December for the opening of the season at the Teatro dell'Opera in Rome, and a live broadcast of the special opening night of the La Scala season on 7 December with *A riveder le stelle*. With regard to the festive period, Rai

1. *Il Flauto Magico*
2. *La Traviata*
3. *Prossima Fermata Oriente*



Cultura is always busy behind the scenes, producing the *Christmas Concerts from the Senate*, the *Teatro alla Scala* and the *Upper Basilica of Assisi*, which every year features the Rai National Symphony Orchestra, for broadcast on Rai 1.

In summary, 13 art music events were produced by Rai Cultura for general-interest networks in 2019, amounting to a total of 19 hours of brand-new content. The Rai 5 channel offered a total of over 2,100 hours of serious music and drama shows in 2020, 226 hours of which were brand-new content. As far as classical music alone is concerned, Rai 5 premiered 24 events, amounting to a total of 42 hours.

Rai Cultura produced and published online thousands of articles, videos, insights and teaching units in 2020 that were published on the websites www.raiscuola.rai.it and www.raicultura.it. In addition to the over a thousand teaching units produced in agreement with the Ministry of Education, thousands of pieces of educational and cultural content were also produced on an ad hoc basis, including interviews, services, insights, specials and web docs. The Rai Scuola portal received over 40 million views in 2020, reaching over 9 million users. Added to these the views of the RaiCultura.it portal and of Rai Cultura products broadcast on RaiPlay, the total number of views rose to over 50 million by over 13 million users - double the results achieved in 2019.

In terms of content, there was a significant increase in live streaming, with over 60 live-streamed conferences/meetings aimed at both teachers and students (e.g. *Fiera Didacta*, *Insieme*, *Pordenonelegge*, *La Notte dei Ricercatori*, *La Giornata Mondiale della Filosofia, della Scienza*, etc.), along with concerts and festivals and some exclusive events such as concerts by the Rai National Symphony Orchestra, the Pappano/Rana concert at the Santa

Cecilia, concerts from the Senate and the final of the Premio Campiello prize.

A number of relevant initiatives were implemented during the lockdown, including *#LaScuolaNonSiFerma*, with news for teachers and a tutorial dedicated to distance learning, which, together with live streaming, was indicative of the cultural diary of online events helping cultural operators who had been forced to stop work due to the closure of cinemas, theatres and festivals. The *Scuola News* programme, which continued throughout 2020, is a weekly magazine dedicated to teachers that monitors the situation in schools, hosts headteachers, teachers and experts, showcases the most interesting experiences and offers methodological and operational recommendations for face-to-face teaching and integrated digital teaching on a weekly basis.

In the second half of 2020, a lengthy and considerable amount of preparatory work was carried out ahead of the publication of the new Rai Scuola portal.

Approfondimenti ('Insights') and *Speciali* ('Specials') features were produced in collaboration and in media partnership with municipalities, ministries and the leading Italian cultural institutions, including the Accademia Nazionale dei Lincei, the Società Dante Alighieri, etc. It is also important to remember the research carried out on the Indice di Immagine Percepita dei siti/app Rai (Index of Perceived Image of Rai Websites/Apps) in which the Rai Cultura and Rai Scuola offerings notably stood out and attracted the highest audience ratings.

Rai Cultura's social profiles grew considerably over the course of the year, reaching a total of over 2.3 million users across the various platforms. Rai Cultura's Instagram profile, which, with over 500,000 followers, is Rai's leading platform, performed particularly well.

4. Rai National Symphony Orchestra
5. #lascuolanonsiferma campaign
6. #lascuolanonsiferma campaign





3.3million

DAILY
CONTACTS



19

MINUTES
VIEWED PER DAY



0.4%

24-HOUR
SHARE



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 arts.

In 2020, following the pandemic, Rai 5 completely reoriented its programming, setting itself the dual objective of supporting distance learning with art, literature and theatre programmes linked to school curricula (particularly in the last year of high school) and sustaining and perpetuating the public's link with those forms of expression (music and theatre) that had been forced to shut down as a result of the pandemic.

This represented a real change to the schedule, with an increase in the classical music (symphonic, opera and chamber) and theatre offering, to which additional airtime was allocated, and various documentary titles were replaced by an offering that was more focused on art and literature.

Rai 5 also managed to produce a number of original productions in compliance with the safety regulations and protocols imposed as a result of the pandemic, including *Il volo del calabrone*, a series of appointments with director Damiano Michieletto, who, from time to time, and in the company of international guests, 'narrates' a number of operas; *Art Rider*, the new programme combining archaeology and the exploration of unusual places with a particularly adventurous slant courtesy of

its presenter, archaeologist Andrea Angelucci, and his personality; and special programme *Save the Date*, dedicated to covering the situation in Venice during the lockdown. Then, of course, in the intermediate phase of the pandemic, live broadcasts of major events started to resume, such as *Rigoletto* from the Circo Massimo in Rome, *Marino Faliero* from Bergamo, *Othello* from the Maggio Musicale Fiorentino, Verdi's *Requiem* performed at Milan Cathedral by the La Scala Orchestra, conducted by Riccardo Chailly in memory of the victims of Covid-19, the *Concert for Milan* (postponed to September this year) and, of course, *Il Barbiere di Siviglia* (The Barber of Seville) from the Teatro dell'Opera di Roma (first broadcast by Rai 3). Rai 5 premiered 24 classical music events over the course of the year, amounting to a total of 42 hours.

Also of note was December's *Maratona Beethoven* (Beethoven Marathon), celebrating the great composer's anniversary with a double programme comprising, from Monday to Friday, the complete piano concerto repertoire, and then on Sunday the performance of all nine symphonies, in an edition conducted by Maestro Abbado.

As for Mondays, when the focus was very much on literature, we saw a cycle of documentaries dedicated to leading world literary figures, as well as *L'altro Novecento*, a reflection on how post-war Italian literature dealt with certain specific themes (war, women, the territory, etc.). Another key figure of the Monday schedule was Massimo Bernardini, who brought us the new season of *Nessun dorma!* dedicated to the fusion of musical genres, jazz, opera, pop and symphony. The late-evening schedule featured the *Nuovo Cinema Italia* slot, showcasing

1. *Art Night*
2. *Concert at the National Academy of Santa Cecilia*
3. *La Traviata*



the first and second works of a number of emerging figures in Italian cinema of the new millennium.

Tuesdays, meanwhile, continued to bring us great international art films, airing the most significant and original recent titles from around the world week after week.

The Thursday prime-time slot maintained its traditional appointment with leading titles from the world of ballet, opera and symphonic music, as well as the usual cycle of lectures by Maestro Riccardo Muti, with the Cherubini Orchestra. In the late evening, a new episode of *Prima della prima*, the historic programme that tells the “behind the scenes” story of the great opera productions, was aired.

Friday evenings focused on the theme of art, with Rai 5 airing *Art Night*, a reflection on the genius of Tiepolo, with art critic Tomaso Montanari, as well as other documentaries. *Save the Date*, a feature looking at the week in culture, *Terza Pagina*, previewing and reflecting upon the cultural supplements of the major Italian newspapers, and *Under Italy*, exploring Italian hypogea and underground places rich in history and mystery, were also 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. *La Maratona Teatrale* theatre marathon held on Saturday 30 May, in the middle of the lockdown-induced theatre closure, brought us historical performances from some of the great masters, from Eduardo to Gassman, Strehler to Ronconi, Fo to Carmelo Bene, along with the best of the contemporary scene. In the second half of the year

we saw Riccardo Rossi, Silvio Orlando, Ale&Franz and Alessandro Preziosi take to the stage, as well as some exceptional performers including Marco Paolini in his latest production *Orazi e Curiazi*, Umberto Orsini in *La leggenda del grande inquisitore*, adapted from Dostoevsky's *The Brothers Karamazov*, and finally, in December, Giorgio Barberio Corsetti's new production of Kafka's *The Metamorphosis*.

In 2020, Rai 5 also covered nature, the environment, travels and exploration, with a marked anthropological orientation in both day time and prime time on Sunday. The second cycle of the series produced in collaboration with Rai 3 *Di là dal fiume e tra gli alberi* was also noteworthy.

“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.”

4. *La Bella Addormentata* (Sleeping Beauty)
5. *Il Flauto Magico* (The Magic Flute)
6. *Art Night*





1.5 million
DAILY
CONTACTS



26
MINUTES
VIEWED PER DAY



0.3%
24-HOUR
SHARE



0.3%
PRIME-TIME
SHARE

Rai Storia

The quality channel which presents history, talks about Italy and reflects on our past in an attempt to understand present and plan for our future.

Rai Storia is the themed channel that 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 predominantly engaged in production.

Rai Storia confirmed its regular programming appointments in 2020, including *Passato e Presente* with Paolo Mieli, *Conflitti* and *Il giorno e la storia*, while at the same time offering new ones that took into account the unique situation that the country as a whole was facing as a result of the Covid-19 pandemic emergency, hence its offering of theme-specific programming slots and insights to support teaching and studies in favour of students, families and teachers. In this respect, the following are worthy of note:

- *#maestri*, on Rai 3 and Rai Storia, in collaboration with the Ministry of Education and hosted by Edoardo Camurri, providing educational tools for secondary school students;

- *Prova di maturità*, the 7-part programme aired between 13 May and 24 June in which a student about to take their secondary school leavers exam sought advice from two leading experts to help map out a knowledge pathway for the 20th century;
- *#raistoriaperglistudenti*, the afternoon slot that provided students of all levels with educational tools for understanding history from the Homo sapiens to the present day.

The thematic dimension of the prime-time offering was reinforced in 2020, retaining its mainstays in terms of recognition, audience and its public service role.

As part of the Monday offering dedicated to Italy's cultural and artistic heritage, meanwhile, the winter season launched with two appointments dedicated to the world of cinema, namely the monographic documentary *L'italiano che inventò il cinema*, dedicated to Filoteo Alberini, a pioneer of Italian cinema, contemporary of the Lumière brothers and father of the 'kinetograph' that bears his name, designed to shoot and project of images and patented in 1895, and *Federico Fellini un genio in mostra*, recounting the relationship between the great director and filmmaker and the Venice Film Festival to mark the 100th anniversary of his birth.

Rai Storia's journey through various places of art took in a number of evocative destinations, starting in the French capital with *Paris 1900*, marking the 120th anniversary of the city hosting the Exposition Universelle. Then, of course, there was *Io sono Venezia*, shot entirely in 4K, telling the story of the various transformations that the city has undergone,

1. *Raffaello a Roma*
2. *Passato e Presente*
3. *Italiani* – Gino Bartali



while *Raffaello a Roma* featured the Eternal City in a look at one of the most famous artists of the Italian Renaissance at a crucial point in his artistic career.

The appointment with *Italia viaggio nella bellezza*, produced in cooperation with MiBACT, was also retained, telling the story of Italy's extraordinary historical and artistic heritage and the protection and conservation thereof. This offering was flanked by new programme *È l'Italia, bellezza!*, an 8-part journey around the Italian boot.

Marking the 100th anniversary of the event, *Terremoto in Garfagnana* looked back at the tragic earthquake that struck this part of Tuscany, along with Lunigiana, on 7 July 1920, while in the autumn, the *Storia delle nostre città* series recounted the origins and historical and artistic importance of some of Italy's most beautiful cities.

October saw the return of Cristoforo Gorno with *Cronache dall'Impero* - a new series of 'chronicles' this time featuring the great emperors of Ancient Rome, as told over 8 episodes.

There was no shortage of events dedicated to leading figures in the collective memory and various anniversaries relating to them, either. *Piersanti Mattarella* marked the anniversary of the death of the President of the Regional Government of Sicily on 6 January 1980, while the film *Il combattente* was aired 30 years after the death of President of the Republic Sandro Pertini.

Tuesday was dedicated to leading historical figures with the *Italiani* series presented by Paolo Mieli, who began the year with an episode dedicated to Tullia Zevi. This was followed, on the 130th anniversary of his birth, by a portrait of Italian politician and anti-

fascist Ferruccio Parri, while *Bracco e le sorelle Gramatica* offered an insight into the world of show business during Italy's fascist era. Then, of course, there were great humorist Giovannino Guareschi, champion Gino Bartali, and physicist and academic Laura Bassi, the first woman to hold a professorship at the University of Bologna in 17th-century Italy, as well as General della Chiesa, journalist Giorgio Bocca, playwright Eduardo De Filippo and Alberto Sordi, who was commemorated on the centenary of his birth. The *Italiani* series also brought us four special episodes dedicated to the *Nobel Prizes* that distinguished Italians have been awarded, putting their country on the world map, these being Golgi-Bovet, Fermi-Segre, Luria-Dulbecco and Modigliani-Caffè.

Il segno delle donne was the programme that launched the autumn season, telling the stories of six Italian women who lived between the 19th and 20th centuries, six life stories that have left their mark on the political, social and cultural history of our country, told through extraordinary interviews with Margherita Sarfatti, Ondina Valla, Adele Faccio, Vera Vergani, Chiara Lubich and Lalla Romano, all played by Italian actresses, from Sonia Bergamasco to Ottavia Piccolo.

Small-screen fixture *Storie della tv*, produced in conjunction with Prof. Aldo Grasso, looked at the history of the Rai through its various genres and leading figures, including an obligatory special edition dedicated to the *Sanremo Italian Song Festival*, marking its 70th anniversary.

Rai Storia's late-evening schedule featured the *Storia dell'economia* series, a systematic six-part dissemination initiative, and the *Sopravvissuti* series,

4. *Il Segno delle Donne*
5. *Io sono Venezia*
6. *Italiani*



looking at the struggle for survival in desperate situations such as volcanic eruptions, earthquakes, floods, tsunamis and other natural disasters.

New appointments included a special dedicated to Gianni Rodari, on the 40th anniversary of his death. Last but not least, *La prima donna* told the forgotten story of Emma Carelli, opera diva and, indeed, Italy's first female theatre manager.

Wednesday evening saw the re-offering of *I Kennedy*, looking at the dynasty that left its mark on American history and influenced international history, as well as a number of series premiers, starting with *Gulag*, three episodes that gave an unprecedented account of the hell of the Stalin purges, through exclusive personal accounts and never-before-seen material. Documentary *Inside Hitler's bunker* saw Rai Storia enter the Führer's refuge the day after his suicide on 30 April 1945, to reconstruct the events that marked the last hours of the Third Reich 75 years later. This would be followed in May by the documentary *John Steinbeck e il Vietnam*, the American writer's account of the conflict in his reports and reflections, and, ahead of the presidential election, *E pluribus unum*, two episodes looking at past Presidents of the United States of America, from George Washington to Donald Trump.

Wednesdays were also dedicated to students in view of one of the key moments in their education, with *Prova di maturità* bringing us seven episodes featuring leading figures from the intellectual world and young students taking their tests, taking a closer look at some of the subjects they would be tested on.

The autumn schedule resumed the chronological narrative dedicated to the years of the World Wars, with new episodes of *1919-1922 Cento anni dopo*, a series of specials which, through personal stories taken from diaries and private photographic memories, told the story of what Italy was like during that four-year period, along with the Spanish epidemic, the Rome-Tokyo air raid and the 3-day march on Rome. Marking the 80th anniversary of the entry into the war, 3 episodes of a new series on World War II, namely *Il guerra mondiale: 1940 - La dichiarazione*, *Attacco alla Francia* and *Attacco alla Grecia*, were aired.

There was also *Liliana racconta*, a series of investigations and documentaries by director Liliana Cavani for public television, told in the first person over the course of a long interview-cum-chat with Massimo Bernardini and with historical insight and contextualisation from Professor of Contemporary History Giovanni De Luna.

Thursdays were very much about the stories of great civilisations, confirming the great success of a.C.d.C, presented by Professor Alessandro Barbero. Egyptian civilisation, with *Pianeta Egitto*, and Celtic civilisation got the year's programming underway, followed by *Donne della storia*, *Giovanna d'Arco*, *Caterina la Grande* and *Luisa di Prussia*, and even stories of civilisation and its various mysteries with episodes devoted to the cities of *Petra* and *Teotihuacan*. *Edizione Speciale - Storia del Mondo*, meanwhile, saw Professor Barbero revisit the BBC's *History of the World* series, answering the audience's questions and satisfying their curiosities in a new

- 7. *L'Italia in guerra*
- 8. *E Pluribus Unum*
- 9. *Prova di maturità*



format built entirely remotely. Later on, in July, three episodes would be dedicated to the legendary *Via della Seta* (Silk Route).

Many new appointments were offered in the autumn season, starting with the spectacular chariot races of ancient Rome as featured in *Le grandi corse dei carri*; the *Per la fede e per il trono* series, which focused on the years of the religious wars; and *Il grande viaggio dei Vichinghi*, about the Scandinavian people's epic conquest of Europe. Leading figures also featured, including *Kepler* and his discoveries in the celestial vault, Empress Maria Theresa of Austria, and also *Alighieri Durante, detto Dante*, a 90' docufilm in which Professor Alessandro Barbero's historiographical account is combined with the personal accounts of some of the divine poet's contemporaries.

On Fridays, meanwhile, the great historical storytelling kicked off with two new and exciting series: *Inferno sotto i mari*, about the battles of the submarine squadrons in World War II, and *Secret war*, about secret wars and their protagonists.

Tragic chapters in our country's history were revisited on their respective anniversaries, including the *Ustica 27 giugno 1980* special and *Bologna, 2 agosto 1980*, 40 years after these dramatic events. There were also two special appointments marking the 150th anniversary of the Breach of Porta Pia.

Saturdays were devoted to cinema and the best in documentary filmmaking, with *Cinema Italia*, bringing us cinematographic works created, produced and directed in our country, and *Documentari d'autore* with its carefully selected international documentaries. Every Sunday in prime time, *Binario*

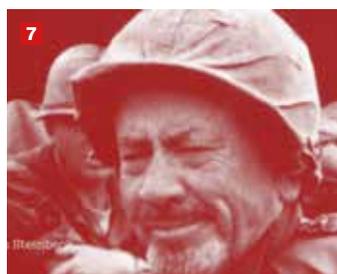
Cinema was again proposed this year, with films that narrate historic events.

What was new, however, was the introduction of new fixture *Domenica con...* As of 19 April, Rai Storia involved leading figures from the world of Italian culture and indeed entrusted them with the channel's afternoon and evening slots to bring the public a personal account from the Teche Rai archives.

Remembering, commemorating and celebrating anniversaries remained a key element of Rai Storia's work through painstaking and in-depth programming, we covered the various anniversaries that took place one after the other over the months: the *Giorno della Memoria commemorating the Shoah* (27 January), the *Giorno del ricordo in memory of the victims of the Foibe massacres* (10 February), *International Women's Day* (8 March), the *Giornata della Memoria e dell'Impegno in memory of the innocent victims of Mafia criminal organisations* (21 March), the *anniversary of Italian Liberation* (25 April), *Republic Day* (2 June) and the anniversaries of the *Capaci bombing* (23 May), the *Via D'Amelio massacre* (19 July), the *Ustica massacre* (27 June) and the *Bologna station bombing* (2 August), marking the 40th anniversaries of the latter two events.

“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.”

10. *Steinbeck e il Vietnam*
11. *a.C.d.C.*
12. *Italiani*





0.2 million

DAILY CONTACTS



16

MINUTES VIEWED 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.

All programmes produced by Rai Scuola are designed according to the modular method of integrating granular learning content into single episodes. Individual pieces of learning content are broken down into teaching units designed for publication on the Rai Scuola portal which can be used as short contributions, for thematic blocks or as materials for *lesson plans* and that are also easy to use in mobile mode due to their concise nature, with each unit lasting around 5-10 minutes.

The channel was a key player in Rai's great commitment to schools, which developed during the dramatic months of the lockdown and continued in the autumn with the start of the new school year. This major productive commitment supported teachers, students and families with distance learning and in using digital technology to its full potential, and made a positive contribution to public debate on the changes taking place in schools through integrated digital teaching.

In order to play a leading role in this process of change, the Rai Scuola television and web offerings have played on a number of the strengths developed over the years, including the following: training in digital skills and the development of computational thinking; knowledge of English; the dissemination of scientific culture through knowledge of the STEM

(science, technology, engineering and mathematics) disciplines; interdisciplinary study to learn about the major challenges of sustainability and climate change; the provision of new teaching aids for the study and teaching of civic education/citizenship and constitution, which became a compulsory subject in the 2020/2021 school year; lessons dedicated to the humanities, such as Italian literature, history, art history, philosophy, Latin and Greek, and lessons and programmes dedicated to Dante Alighieri and the Divine Comedy.

Since the beginning of the Covid-19 emergency, Rai Scuola, the Rai Cultura portal with the Scuola 2020 section and the Rai Scuola website had been making a concerted effort to support new forms of distance teaching, with particular reference to those used in the context of secondary schools, even before the stipulation and then as part of the *#LaScuolaNonSiFerma* collaboration agreement between Rai and the Ministry of Education.

As far as television is concerned, Rai Scuola had been including a 6-hour slot divided into subjects of specific interest to secondary schools in its normal programming schedule (which provides 24 hours of daily educational programming) since 9 March. From 8am to 2pm, Monday to Friday, and again in the afternoons, there were lessons in English and Anglo-American literature aimed at teaching and perfecting language skills at an upper intermediate-advanced level; lessons on scientific subjects, from the periodic table to the basic principles of physics, as well as biology, geophysics, astrophysics, the *I Lincei per il Clima* lessons and coding lessons; history lessons, with the great Rai Storia archive, devoting a lesson a day to a particular period in history; Italian literature, from Dante to Calvino; philosophy, with

1. *Lezioni in tv*
2. *Scuola@Casa Magazine*
3. *Newton*



lessons from the main Italian philosophers to explain the development of Western thought through the great themes and great thinkers that characterised it; art history, with leading academic figures such as Claudio Strinati and Antonio Paolucci, and the experiences of Italian restoration institutes and art academies with *I segreti del colore*.

Starting in April, the programme *La scuola in Tivù* was added to the programme schedule. These are lessons given directly by teachers recommended by the Ministry of Education on topics identified by the Ministry to offer, in very quick times, a wide range of lessons to cover different subjects, types and levels of schools. Every day, Rai Scuola broadcast four 30-minute lessons divided into 3 teaching units, amounting to a total of 175 lessons and over 525 teaching units dedicated to various disciplines and broken down into macro areas including foreign languages, scientific disciplines, humanities and disciplines relating to technical, vocational and art schools.

In agreement with the Ministry of Education, a further 132 new *La Scuola in tivù* lessons were scheduled in the autumn, (amounting to over 390 teaching units) and an educational path dedicated to the new *civic education* teaching added. The experts delivering these lessons including judges from the Constitutional Court, the Postal Police, experts on legality from the Falcone Foundation and experts in the fields of art and the environment.

In the first week of March, the *Scuola@Casa* programme/tutorial was produced extremely quickly, bringing us ten episodes introducing the methods and tools involved distance learning. This tutorial in the form of short clips with a practical and operational slant was aimed not only at teachers but

also parents and students, introducing concepts, methodologies and the most widely used tools for distance learning.

Starting in May *La Scuola in Tivù – Istruzione degli adulti* was broadcast, an educational series of 22 episodes organised along four cultural themes (languages, mathematics, historical-social and scientific-technological subjects), with 8 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.

Scuol@Magazine was the multi-platform television programme dedicated to schools, the problems they face and vocational guidance. The programme talked about distance learning, study time, the relationship with students, how teachers operate and how parents can help when it comes to better managing home schooling. Particular emphasis was placed on inclusion and special educational needs.

In April, the channel was enriched with another major new feature in the form of *Scuol@Maturità*, consisting of 26 lessons, each of 30 minutes, amounting to some 70 teaching units delivered by university professors, academics from the Crusca and Lincei Academies and researchers from the National Research Council (CNR) to help students prepare for the *prova di maturità* test. The teachers, each of them an authority in their respective disciplines, and based on an approach that simulated and retraced the oral exam, gave lessons in physics, philosophy, Italian, mathematics, biology, science, astronomical geography and interdisciplinary approaches.

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



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

One important new feature introduced in September was the *Enciclopedia infinita* offering of over 60 lessons on Dante Alighieri, Italian literature, history and art history, as well as the *In viaggio con Dante* documentaries produced by the Dante Alighieri Society.

Programmes produced in 2020 included new fixture *The Italian dream: Studying Arts, Music and Dance in Italy*, produced in English and providing knowledge of and insights into the world of arts education in Italy; new episodes of *The Italian dream*, providing guidance for young people looking to enrol on university language courses; the second series of *I segreti del colore* - 10 episodes dedicated to those looking to engage in the field of the visual arts and the conservation and restoration of works of art; *Lezioni di latino e greco* - an aid for the teaching of classical languages that explored the lexical and morpho-syntactic aspects of translating them into Italian. On the subject of information and in-depth scientific analysis, programmes such as *Newton*, along with new episodes of *Progetto Newton* and its various *Speciali*, gave viewers the opportunity to discover what scientific research and technology can do, or are already doing, to facilitate the achievement of the objectives set by the United Nations 2030 Agenda.

Also in the scientific sphere were the *Lincei per il clima* - a series of 16 lessons on climate and climate change delivered by academics from the Lincei - and the *Documentari Divulgativi 2020* on the

issues of ecology, science, nature, environmental sustainability, circular economy, eco-friendly cities, interculturalism, integration and legality.

Last but not least there was *Digital world - Competenze digitali*, now in its fourth year, helping people to approach technology and information technology with critical thinking, grasp the opportunities and learn about the implications and problems that come with them.

“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.”

1. *Lezioni in tv*
2. *Scuola@Casa Magazine*
3. *Newton*



Orchestra Sinfonica Nazionale Rai

The Rai National Symphony Orchestra's activity in 2020, although impacted by months of closure due to the health emergency, once again raised the bar on the Italian music scene.

2020 began, on 9 and 10 January, with the National Symphony Orchestra debuting with Maestro Daniele Gatti, who conducted Gustav Mahler's great 9th Symphony. Still in 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 with James Conlon conducting the monumental *Resurrection Symphony*, with the singers Lucia Cesaroni and Vivien Shotwell, as well as the Choir of the Teatro Regio di Parma. During 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 of 25 February 2020, all the Orchestra's concert activities were stopped for about three and a half months due to the Coronavirus emergency.

The new season, known as *I concerti d'autunno 2020*, launched on 17 September with the prestigious return of Maestro Daniele Gatti, who brought us a tribute to Beethoven by conducting the *Fourth and Seventh Symphonies*. This was followed by Maestro Ion Marin's debut with the Rai National Symphony Orchestra, conducting *Beethoven's*

Second Symphony and Strauss's *Il borghese gentiluomo*. 1 October saw the return of Maestro Michele Mariotti with Mendelssohn's *A Midsummer Night's Dream* and Schumann's first symphonic work, the *Spring Symphony*. The same month featured pianist Beatrice Rana, with *Beethoven's Concerto No. 3*, and soprano Ekaterina Bakanova, a soloist performing *Mahler's Fourth Symphony*, with the prestigious Maestro Fabio Luisi on the rostrum. Maestro Daniele Gatti was back on the podium in November to conduct Wagner's *The Siegfried Idyll* and *Beethoven's Sixth Symphony*, known as the *Pastoral Symphony*, followed by Maestro Robert Trevino conducting *Schumann's Concerto in A minor*, performed by acclaimed cellist Kian Soltani, and *Dvořák's Seventh Symphony*. Maestro Trevino took to the podium again on 26 November, with the Orchestra Sinfonica Nazionale Rai's first parts Alessandro Milani (first violin) and Ula Ulijona (viola) performing *Mozart's Sinfonia Concertante* and closing with *Mendelssohn's Fifth Symphony, The Reformation*. 3 December saw the return of Maestro Fabio Biondi, who conducted *Mozart's Symphony No. 10* and *Mendelssohn's Symphony No. 1* and performed and conducted *Pietro Nardini's Violin Concerto No. 1*, whilst on 10 December, great French pianist Alexandre Tharaud performed his transcription for piano of the *Adagietto from Mahler's Symphony No. 5* and *Mozart's Concerto No. 9*, known as the *Jeunehomme-Konzert*. Also on the programme was the Overture from Mozart's *Marriage of Figaro*, arranged by first violinist Alessandro Milani. Playing a leading role in the season finale was great American conductor Daniel Harding conducting *Beethoven's Eighth and Fifth Symphonies*.

2020 also saw the second and third concerts of the 2019/20 edition and the first of the autumn 2020

1.2.3.

Rai National Symphony
Orchestra



edition of the *Rai Nuova Musica* contemporary music festival. 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 brought us music by Ives, Donatoni and Nono and a performance of John Adams's *Absolute Jest* for quartet and orchestra with the Henao Quartet as a solo ensemble. Later on, in November, and in collaboration with Milano Musica, conductor Tito Ceccherini and pianist Maurizio Baglini presented the world premiere of Francesco Filidei's piano concerto *Tre quadri*. The programme also included the Italian premiere of Franco Donatoni's *In Cauda III* and Stravinsky's *Le chant du rossignol*.

The usual *Carnival Concert* also featured on the 2020 schedule, with Maestro John Axelrod taking to the podium accompanied soloist by Giovanni Sollima to perform Gulda's brilliantly jazzy *Concerto for Cello*. In keeping with tradition, the concert closed with Offenbach's *Can Can* from *Orpheus in Hell* as an encore. 13 December saw prestigious international conductor Maestro Daniel Harding, who performed *Beethoven's Coriolan Overture* and *Third ('Eroica') Symphony*, make his debut. On 22 December, Maestro Juraj Valčuha continued the tradition of *Lo Schiacchianoci*, the well-established programme of the Rai National Symphony Orchestra's Christmas Concert.

In mid-June, as soon as the directives of the Prime Minister allowed, production resumed with a specially conceived project taking into account national and company regulations on safety, called *Concerts for recovery*. The project comprised a

series of seven concerts, three chamber and four symphonic, with a small ensemble and conductor, with Daniele Gatti and Fabio Luisi on the podium. The performances, scheduled from 18 June to 30 July, were held without a live audience but were video-streamed with television-style direction and broadcast live on Rai Radio3.

In the autumn, the National Symphony Orchestra participated, as it does every year, in the *MITO - Settembre Musica* season, performing two symphony concerts with the same programme, the first in Turin and the second in Milan. Maestro Michele Mariotti took to the podium to conduct the Italian premiere of Lera Auerbach's *Icarus*, four pieces from Mendelssohn's *A Midsummer Night's Dream* and *Schumann's Symphony No. 1 in B-flat Major*, also known as the *Spring Symphony*. The Orchestra also played a prominent role in the season thanks to the In Corda quartet and two horn players from the Rai NSO, with two chamber concerts.

On 8 and 14 October, the NSO brought us *1920-2020, Federico Fellini 100* - a cycle of two concerts dedicated to the memory of the great maestro on the centenary of his birth. Music from Nino Rota's complete ballet *La Strada* was performed in the first concert, conducted by Maestro Marcello Rota and featuring soprano Cristina Mosca, while the second featured some of the unforgettable sections that Nino Rota wrote for Fellini's masterpieces. This second concert was preceded by a full-length screening of the film *Prova d'orchestra*.

In 2020 the chamber groups of the Orchestra were engaged in 2 chamber concerts for the cycle *Le domeniche dell'Auditorium*. 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 2020, 4 off-site concerts were held at the Quirinale. The Adam Quintet performed music by Franz Schubert and Anton Bruckner, first clarinet Luca Milani and the Antonelliano Quartet performed music by Carl Maria von Weber and Mozart, and the Kreutzer Ensemble opened the new season of the Quirinale Concerts with music by Erzherzog Rudolph von Österreich and Ludwig van Beethoven.

A CD was also recorded for the famous Deutsche Grammophon record label, with conductor Riccardo Frizza and soprano Nadine Sierra performing arias by Puccini, Lehar, Donizetti, Verdi and Gounod.

The educational initiatives of the Rai National Symphony 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 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 that prepared them for Saturday afternoon concerts at the Auditorium Rai Arturo Toscanini. Two 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 Rai NSO concerts were broadcast live or pre-recorded on Rai Radio3 (including audio streaming), with some also recorded in *Eurovision* for the *Euroradio* circuit. As of June 2020, all concerts were also available on demand on both the RaiPlay and Rai Cultura portals from the day after the broadcast.

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. Major events were also published on the RaiCultura portal (www.raicultura.it) and in the special area thereof reserved for 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. The promotion of activities also resumed on the social profiles of Rai Cultura and Rai 5 in 2020.

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 Rai Cultura portal).

There were also the usual contents of historical-musical insights (citations, historical photos, iconographies), again on social media channels. 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 the 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.

There were also 2 *Specials* dedicated to the *Concerts for recovery* and the *1 concerti d'autunno* autumn concert series in 2020, complemented on a weekly basis with new articles and photographic and audiovisual materials relating to the individual concerts.

2020 activities

Rai National Symphony Orchestra

- 18 Stagione Sinfonica concerts
- 3 concerts from the *Rai Nuova Musica* series
- 3 special concerts
- 7 *Concerti per la Ripresa* ("Concerts for Recovery")
- 2 symphony and 2 chamber concerts for the *MITO SettembreMusica* season
- 2 concerts from the *1920-2020 season Federico Fellini 100*
- 2 chamber concerts in the Auditorium and 3 at other venues
- 1 CD recording
- **Educational projects** - *Casa Beethoven*
- Total of **23 events** filmed and broadcast, live or pre-recorded, on TV or via streaming over the course of the year

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 content, and broadcasting it on the specialist Rai Yoyo and Rai Gulp channels, as well as on the RaiPlay and RaiPlay Yoyo platforms, in collaboration with Rai Digital.

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.

The upheaval in the lives of children, young people and families as a result of the Coronavirus epidemic brought about the sudden emergence of another special responsibility in 2020. The real-time communication of what was happening using appropriate language, the establishment of a sense of solidarity and interaction between children forced to quarantine at home and TV personalities, and

providing support for teaching and educational activities with schools closed, with particular emphasis on helping those children and families who did not have easy access to the Internet, gave the Rai and its various activities an extraordinary and vital role to play, not forgetting the importance of relaxation and entertainment for a young audience that found itself under a great deal of stress.

While the public television service is characterised by providing information, educating and entertaining, the crisis has also given it a therapeutic role to play in terms of combating stress and isolation and promoting self-confidence and social cohesion.

On today's landscape, even before the pandemic that accelerated the process, tastes and ways of watching TV and audiovisual programmes are evolving rapidly, especially where children aged 8 and over and concerned, but also for the youngest of audiences. What we are faced with is a different context from that of a few years ago and the importance of our role and our responsibilities as a public service is greater now than ever.

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.

There is increasing demand on the Rai to provide original, distinctive and contemporary programming for all those currently going through the once-in-a-lifetime experience of childhood or adolescence, young children who are new to the TV and multimedia offering for the first time every year and young people experiencing the independence of a new relationship with the media and social networks.



2.3 million

DAILY CONTACTS



64

MINUTES VIEWED PER DAY



1.0%

24-HOUR SHARE



8.9%

SHARE 4-7 YEARS OLD SHARE

Rai Yoyo

Rai Yoyo is ad-free TV for young children, their first channel.

The Rai's pre-school offering, based on a solid, educational 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 offering 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 to become 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:

- In-house productions. In-studio entertainment (*La Posta di Yoyo*, live for the first time; *Diario di casa*; *Oreste che Storia*) and events (*100 anni di Gianni Rodari*; *Spettacoli a Omegna*; episodes dedicated to Gianni Rodari as part of the *Albero Azzurro* programme; the release of the book, in agreement with Rai Libri, marking the 30th anniversary of the *Albero Azzurro* programme). The main new additions, in accordance with the educational principles on which the Rai Ragazzi mission is based, notably included *Diario di Casa*, broadcast on Rai 1 and Rai 2 and in the afternoon slot on Rai Yoyo, a programme that explained to the youngest of audiences and their families, during the emergency, what they could do to prevent the Coronavirus from spreading and how best to pass their time quarantining at home. Children were guided step by step, on a daily basis, through this new approach to everyday life with the help of paediatricians, psychologists, teachers of motor skills, experts, and above all a large number of films, drawings and letters looking at quarantine from the children's perspective.
- Purchased series. In addition to new episodes of the main successful series (*Bing*; *Peppa Pig*; *Masha e Orso* (Masha and the Bear); *PJ Masks*; new European series *Moominvalley*), the Disney series (*Topolino* (Mickey Mouse) *Straordinarie Avventure*, *Vampirina*, *Dottoressa Peluche* (Doc McStuffins) and *T.O.T.S.*). The continuity of the partnership with Disney in a rapidly changing landscape (unlike in other countries, where Disney content is more concentrated on the American giant's streaming platform) and the collaboration with the suppliers of leading titles that have helped to enrich the

1. *Moominvalley*
2. *44 gatti*
3. *Bing*



offering with educational clips featuring audience favourites (*Peppa Pig*; *Masha e Orso* (Masha and the Bear); *Pocoyo*), encouraging good behaviour during the emergency period, is particularly worth highlighting.

- Co-productions. Again the emphasis was very much on children's needs and a great awareness of the educational/formative aspects (*Topo Tip*, *Minicuccioli*, *Trullalleri*, *Lupo*, *Ricky Zoom*, *Winx Club*, *44 Gatti*, *Topo Gigio*, *Le storie di Lupin*, *One love*, *Giù dal nido*, *Yoyo2*, *Gigantosaurus*, *Lampadino and Caramella* - cartoons made accessible to all children thanks to the use of a narrator's voice, subtitles, sign language interpreters, graphics and an animation style designed with various sensory disabilities in mind).

“Rai Yoyo is an initial introduction to television for young children and the channel most widely watched by Italian children, its aim being to help them to grow up confidently and happily in the world. It is the network that brings children and families together during happy times and helps them to face even the most difficult times together”.

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).

Spin-offs of internally produced programmes, videos featuring children's favourites, quizzes, contests, original content with the ability to encourage greater interaction and involvement, and finally extra-televisual specials that would be useful for experimenting with new formats and languages were also planned in 2020.

1. *Topo Gigio*
2. *Diario di casa*
3. *Lampadino e Caramella*





1.3 million
DAILY
CONTACTS



37
MINUTES
VIEWED PER DAY



0.3%
24-HOUR
SHARE



2.0%
SHARE 8-14
YEARS OLD
SHARE

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. 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.

The channel's programmes are divided into:

- **In-house productions.** These are produced both in the studio (*La Banda dei fuoriclasse*; *Green Meteo*), and externally

(#Explorers Community; #Explorandom). With the closure of schools due to the Coronavirus emergency, Rai Ragazzi immediately set about offering a wide range of educational support programmes, both on television channels and on RaiPlay, in agreement with the Ministry of Education. Rai Ragazzi delivered a live educational programme on Rai Gulp, aimed at primary and lower secondary school pupils, with the aim of guaranteeing access to remote learning for all, including those who were not in a position to connect to the Internet for hours on end. The success of *La Banda dei Fuoriclasse*, presented by Mario Acampa, exceeded all expectations, with over 200,000 contacts tuning in to Rai Gulp every morning to listen to the lessons delivered by the various guest teachers featured. Furthermore, through continuous storytelling on Rai Gulp's social accounts as well, a large, strong community developed, following the programme on web-based platforms, interacting constantly and showing great appreciation. All subjects were covered over the course of the episodes, from Italian to mathematics, including history, geography, science, English, art and music.

- **Purchased series and films.** The channel aired many successful series, including *Kung Fu Panda - Le zampe del destino*, *Baby Boss di nuovo in affari*, *Il destino delle Tartarughe Ninja*, *Jungle Book 3*, the *Sorelle Vampiro* trilogy and the *Asterix* collection. The continuity of the partnership with Disney allowed not only for the continuation of now-classic series such as *Marvel-Spiderman* and *Rapunzel*, but also for the offering of a new BIA live action series centred on the *online* lives of a group of young people - something that was particularly topical during the emergency - and new seasons

1. *La Banda dei Fuoriclasse*
2. *Penny on Mars*
3. *Jams*



of *Jamie Johnson*, a BBC series on youth football, the post-production of which was completed during the Coronavirus emergency.

- **Co-productions of cartoons and children's fiction series.** Along with classic series produced with fun and relaxation in mind, which never fail to cover issues such as the sense of community, the acceptance of new things and the rejection of gender stereotypes, Rai Gulp is known for its productions that address 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 children in an innovative way and using appropriate language. From Italian cartoons such as *Berry Bees*, which took the award for best kids series at the Diversity Media Awards, to live series such as *Jams*, which received the Moige - Polizia Postale award for fighting cyberbullying, from products such as the *Penny on Mars* series tackling the issues of appearance and disability, to special events marking the *Giornata della legalità e del contrasto alla mafia*, the 75th anniversary of the Liberation and the *Giornata della memoria*, with the award-winning animated special *La stella di Andra e Tati*, the integrated offering of series and cartoons, magazines and social content saw Rai Gulp promote an educational campaign spanning the fields of citizenship, constitutional values and civil growth. Of particular note was the special edition of the children's drama *Jams #UnitiPiùCheMai*, written and filmed during the lockdown with separate sets for each main character and showing the audience of children characters from their favourite series living key moments of their quarantine experience, dealing with isolation and

even grief, helping each and every viewer to feel part of a generation that is being put to the test by an unprecedented challenge. This was the first series in Europe, and perhaps even internationally, to look at what it was like to be living through the pandemic in the style of a drama.

“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, with an intelligent and educational entertainment proposal, capable of providing relaxation, fun, team spirit but also opening a window on the complexity of contemporary society”.

4. *Green Meteo*
5. *BIA*
6. *Baby Boss*





3.9 million
DAILY CONTACTS



32
MINUTES VIEWED PER DAY



0.8%
24-HOUR SHARE

Rai News 24

The first public television all-news channel. Rai News 24 explores, as well as informing.

News, politics and the economy in Italy and abroad, in synergy with the other newsrooms, regional news and correspondents of offices abroad. Rai News 24 is Rai's always live all-news channel, broadcasting 24 hours a day, with 5,000 hours a year of news and reports and hundreds of hours of regular features, insights and investigations.

With the main focus being very much on the Covid-19 emergency over the course of 2020, and more importantly given the significance of media content and the role played by the world of information, Rai News 24 was able to fully meet the need for constant and essential updating on events, information and news in every field, confirming the values for which it is, in fact, known, namely speed, flexibility, consistency and a commitment to building a daily *'all-news' offering that also offers so much more.*

Rai News 24, in fact, was at the forefront in terms of constantly updating news from every area of interest thanks to the contribution of its correspondents and the collaboration of regional offices and foreign correspondents.

It was therefore always live and omnipresent, never losing sight of the need to analyse the news in depth, through features, insights, interviews, services and reviews, with a flexible approach that could be adjusted based on current events.

The founding principle of the channel's editorial policy is, in fact, to be an all-news in the broadest sense - not just a series of news programmes, but rather a flow of news, insights and spaces dedicated to understanding, discussing and exploring with

the aim of becoming ever faster but also ever more reliable, more timely and more in-depth.

Audience figures confirmed the significant results achieved by Rai News 24, which secured a 0.80% share over the whole day, putting it in first place among the digital terrestrial all-news channels in all time slots. All-news channels also achieved excellent results in the prime-time slot (between 7am and 9am), with a 3.21% share, and 1.66% in the later slot from 9am to 12pm.

The news offering is based on a two-pronged model consisting of, on the one hand, a continuous supply of information with live updates, and on the other, in-depth coverage of current affairs and news of national and international importance. The importance of the channel's presence across all platforms should also be borne in mind, from Teletext to the website to social media, reinforcing Rai News 24's presence across all news channels.

Of course, the channel's main structure is composed of the news bulletins: every hour, on the hour, a live 24-minute newscast, even at night. In the second half hour, a small update, and then space for features and insights, all in continuous synergy with the regional offices and foreign correspondents with the aim of developing the reporting of news and current political and economic events in Italy and around the world.

The flow of the news was enriched with features and insights, as well as strictly live programmes and interstitials with a stronger identity, linked to fixed presenters and agile and specific formats. Lots of news programmes, then, but with some television thrown in, too.

A sort of television agency that is always open to the public, including for other programmes on the network and for Rai's publications, with Rai News 24 correspondents playing an increasingly important role, and not just in terms of providing support in information emergencies.

1. *È già domani*
2. *Economia24*
3. *Cronache dall'Italia*



The channel's fast, flexible and versatile structure made it possible to constantly follow the development of the pandemic, with live broadcasts from the most affected areas, investigations, analysis and insights into the evolution of the virus and its economic and social consequences.

Particular attention was paid to institutional communications, from Prime Ministerial communications to updates from the country's special commissioner for the emergency, without ever neglecting events of international importance, such as the special programmes dedicated to the US elections, in which Rai News 24 once again played a central role. In fact, programming dedicated to the US elections achieved a share of 1.19%, peaking at 1.93% on 4 November 2020 with the special *Sfida all'ultimo voto* programme, which followed the development of the elections throughout the night.

Over the course of 2020, the news programme's information offering was enriched and updated with new features and in-sights, including: the addition of an extra press review in the morning; a small daily feature dedicated to books in the form of *Eureka Street*; a technology feature known as *Login*, dedicated to the digital world and an environmental feature known as *Effetto farfalla*; new interstitial *Quel che resta del giorno*, summarising current affairs at a time when the news was about to make the headlines on the evening news; and *Lo stato dell'Unione*, on European politics.

Rai News 24 features and insights included *Studio 24*, the political news programme highlighting the issues of the day with guests and links; *Cronache dall'Italia*, which reported on what was and indeed would be happening with the valuable collaboration of TgR colleagues; *Economia24*, providing information and an opportunity to reflect on the major strategic issues of the global economy; *Newsroom Italia*, reporting on and exploring daily events as they unfolded, with particular emphasis

on news and society; *Checkpoint*, taking stock of the day's events on the international stage and analysing the opening news headlines from around the world; *È già domani*, reflecting upon the day ahead with the traditional Italian press review with live commentary; *Sabato 24*, looking back at the past week, both inside and outside the Palace, and analysing the issues of the coming week; and *Amarcord*, in collaboration with RAI Teche, looking at notable events that have taken place on this date in years gone by. There was gastronomy, too, with *Sorsi e morsi*, as well as health, with *Basta la salute*, entertainment and cinema, with *Tuttifrutti*, science and technology, with *Futuro24*, and cultural news, with *Il Giornale dell'Anima*.

The *Non solo 8 Marzo* also continued, on the eighth of each month, telling of the extraordinary lives of normal women throughout the day.

The Rainews.it portal, with news, updates, photos and products specifically designed for the web, once again confirmed its role as a vital tool guaranteeing a constant flow of news.

Rainews.it recorded a 36% increase in unique users in 2020, compared to the previous year, with over 2.4 million active unique users per week, and a 45% increase in daily unique users compared to 2019. There were also over 800,000 daily page views by users on the web - a 32% increase on 2019, when this figure stood at 600,000 views.

Teletext continued to prove a simple and timely tool that Italians recognised as authoritative, fast and reliable, and was also a valid alternative for users who chose not to use the web to find information.

"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."

4. *Ultim'ora*
5. *Il telegiornale LIS*
6. *Sport24*





2.1 million
DAILY
CONTACTS



28
MINUTES
VIEWED PER DAY



0.4%
24-HOUR
SHARE

Rai Sport

Rai Sport brings all the sports into all Italian homes.

2020 was a year of great despair where the world of sport was concerned, with major sporting events of great social importance being either cancelled or postponed. However, Rai Sport continued to promote the social importance of sport through its news programmes and features.

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.

The winter sports season on Rai Sport included other events, such as the Rasen-Antholz Biathlon World Championships, the Cross Country Skiing World Cup, Nordic combined, ski freestyle, ski jumping and above all snowboarding.

Another major event that enriched Rai's sports programmes was the European Water Polo Championships, with the most important matches of the tournament broadcast live from Budapest.

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.

In April, at the height of the lockdown, Rai Sport gathered various personal accounts of the sporting world's commitment to the fight against Covid-19. These notably included the voluntary work of Italian national rugby player Maxime Mbanda, who was granted the Order of Merit of the Italian Republic for this reason, as well as the use of the Centro Tecnico Federale FIGC in Coverciano as a reception facility for Covid patients and the conversion of the Ferrari and Mercedes F1 teams' production facilities to focus on medical components.

Rai was 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%.

Sport proved to be an excellent vehicle for messages designed to promote integration and fight all types of marginalisation. The protests against racial discrimination linked to the Black Lives Matter movement were given considerable prominence, covering the initiatives undertaken by NBA and Italian Serie A champions. The story of the integration of young Gambian footballer Musa Juwara, who arrived in Italy in 2016 on a large boat,

1. Wheelchair basketball - Baskin
2. Dribbling
3. Gambian footballer Musa Juwara



was housed at a reception centre and managed to make his debut and score his first Serie A goal with Bologna in July 2020, was also significant.

There were numerous in-depth reports in the news on sports-related integration projects for people with disabilities, such as baskin (basketball with mixed teams of able-bodied boys and girls and others with motor difficulties), sitting volleyball (in which our national team qualified for the Paralympics) and the Special Olympics Italia initiatives for people with intellectual disabilities.

Rai Sport's commitment to reporting on Paralympic sport continued with the fortnightly programme *Sportabilia*, which has been broadcast on Rai Sport HD for almost twenty years.

Rai Sport supports the pathway that women's football is taking towards full gender equality, granting the movement an extraordinary platform of visibility with the live broadcasting on the generalist network of the national team's matches and with services in the news programmes exploring the sacrifices made by female footballers and the progress made in terms of achieving equality with men's football.

“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. The women's national football team
5. Studio TG Sport
6. Snowboarding 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.

The 2020 information offering was characterised by issues relating to the health emergency that spanned all aspects of the news, including politics, foreign affairs, society, economics and culture. The year 2020 will be remembered for the Prime Minister's press conferences in which he explained the measures the government was taking to fight the pandemic, as well as for the Pope's solitary prayer in a ghostly St. Peter's Square.

The pandemic disrupted the news programme's work and production processes not only in terms of organisation and logistics (from smart working to working in alternating teams and the careful arrangement of staff around the newsroom), but also because it led to an emergency rethink of a whole series of other issues, including the environment (climate change, pollution, plastics, extreme weather events, animal extinction, etc.), technology, artificial intelligence, space, the cities of the future, using science to help the environment and improve sustainability (from meat alternatives to

the ecological materials of the future), social change, characters and stories that had become symbolic of a changing world, and social media.

Entire programming schedules were revolutionised and readjusted to allow for constant updating, providing a comprehensive and exhaustive public service that analysed, informed and provided the public with guidelines on adapting to a new way of living in a completely revolutionised context.

Tg1 consistently broadcast real-time communications from the Government, the Civil Protection Service and the Prime Ministerial press conferences, the latter often during the 8pm edition of the news. At 6pm, 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 informed and involved viewers with professionalism, perseverance, transparency and humanity, recounting one of the most dramatic moments in Italy's recent history. Journalistic pieces, links, reports and insights ensured a continuous flow of information and became a clear and objective point of reference.

Tg1 - 1.30 pm



4.1 million
VIEWERS



23.2%

Tg1 - 8 pm



5.6 million
VIEWERS



24.5%

1. Interview with scientist Alessandro Vespignani

2. Pope Francis's prayer on 27 March

3. Virologist Ilaria Capua speaking on Tg1

4. The US presidential election



Even beyond the pandemic, extensive coverage was given in 2020, through reports, links, reports and insights, to other news, domestic and foreign politics, and major events, from Brexit to the 2020 US presidential elections, from NASA's Mars 2020 space mission to the US race issue, from the poisoning of dissident Alexei Navalny to Islamic terrorism, many of which were often explored in depth and presented as signs and symptoms of profound revolutions and transformations in global society, as the '*future that is already here*'.

These issues were always examined in the context of today's world, reflecting Tg1's constant commitment and the wealth and variety of services it offers the public on a daily basis. An average of 5-6 pieces per day were broadcast as part of the main 8pm edition of the news, peaking at 10-12 reports/links, especially at weekends and during major events.

In what was a very special 2020 indeed, social issues in particular came to the forefront, with almost a thousand reports being produced on volunteer work in ambulances, hospital emergency rooms and nursing homes, to relieve some of the burden on overworked doctors and nurses, on the explosion of IT and the digital world with smart working and distance learning and the new needs that emerged as a result, and on the most vulnerable members of society: how and where help for the homeless and poor was being restructured, the new poor, the difficulties experienced by disabled people during the lockdown, the elderly and home-based or remote care, and the 'suspension' of any kind of help, from food to books, for those in need. Impromptu theatre performances and concerts were staged in the most unlikely of places to boost people's spirits. Literary

postmen distributed books from closed bookshops. More conventional issues of interest also continued to be covered, including the International Day for the Elimination of Violence against Women with stories of rebirth, and the difficulties and concerns facing anti-violence centres, which recorded an increase in requests for help due to the restrictions. Also covered were Remembrance Day, with survivors' stories, Anti-Bullying Day, with first-hand accounts, and the resilience of earthquake victims, while the guys from Friday for Future continued to care for the environment.

Even the normal programming of *Tv7* and *Speciale Tg1* was revolutionised from as early on as 22 February, with live broadcasts, insights, investigations, reports and correspondents on the ground documenting the impact and consequences of Covid-19 on the country's social, economic and health fabric. There were also investigations touching on issues that are always topical, from social issues (immigration, the reception of immigrants, discrimination, human rights, violence against women, mafias, drug addiction, drug dealing, etc.) to the environment (climate change, 'green living', pollution and environmental disasters), from gender issues (the female condition, the gender gap, etc.) to the promotion of culture and the digital revolution that is also affecting communications and the art world.

Of the many editions of *Speciale Tg1*, the Sunday 7 June 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.

A total of 50 *Speciale Tg1* episodes were produced, amounting to some 54 hours, along with 30 episodes of *Tv7* amounting to around 36 hours.



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.

Extensive airtime was dedicated 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.

Sustainability, one of the pillars of the station's information offering, was also given ample coverage on *Tg1 Mattina* and in the *Tg1 Dialogo*

and *Billy* columns, which focused on social and environmental stories and testimonies with interviews and reports from around the country, including live broadcasts, and with an emphasis on the stories of those professions engaged in the fight against the pandemic and on good practices relating to helping the elderly and the disadvantaged.

“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



2.3 million
VIEWERS



14.2%

Tg2 - 8.30 pm



1.8 million
VIEWERS



7.5%

Tg2

Information always attentive to the truthfulness of the facts, Tg2 reports the news with objectivity and pluralism, continually verifying sources and giving a voice to all the protagonists.

A total of 1,077 hours would be broadcast in 2020, including newscasts, regular features, extraordinary and special editions and commentary on institutional events. The year's information offering was inevitably dominated by the issue of the health emergency, which was reported on from every angle, including from the health, news, social, economic, productive, educational, cultural and psychological aspects, even through to research and the vaccination rollout. A new style was introduced in the form of emotion intertwined with content, recounted through unique, never before seen images. In line with the relevant contractual obligations as a public service provider, viewers were presented with the truth, stripped of any and all sensationalism and rhetoric, with news coverage that was promptly triggered from the outset of the pandemic and extended as far as Korea, Mexico, Brazil and Argentina with reports, investigations, live broadcasts and dossiers.

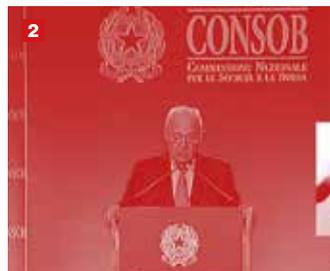
At the same time as information on the coronavirus, the news continued to report on other headlines in the fields of crime, general and legal news, national and foreign politics, economics, culture, art, social affairs and the third sector. The fight against climate change, the tragedy of world hunger, combating food waste, disability, renewable energy, biodiversity, respect for the environment, sustainable mobility,

gender equality and the fight against violence towards women were just some of the issues on which reports and live broadcasts were produced for news programmes and features. International politics was also very widely covered, with correspondents on the ground in Libya, Poland, with a dossier on Solidarnosc, and Auschwitz, reflecting on the tragedy of the Holocaust, and America, following the presidential election campaign, not to mention special reports on the regional elections, the constitutional referendum and the local elections held in September.

Furthermore, introducing a new technical production model that was in keeping with the requirements regarding distancing and a reduction in the personnel present, long commentaries were provided to cover 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, and the annual meeting with the financial market-Consob. There was also commentary and special coverage on the anniversary of Liberation Day, on Pope John Paul II, on the annual report of the ARERA (the Regulator for Energy, Networks and the Environment), in memory of Diego Armando Maradona, on the US elections and on the local elections. In September, the traditional live broadcast of the historic Venice Regatta provided an opportunity to interweave the issue of the current health emergency with historic pandemics that had affected the lagoon city in past centuries, offering food for thought on how modern a phenomenon the tragedy was and on some of the public health interventions of the past.

This effort was rewarded by the ratings, with the

1. The inauguration of the judicial year of the Court of Auditors
2. The annual meeting with the financial market-Consob
3. Live from Naples during the health emergency



1pm news programme achieving an average share of 14.3% in 2020, and the 8:30pm news programme 7.5%. The popularity of the latest of the editions, the 8.30 slot, also increased, reaching a share of 3.2%.

A permanent Tg2 office was opened in Milan in September to provide a more direct news link to Lombardy and northern Italy. The logistical position of this office also facilitated immediate news coverage of the Vienna terrorist attack on 2 November 2020.

The ratings were also excellent for the 14 regular features held throughout the entire week. Each deals with specific issues: medicine, art, cinema, books, current affairs, culture, food and wine, tourism, leisure time, customs, accounts and unpublished stories of people and their life, third sector and volunteering, youth, disability, mobility, renewable energy, new technological frontiers and IT, political debate. These also notably included *Tg2 Post*, the in-depth daily news programme that achieved an average share of 4.5% in 2020, peaking at close to 7.5%.

Furthermore, Tg2 ensured the provision of comprehensive and detailed information that offered food for thought, including through various initiatives incorporated into the 8:30pm edition of the news. These included *Lera del Coronavirus*, a slot for intellectuals, artists, philosophers, writers and scientists to express their thoughts on the different aspects of the pandemic, and *Musei d'Italia*, an opportunity to discover the places that safeguard the historical, archaeological, artistic and cultural

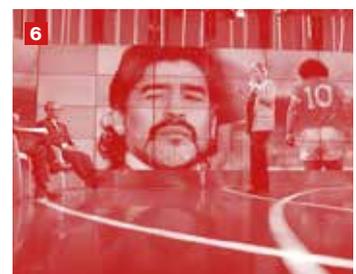
heritage of our country.

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.

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

“Tg2 provides viewers with objective and pluralist information based on content, images and emotions, always with plenty of insight and food for thought”.

- 4. *Historic Venice Regatta*
- 5. *Tg2 Post*
- 6. *Tg2 Speciale*



Tg3 - 2:10 PM


2.0 million
VIEWERS

12.9%

Tg3 - 7:00 PM


2.3 million
VIEWERS

12.7%

Tg3

The news programme reporting on real life, people and their hopes and problems, helping us to understand the changes in society. Not only does it bring us the latest news but it also gives the viewer the keys to understanding it.

Tg3 is the news programme that is always ready to cover both Italian and foreign emergencies with special editions.

The story of the pandemic was, of course, central in 2020, and the station was at the forefront of efforts to provide accurate information with live broadcasts, reports and insights. All thanks to an editorial model that, on the one hand, ensured widespread information coverage to tell the drama, fear, emergency, solidarity and stories day by day; and on the other hand 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.

The Tg3 information offering is broad and well structured, starting at 12:00 noon with Rai's only national news programme broadcast from Milan, watched by over 1.1 million viewers and with a 10.5% share, full of live links with correspondents and envoys in the field to report on the day's events as they develop.

The 2.20pm edition, with 12.9% share, was particularly sensitive to the daily problems facing families, as well as environmental issues. The evening show at 7pm, with an average share of 12.7%, a sharp increase of almost two percentage points on the previous year, offered insights into the day's key events to give everyone the tools to form their own opinions using clear and comprehensible language.

Linea Notte, with a 5.2% share, reinforced its position as a leading platform for commentary and analysis,

with *Tg3 Mondo*, a foreign policy programme offering a cross-section of international affairs on Saturday and Sunday evenings with guests from all over the world speaking live, also doing well. This was followed by in-depth analysis courtesy of *Agenda del Mondo*. Tg3's public service information was completed with LIS, in sign language, and *Fuori Tg* which recorded a share of 7.7% and consolidated its bond with viewers who take part in each instalment live.

The news offer was completed with many weekly features including in-depth cultural programme *Fuori Linea* after the 12pm news on Sundays, *Chiediscena*, bringing us live performances from the worlds of dance and theatre while they were still taking place, prior to their temporary suspension, *Pixel*, looking at innovation, from the latest web to technologies linked to new sources of energy and the environment, and *Persone*, which on Saturdays brought us personal life stories that were interesting due to their originality and curiosity.

Tg3 put considerable effort into using social media and the Internet. The station also had a presence on the web, where all editions of the news programme and features could be viewed online, and on the main social networks, namely Facebook, Twitter and Instagram, with steadily increasing numbers and original contributions that have helped to boost viewing figures among the youth target.

“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



3.1 million
VIEWERS



18.3%

TgR - 7.35 PM



3.1 million
VIEWERS



15.1%

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.

Despite the critical situation caused by the health emergency, which put a structure as varied and complex as that of the TgR under a great deal of stress, the regional editorial offices managed to guarantee information of a quality and quantity in keeping with the mission of the station, which by its very nature is a point of reference for citizens in the region, throughout 2020. In fact, thanks to its constant and dedicated contact with local institutions and its widespread coverage of the regions, TgR maintained a direct link with its audience, providing particularly effective and timely information tailored to specific regional situations.

As always, despite the very demanding productive conditions, TgR succeeded in expressing its tangible solidarity with communities in 2020, becoming a spokesperson for appeals, complaints and proposals, which resulted in information that could provide practical support for the regions in question.

This deep-rooted attachment to the territory helped reinforce the excellent results achieved in previous years by the daytime and evening editions of the regional news programmes (18.3% share at 2pm and 15.1% at 7:30pm), with each main edition

attracting over 3 million viewers. *Buongiorno Regione* (14.7% compared to 13.18% the previous year) and *Buongiorno Italia* (13.7% compared to 12.1% in 2019) also significantly increased their shares of the ratings, demonstrating that, in an increasingly competitive television market, certified and qualified information was very much appreciated and rewarded by the public.

There were also plenty of insights into specific issues in special weekly or daily information spaces. These included themed scientific news programmes *Leonardo* - the only experience of its kind in Europe that combines a discussion of current affairs with the precision of documentation and in-depth analysis, not only in the fields of science and technology but also where matters of health, the environment, economics and society are concerned. During 2020, *Leonardo* notably provided a daily response, from a technical perspective, to the questions and doubts that viewers had when faced with a complex issue like the pandemic, which would be difficult to understand were it not for a competent and meticulous guide such as the one the regional scientific news programme was providing.

Also worth mentioning are the cultural insights that came courtesy of *Petrarca* and *BellItalia*, the regional proximity of *Il Settimanale* and *RegioneEuropa*, *EstOvest*, *Mezzogiorno Italia* and *Mediterraneo*, and the economic focus of *Piazza Affari* and *Officina Italia*.

With the *Parma Italia* feature, the station reported on the enthusiasm, efforts and commitment of the city of Parma, Italy's capital of culture, giving due visibility to an event of such importance at what was a particularly challenging time for the cultural world, which was severely tested by the pandemic that inevitably forced

many initiatives planned in the area to be cancelled or rescheduled.

The online offering consolidated its position on the network, continuing its growth in terms of views and becoming one of the most widely viewed Italian news sites among Internet users. The platform's editorial offering, which has now become of central importance for its ability to provide certified and verified information 24 hours a day, is enriched with contributions and socio-cultural insights that clearly depict the cultural richness of an Italy that is always keen to reflect upon its past in order to understand its present.

“TgR continues to place great importance on providing viewers with reliable and local news and information in keeping with its mission to provide extensive regional coverage and its focus on the many distinctive features of our country”.

Rai Parlamento

Rai Parlamento is the Public Service programme that 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.

The crisis caused by Covid-19 brought about significant changes in Rai Parlamento's information offering, which nevertheless, in keeping with its mission as a public service, continued to play its role without interruption, keeping the public informed about parliamentary activities, mainly through live broadcasts and news programmes.

Measures to combat and contain the emergency and compliance with the restrictions in place called for a production model that favoured studio-based management, a structure that enabled Rai Parlamento to continue its informative mission throughout major political and parliamentary events such as government communications, ministerial briefings and *Question Time*. This commitment is also reflected in the figures, with 51 live parliamentary broadcasts transmitted in 2020, including *Speciale Camera* and *Speciale Senato* special broadcasts (of which there were 20 in 2019), in addition to *Question Time* broadcasts.

The station continued to produce three daily editions of the *Telegiornale* news programme, featuring links and infographics that updated viewers, including

from Brussels, on the decisions, projects and initiatives being discussed in institutional forums (such as the Recovery Plan and the Recovery Fund).

On the occasion of the constitutional referendum on reducing the number of parliamentarians, the station reran the *Confronti* cycle of broadcasts to replace the traditional debate model adopted by *Tribune Politiche*. The format was characterised by clarity and strict time limits for questions and answers, and flanked by other political-electoral broadcasts (*self-produced television and radio messages*) that were also determined within a perimeter of rules governed by the law on fairness and the resolutions approved by the Parliamentary Supervisory Commission on Rai.

Some of the broadcasts produced like *Rai Parlamento Magazine* (*Filo Diretto*; *Il Ritratto*; *Le Parole della Politica*; *Territori*; *Orizzonti d'Europa*; *Lavori in corso*), i.e. weekly features, were broadcast for as long as the government's anti-Covid-19 regulations allowed.

The health regulations also forced the suspension of *Spaziolibero* and *Accesso Regionale*, features in which voluntary, cultural, trade union and religious associations participated and that were produced in close cooperation with the regional offices.

Rai Parlamento has been broadcasting from the new Saxa 9 studio at the Centro di Produzione Rai Biagio Agnes since the end of January. All of the content produced is published on the website www.raiparlamento.rai.it and much of it is also posted on the [raiparlamento_official](#) Instagram profile.

Production and share data (%)

(1 January - 31 December 2020)



Rai Fiction

Rai produces fiction for airing on the generalist networks, on specialised channels and on the RaiPlay digital platform. The commitment to encouraging Italian and European audiovisual production is one of the linchpins of its mission as a Public Service broadcaster in recounting contemporary and historical Italy, in fostering talent and the Italian audiovisual industry, in supporting innovation and in helping to have Italian work shown in other countries.

The year 2020, which was strongly affected by the dramatic health emergency, saw Rai confirm its role as a driving force for the national audiovisual industry, supporting the sector at a time of great crisis. 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.

On the internationalisation front, and despite the difficulties caused by the pandemic, fruitful collaboration with partners from the Alleanza Europea - France Télévisions (France) and ZDF (Germany) - continued in 2020. New projects are being developed and new titles are in production.

In addition to finalising the *Leonardo* events series, work began on two original titles in 2020, namely *Il*

giro del mondo in 80 giorni, an adaptation of the Jules Verne classic *Around the World in 80 Days* written by AshleyPharoah (*Life on Mars*), starring David Tennant and directed by Steve Barron, and *Sopravvissuti*, a mystery drama created by a team of young writers trained on the Rai Scriptwriting Master's course in Perugia, directed by Carmine Elia and starring Lino Guanciale alongside an international cast.

In terms of planning, 2020 confirmed the results achieved in previous years and reinforced the success of public service drama and the capacity of the macro-genre to interpret the problems of the country's communities.

Overall, the three RAI networks broadcast a total of 197 evenings of fiction in 2020, including premieres (101 evenings) and repeats (96 evenings). In relation to 2019, growth was particularly strong in the 15-24-year-old female target, peaking at a share of 23.5% share (+2.6 p.p.) and the 8-14-year-old female target (18.9%, the equivalent of +1.7 p.p.), with shares of the higher education target (23.3%, up 1.5 p.p.) and graduate target (23.8%, up 1.1 p.p.) increasing as well. The expansion of the satellite pay-TV subscriber base to 20.5% (+2.3 p.p.) was also significant.

Of the top 20 dramas of 2020, 19 were Rai productions. Major series *Il commissario Montalbano* with Luca Zingaretti was notably confirmed the most viewed programme with an average total audience of 9.8 million viewers and a 36.4% share.

In second place was *Doc - Nelle tue mani*, the revelatory hospital series of the year starring Luca Argentero and directed by Jan Maria Michelini and Ciro Visco, with an average audience of over 8 million and a 30% share of the viewing figures.

Occupying third position, meanwhile, was *L'amica geniale - Storia del nuovo cognome* by Saverio Costanzo, the second chapter of the event series based on the bestsellers by Elena Ferrante, which

1. *Il Commissario Montalbano*
2. *Un posto al sole*
3. *La mia jungla*



pulled in an average audience of 6.9 million viewers and 28.1% share.

Even where the pay-TV subscriber target was concerned, Rai titles occupied the top 19 positions among the top 20 drama titles by share, with *Il commissario Montalbano* (36.5% share) leading the rankings, followed by *Doc - Nelle tue mani* (28.8% share) and *Don Matteo 12* (23.7% share). The figures demonstrate that even with a rich and sophisticated offer such as that of satellite Pay TV, Rai Fiction's proposals continue to satisfy the tastes and expectations of the most demanding audience.

Rai 1 broadcast 20 brand-new dramas across a total of 78 evenings in 2020, pulling in an average audience of 5.8 million viewers and a share of 23.3% (+1.6 p.p. vs 2019). In addition to the prime-time figures, there are also those for the afternoon slot, which strengthened its hold thanks to *Il Paradiso delle Signore*. New episodes of the daily series achieved an average of 2.1 million viewers and a 16.2% share of the ratings over the course of the year (+2.2 p.p. vs. 2019), gradually consolidating a loyal audience and confirming its position as the leading title in the flagship network's afternoon slot.

Rai 1 reruns were broadcast on 86 evenings in 2020, with positive audience figures. The rerun shows totalled a share of 16.6% and average audience of 3.6 million.

In the period from 1 January to 31 December 2020, the drama offering was confirmed as the most widely viewed content on RaiPlay, with over 382.3 million media views (equating to 39% of all VOD views on the platform, representing an increase of 92% on 2019). In other words, over a third of the public service platform's VoD consumption related to drama content.

Of the Top 20 most viewed programmes on RaiPlay (across all genres), 12 were Rai drama titles. In first

place was daily series *Il Paradiso delle Signore* (65.7 million media views and 4.4 million unique browsers), followed in third place by *L'Allieva* (33.8 million media views and 3.5 million unique browsers). The presence in the ranking of some major titles of less recent series (*Un medico in famiglia*, with 15.2 million media views, in 8th position; *Braccialetti rossi*, with 11.4 million media views, in 13th position; *Non dirlo al mio capo*, with 11.2 million media views in 14th position), confirming the value of rerunning drama series across multiple platforms as a core asset of the public service's production activity.

From a composition perspective, the Rai 1 offering maintained its multifaceted dimension in 2020 by using various formats and genres, combining classics, successful sequels and innovative high-concept products with serial productions.

In addition to the aforementioned *Il commissario Montalbano*, *Doc - Nelle tue mani* and *L'amica geniale - Storia del nuovo cognome*, three new event titles debuted in 2020.

La guerra è finita, starring Michele Riondino and Isabella Ragonese and directed by Michele Soavi, a story of rebirth and hope in Italy following World War II, attracted 4.4 million viewers and an 18.8% share. Meanwhile, *La concessione del telefono* (4.3 million viewers, 15.3% share), an adaptation of the historical novel of the same name by Andrea Camilleri, starring Alessio Vassallo and directed by Roan Johnson, continued the successful *C'era una volta Vigata* series. Debuting *Natale in casa Cupiello*, with Sergio Castellitto and Marina Confalone and directed by Edoardo De Angelis, the first title in the events collection dedicated to Eduardo De Filippo, overcame the ambitious challenge of bringing the theatre to television by revisiting the country's heritage identity in keeping with the station's public service mission, with great audience ratings (5.7 million viewers, a 24% share).

4. *L'Amica Geniale*
5. *L'Allieva*
6. *I Topi*



The year 2020 saw the relaunch of the family offering as a basis on which to build richer and more multi-faceted narratives by combining it with other genres. *Come una madre*, starring Vanessa Incontrada and directed by Andrea Porporati, halfway between a road movie and a dark novel, narrates the reparative experience of a woman with respect to her lost motherhood, attracting 5.2 million viewers and a 21% share.

Vivi e lascia vivere (6.7 million viewers and 25.3% of the share) told the 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.

Vite in fuga, starring Anna Valle and Claudio Gioè and directed by Luca Ribuoli, was the first hybrid production combining two apparently distant genres - family and thriller - achieving an average audience of 4.6 million viewers and a 18.4% share.

The 2020 series offering was also enriched in terms of thrillers and crime, genres that offer an in-depth understanding of the mechanisms and complexity of contemporary life.

Bella da morire, on the issue of violence against women, starring Cristiana Capotondi and directed by Andrea Molaioli, attracted an average of 5.7 million viewers and a 20% share. *Io ti cercherò*, starring Alessandro Gassman and directed by Gianluca Maria Tavarelli, meanwhile, attracted 4.7 million viewers and a 19.6% share, bringing a police drama that was also a painful story of rebirth to our screens. *Gli orologi del diavolo*, the first series starring Giuseppe Fiorello, directed by Alessandro Angelini and inspired by a true story, pulled in 4.7 million viewers with a share of 19.6%.

And so we come to the sequels. *Don Matteo*, now in

its 12th season, successfully updated its formula by offering ten 100-minute films all on the theme of the Ten Commandments, maintaining its ability to involve an increasingly wide audience (6.6 million viewers and a 26.6% share). The second season of historical saga *La vita promessa* (4.7 million viewers and a 19.1% share), telling the story of Italian emigration to America through the strong leading role portrayed by Luisa Ranieri under the direction of Ricky Tognazzi and looking back through the collective memory to incorporate elements of melodrama and gangster movie, was also warmly received.

In addition to these results, the second season of police drama-cum-comedy *Nero a metà* (4.7 million and a 21.7% share), starring Claudio Amendola and Miguel Gobbo Diaz and directed by Marco Pontecorvo and Luca Facchini, and dramedy *L'Allieva 3*, from the bestselling novels by Alessia Gazzola, starring Alessandra Mastronardi and Lino Guanciale and directed by Fabrizio Costa and Lodovico Gasparini, which attracted 4.9 million viewers and achieved a 21.5% share, also performed well.

TV movies telling the stories of Italy's leading figures and history included *Rita Levi-Montalcini* (5.6 million viewers and a 21.9% share), with Elena Sofia Ricci and directed by Alberto Negrin, paying tribute to one of the greatest figures in recent Italian history. This is a portrait of a very talented woman whose life spanned the 20th century and who continuously combined tireless work on scientific research with attention to women's issues. *Tutto il giorno davanti* (3 million viewers and an 11% share), starring Isabella Ragonese, directed by Luciano Manuzzi and loosely based on the experience of Agnese Ciulla, councillor for social activities in Palermo, highlights the active engagement of a woman who now finds herself divided between the obligations of her public office and her role as a mother.

- 7. Doc - Nelle tue mani
- 8. Don Matteo
- 9. Bella da morire



The two new comedies in the *Purché finisce bene* cycle - *Mai scherzare con le stelle* (4.1 million viewers and a 17.4% share) and *Al posto suo* (3.8 million viewers and a 16% share) - performed well, continuing to tell the story of today's world and of interpersonal relationships in the brilliant style of sentimental comedy.

The Rai 1 offering was enriched in 2020 by the presence of a docufiction of great civil value in the form of *Io, una giudice popolare al maxiprocesso* (3.4 million viewers and a 13.7% share), directed by Francesco Miccichè, commemorating the large trial in Palermo that saw various Mafia members put on trial and sentenced between 1986 and 1992 for the first time; the story of a crucial chapter in the history of our Republic, made topical here through personal accounts, archive materials and a fictional reconstruction that focuses on the courage of one woman.

With regard to the other networks, Rai 2 broadcast 3 brand-new dramas across a total of 14 evenings in 2020, pulling in an average audience of 1.5 million viewers and a share of 6.3%.

Efforts to innovate with the prime-time drama offering of the second network, which has become increasingly complementary but still differs from the generalist offering of Rai 1, continued with two new titles. *Mare fuori* (1.7 million viewers and a 7.4% share), starring Carolina Crescentini and Carmine Recano, directed by Carmine Elia, was an original coming-of-age series as extreme as the location in which it is set - a young offenders' institute where feelings are intensified and there is no escaping self-confrontation. The project was a great success, even abroad, before it was even broadcast, so much so that it is now one of distributor Beta's flagship products. *L'alligatore* (1 million viewers and a 4.1% share), based on the novels by Massimo Carlotto, is a

crime noir directed by Daniele Vicari, starring an unusual antihero figure, played by Matteo Martari, investigating the underworld of righteousness in the Veneto province.

The second season of *Il cacciatore*, directed by Davide Marengo based on the work of Alfonso Sabella, was also well received, pulling in an average of 1.7 million viewers and achieving a 6.6% share.

Rai 3, in addition to the usual access prime-time appointment with daily drama *Un posto al sole* (1.7 million viewers and a 6.5% share), broadcast 3 brand-new prime-time shows spanning a total of 9 evenings, with an average audience of 1.1 million viewers and a 4.3% share.

Liberi tutti, directed by Giacomo Ciarrapico and Luca Vendruscolo, was a comedy series about a crooked lawyer who finds himself under house arrest in the cohousing development in which his ex-wife and daughter live that debuted as a box set exclusively on RaiPlay in late 2019.

Passeggeri notturni (1.4 million viewers and a 4.4% share), a ten-part film directed by Riccardo Grandi and previewed in serial format on RaiPlay, was based on literary material by Gianrico Carofiglio and combined a noir twist with psychological stories, all set against the backdrop of a Bari full of contrasts, exploring the theme of justice and its many facets.

We also saw the second season of *I topi* (1.5 million viewers and a 5.5% share), a series created by Antonio Albanese and comprising six new 30-minute episodes looking at the life of a fugitive mobster and his family in the surreal tones that characterise Albanese's comedy, a surreal comedy condemning the real-life situation of many criminals, their codes of honour, their ignorance and their misery.

In the late-evening slot, meanwhile, series pilot *Mi hanno sputato nel milkshake*, a female dramedy offering an ironic look at the 25-year-old crisis and

- 7. *Mare fuori*
- 8. *Rita Levi Montalcini*
- 9. *Liberi tutti*



directed by Beppe Tufarulo and Carollina Cavalli, made its debut. The short film was one of the winning projects in the first edition of the *Premio Solinas Experimenta Serie*, a creative workshop created by the Premio Solinas in collaboration with Rai Fiction with the aim of unearthing new talents and researching and experimenting with new forms of storytelling, demonstrating further commitment on the part of the public service to supporting the audiovisual industry by putting its faith in young people and new producers.

In parallel with the reinforcement and consolidation of RaiPlay, the scope of the original drama offering destined for the platform was also extended over the course of the year. In addition to the debut of *Passeggeri notturni*, two original titles were produced and broadcast during the lockdown, these being *La mia jungla*, a surreal *Hellzapoppin'* looking at the neurosis and follies of our daily lives from the perspective of actor Giovanni Scifoni and his family, and *Un po' sto a casa*, a spin-off of daily drama *Un posto al sole*.

Finally, December saw the debut of *Mental*, a coming-of-age series directed by Michele Vannucci and based on original Finnish format *Sekasin*, about a group of young people with psychiatric problems who are dealing with the problems, feelings and passions typically associated with adolescence; a difficult but fundamental pathway to self-knowledge and self-acceptance narrated in a clear and lucid way.

The guidelines that will characterise the drama offering over the coming years aim to focus primarily on social and cultural themes, investigating issues that are relevant to young people, speaking to women and families, the elderly and the most vulnerable segments of society, based on a wide variety of genres and territories and enhancing the transversal nature thereof.

The strategic/editorial objectives set can be summarised as follows:

- developing projects and stories that, in the face of increasing audience segmentation, broadcasting platforms and usage methods, will be 'everyone's stories', in keeping with the 'universal service' that is part of the public service mission;
- expanding the number of European co-productions in response to the need to bring the 'strength' of Rai products to the world stage in a market that is becoming increasingly focused on global connection;
- launching projects characterised by continuity and innovation. Continuity is a key value that stems from accumulated experience and one that will only be enriched when combined with the ability to introduce innovation with an even more attentive search for new genres and sub-genres;
- strengthening digital series for the Rai Play platform, with the aim of capturing a young audience with generational themes and original formats that are also innovative in terms of the style they adopt.

With this in mind, the series will flank successful titles with new products and new faces, in search of new talent, on all fronts (from writing to directing to acting), with the emphasis on issues of recent history and alternating between drama, biopics, light comedy and thrillers, which in turn will be characterised by elements of mystery, detection, noir and crime.

The diversity of the offering, including when it comes to meeting the needs of international markets, will be increasingly enhanced in the formats broadcast, which will consist of long, medium and short series. These series will be accompanied by mini-series, TV movies, docufiction films and the abovementioned digital series for Rai Play.

- 7. *Vive e lascia vivere*
- 8. *Come una madre*
- 9. *La vita promessa*



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 year 2020 was marked by the Covid-19 emergency and by the actions taken by the government to contain it. Rai Cinema'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 Rai schedules focused on a fixed number of operations, with a view to the best possible management of emergency programming for the channels. On the film production front we gave support to independent producers to ensure production could restart fully.

Acquisition

With regard to procurement for the networks, with regard to major companies, the packages negotiated with Disney, Sony Pictures, MGM and NBC Universal were worthy of note.

Several acquisitions were concluded with Walt Disney Italia, including 4 first-run TV movies to meet the broadcasting needs of the Christmas period; 1 first-run series and 3 that were renewed due to demand from Rai 2 and Rai 4; a package consisting of 8 current films (including *Atto di fede*, *Jojo Rabbit*, *Le Mans 66* and *La Favorita*), 19 library films, 6 TV movies, 6 first-run or brand-new Rai series and 4 re-run Rai series (amounting to a total of 910 episodes) and a children's product.

A package of 24 Sony Pictures films was also added to the Rai Cinema catalogue, including 19 current films (such as Tarantino's *Once upon a time in... Hollywood*), 10 first-run movies and renewals and 1

first-run series, with rights obtained from 2020 and for the following years up to 2023 inclusive.

A total of 29 films were purchased from MGM, 10 of which were unpublished, identified for cinema programming across all Rai channels, with free TV rights available between 2021 and 2022.

The first-run docufilm distributed in cinemas and presented at the Cannes Film Festival, *Papa Francesco: un uomo di parola* (directed by Wim Wenders), was acquired from major company NBC Universal, along with TV series *Resident alien*, which got its premier on the network.

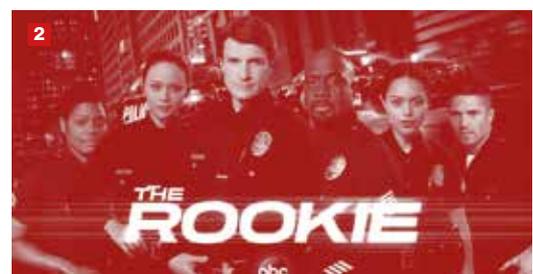
To complement the film offering on all the networks, procurement goes on for quality cinema from the independent Italian distributors Cinema, I Wonder, Vision Distribution and Eagle Pictures. In addition to these, there were Tim Vision with Ron Howard's award-winning docufilm *Pavarotti*, constituting an evening event on Rai 1, and last but not least the renewal by Cristaldi Film of the licence for 190 films from the historic library catalogue.

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.

With Beta Film, 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 *Mallorca Files*, *the second of Shakespeare & Hathaway*, *the eighth of Death in Paradise* and *the fourth of The Durrells*), ITV (mini-series *Bodyguard*), Dall'Angelo Pictures, A&E, GA&A and Crown Media for TV films.

1. *The Good Doctor*
2. *The Rookie*



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 included *Zoey's Extraordinary Playlist* (Lionsgate), *Into the Dark* (Sony), *Pure* (BBC), *Stalk* (GA&A), *Beforeigners* (HBO Nordic) and *Foodie Love* (HBO Europe/Spain).

As for foreign products for distribution, the situation brought about by the pandemic 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 deals and international agreements. Despite the difficulties described in finding films for the coming months, Rai Cinema was able to guarantee 15 titles with great editorial and commercial potential, selecting them from the existing agreement with Leone Film Group. Some films are ready now and will be available as soon as cinemas reopen.

Film production

In the first half of 2020 the Covid-19 emergency made its mark on film production and distribution, too.

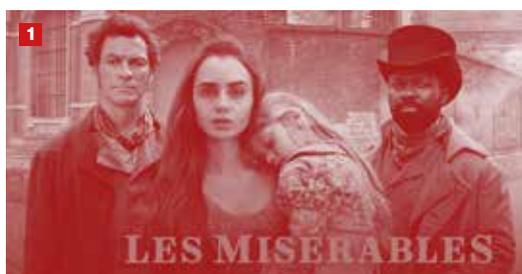
Among the films in post-production or on which work had been completed and that were waiting to be presented to the public were *Comedians* by Gabriele Salvatores; *Il bambino nascosto* by Roberto Andò; *Qui rido io* by Mario Martone with Toni Servillo, about the life of Eduardo Scarpetta; *Resilient* by Roberto Faenza; *Caravaggio* by Michele Placido; Nicola Abbatangelo's *The Land of Dreams*,

a musical set in 1920s New York; *Il muto di Gallura*, Matteo Fresi's first film about legendary bandit Bastiano Tansu; *Time is Up*, a teen movie by Elisa Amoruso; *Bla bla baby* by Fausto Brizzi; sentimental comedy *Per tutta la vita* by Paolo Costella; *Scuola di mafia* by Alessandro Pondi, with Nino Frassica, Paola Minaccioni and Paolo Calabresi; *Freaks Out* by Gabriele Mainetti; *Io sono Babbo Natale*, a Christmas family film directed by Edoardo Galea with Marco Giallini and Gigi Proietti in his latest performance; Gianluca Iodice's debut *Il cattivo poeta*, about the last months of Gabriele D'Annunzio's life; the Manetti Bros' new project *Diabolik*, inspired by the famous comic book hero; *Il venditore di donne*, a noir set in Milan, directed by Fabio Resinaro and based on a novel by Giorgio Faletti; *La terra dei figli* by Claudio Cupellini, based on a graphic novel by Gipi; *Fortuna* by Nicolangelo Gelormini with Valeria Golino, the first film made with the support of Save The Children.

Films in preparation or in the process of being filmed include: *Diario di spezie*, the directing debut of writer Massimo Donati; *La ragazza ha volato* by Wilma Labate, from a screenplay by the D'Innocenzo brothers; *Delta* by Michele Vannucci, a Po Valley noir starring Alessandro Borghi and Luigi Lo Cascio; *Pompeii - Antica Domina di via dell'Abbondanza* by Giuseppe Gaudino, a tale spanning ages and passions; *La befana vien di notte 2 - Le origini*, with Monica Bellucci, the prequel to *La befana vien di notte*; *I fratelli De Filippo* by Sergio Rubini; *La donna per me*, Marco Martani's second feature; *A Chiara* by Jonas Carpignano; *Mamma qui comando io* by Federico Moccia; *Re Granchio*, the first feature by Alessio Rigo de Righi and Matteo Zoppis.

Developments observed over the course of the year included *Greta e l'isola di plastica*, an environmental family film inspired by the Greta

1. *Les misérables*
2. *Gifted - il dono del talento*



Thunberg movement; Anne Riitta Ciccone's *Gli immortali*; *Ritornerà sul mare la dolcezza*, the fiction debut of documentary filmmaker Barbara Cupisti; *Il cielo può attendere*, a choral comedy written by Margherita Buy; *Audrey La Mer* by Sebastiano Riso; *Il signore delle formiche* by Gianni Amelio, inspired by the compassionate and judicial story of Aldo Braibanti; *Di più non basta mai* by Pappi Corsicato; *La corda* by Alberto Fasulo; *La chimera*, Alice Rohrwacher's fourth film; *Princess* by Roberto De Paolis, a snapshot of Nigerian prostitution in Italy; *Stranizza d'amuri* by Giuseppe Fiorello, Carlo Salsa and Andrea Cedrola; *Underdogs* by Fausto Brizzi, a family adventure film; *Superluna* by Federico Bondi.

Documentary production

As far as reality and documentary cinema was concerned, Rai Cinema launched 28 projects that reflected both its editorial lines and its mission to support independent producers and authors. The various projects notably involved directors such as Erik Gandini, Keti Stamo, Francesco Montagner, Elisa Fuksas, Martina Moor, Maria Tilli, Fabio Cavalli, Manlio Castagna, Giovanna Taviani and Laura Viezzoli, while those authors already familiar to the Italian documentary scene included Pietro Marcello, Jacopo Quadri, Giorgio Verdelli, Andrea Segre and Giovanni Cioni.

Also of note were Gabriele Salvatores with his documentary *Viaggio in Italia*, a journey from the north to the south of Italy in this new pandemic era, as seen through the eyes of those who experienced it, and Pietro Marcello, Alice Rohrwacher and Francesco Munzi with a project looking at the new generations, travelling far and wide around an Italy characterised by various specific local connotations.

The year's award-winners included *Selfie* by Agostino Ferrente, which won the David di Donatello for Best Documentary and the Nastro d'Argento for Best Documentary in the Cinema del Reale category, *Normal* by Adele Tulli, which took the Nastro d'Argento Menzione Speciale Doc, and *Il Varco* by Michele Manzolini and Federico Ferrone, winning Best Editing at the EFAs.

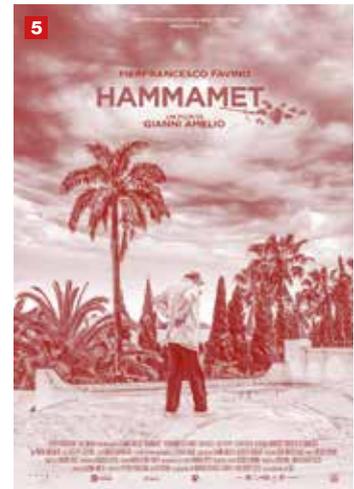
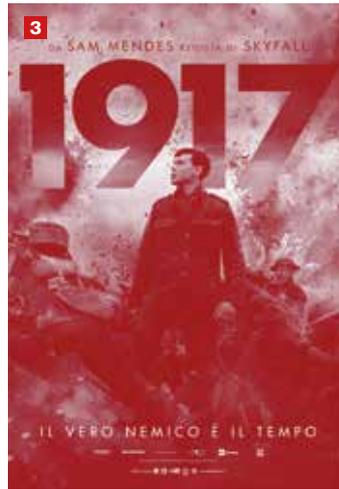
Gianfranco Rosi's *Notturmo* had its world premiere at the Venice Film Festival and, despite the tragedy that was unfolding, was selected at the world's leading festivals (the Toronto International Film Festival, the New York Film Festival, the BFI London Film Festival, the Busan International Film Festival and the Tokyo International Film Festival, to name but a few) and sold in over 20 countries. It was also chosen by Anica members to represent Italy at the 93rd edition of the Oscars in the selection for the Best International Film category, but was short-listed in the Best Documentary category.

Festivals

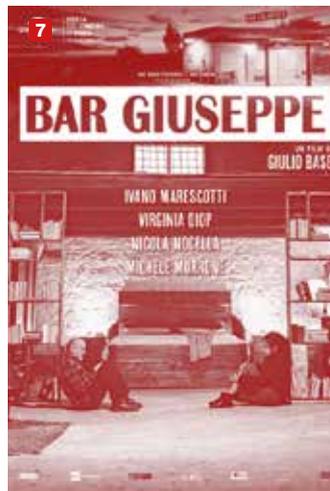
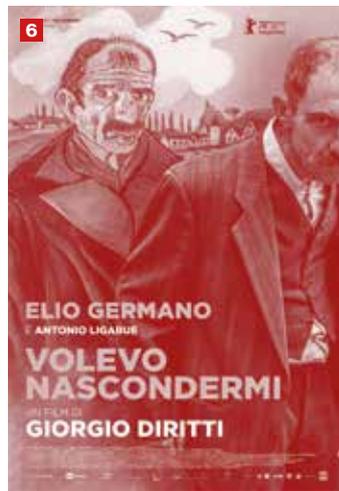
2020 began with two prestigious awards at the Berlinale (20 February-1 March), including the Silver Bear for Best Actor, which went to Elio Germano for his portrayal of the artist Antonio Ligabue in *Volevo nascondermi* by Giorgio Diritti, and the Silver Bear for Best Script, which went to Damiano and Fabio D'Innocenzo for *Favolacce*, which they also directed. The state of emergency linked to the spread of Covid-19 also had an impact on the organisation of subsequent events, including the cancellation of the Cannes Film Festival, scheduled to take place from 12 to 23 May.

Rai Cinema also presented 19 titles at the Venice Film Festival (2-12 September), 3 of them - *Notturmo* by Gianfranco Rosi, *Miss Marx* by Susanna

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



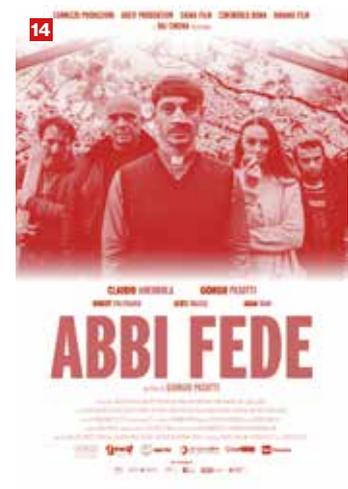
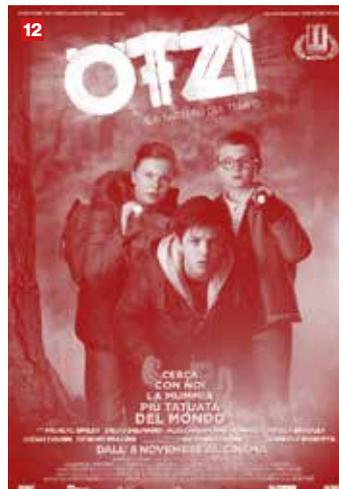
- 6. Volevo nascondermi
- 7. Bar Giuseppe
- 8. Dafne



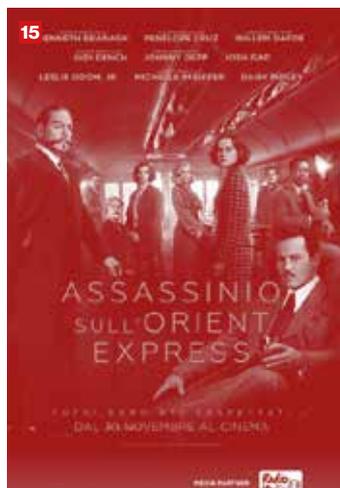
- 9. Un giorno all'improvviso
- 10. Lontano lontano
- 11. Magari



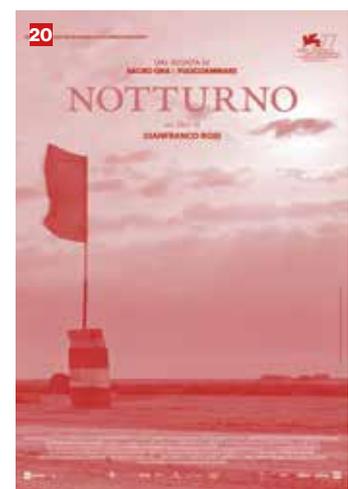
12. *Otzi e il mistero del tempo*
13. *La rivincita*
14. *Abbi fede*



15. *Assassinio sull'Orient Express*
16. *Finalmente sposi*
17. *Il Sindaco del Rione Sanità*



18. *La fuitina sbagliata*
19. *Ricchi di fantasia*
20. *Notturmo*



Nicchiarelli and *Le sorelle Macaluso* by Emma Dante - in competition.

The three films in competition in the Orizzonti section were Pietro Castellitto's directorial debut *I predatori*, which took the award for Best Screenplay, *Nowhere Special* by Uberto Pasolini, and documentary *Guerra e pace* by Massimo D'Anolfi and Martina Parenti.

Rai Cinema also won 20 David di Donatello awards at a ceremony held without a live audience, with no fewer than six going 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*).

In the final part of the year, Rai Cinema attended the Rome Film Festival and Alice nella Città with 18 titles and the Turin Film Festival, held entirely online, with 8 titles.

Last but not least, Rai Cinema picked up four awards at the EFA 2020 for *Volevo nascondermi*, winning Best Cinematography and Best Costumes, Federico Ferrone and Michele Manzolini's *Il varco*, which won

Best Editing, and Carlo Sironi's *Sole*, taking the Prix Fipresci - European Discovery price.

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 *1917* (€6.6 million in tickets), *Hammamet* (€5.7 million), *Gli anni più belli* (€5.6 million) and *Volevo nascondermi* (€800,000) through O1 Distribution. *After 2* (€4.2 million) and *Il giorno sbagliato* (€1.3 million) were released in September, before cinemas closed for the second time.

Despite the pandemic, Rai Cinema and O1 Distribution wanted to honour the traditional summer event usually held in Riccione, and consequently made a virtual presentation of its list for 2020–2021, seen by about 1,500 people, in late June.

In 2020, O1 Distribution's market share for receipts was over 17%, with total box office takings of €31.6 million, third place in the distributors' ranking.

With regard to home video, distribution was entrusted to Eagle Pictures S.p.A. as of 1 January 2020. The lockdown undoubtedly affected product distribution, despite the presence of some particularly major and attractive titles, and the closure of cinemas meant that highly appealing new films were inaccessible.

Rai Cinema's market share stood at 4.5% - down on 2019 (4.8%), with a breakdown in revenue between new releases and library products of 34% and 66% respectively.

The best performance levels were achieved by *1917* (€212,000 in revenue), *Cena con delitto* (€125,000) and *Pinocchio* (€116,000).

Commercial agreements

The emergency situation brought about by the pandemic, with cinemas closing for most of the year, interrupted the chain of rights managed by Rai Cinema (both directly and in collaboration with Rai Com) at the source where current titles were concerned, and especially those regulated by escalators based on cinema admissions or percentages of cinema takings.

The lack of cinema releases of the titles in the O1 list in the first half of 2020 led to the pay window being postponed from 2020 to 2021. Rai Cinema renegotiated the *license fees* for some titles with strong potential on an *ad hoc* basis, while other titles were distributed directly in pay or AVod modes on RaiPlay.

Eight films in particular were made available to RaiPlay, namely *Magari*, the debut film by Ginevra Elkann, with Riccardo Scamarcio and Alba Rohrwacher; *Bar Giuseppe* by Giulio Base; *Abbi Fede*, the second film by Giorgio Pasotti with Claudio Amendola; *La rivincita*, the first film by Leo Muscato, all original, *Lontano lontano*, directed by and starring Gianni Di Gregorio alongside Giorgio Colangeli and Ennio Fantastichini, the story of three old men set on changing their lives; *Un giorno all'improvviso* by Ciro D'Emilio with Anna Foglietta; *Otzi e il mistero del tempo* by Gabriele Pignotta, a family film starring three young boys; and *Dafne* by Federico Bondi, the story of a girl with Down Syndrome, which achieved brilliant results in terms of views.

The small number of releases in 2020 also negatively impacted revenues from TVoD sales and agreements with Trenitalia and Alitalia, while significant second pay and library agreements were signed with Netflix, Amazon and TIM, along with newsstand and free TV library sales to special-interest and local broadcasters.

Digital activities

Rai Cinema reinforced its commitment to its online offering with the usual support of the Rai Cinema Channel in promoting all films produced and co-produced by Rai Cinema and across 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 VR* 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, a new transmedia project entitled *Revenge Room* was presented at the Venice Film Festival.

Among the most significant new developments in 2020 was the unique partnership agreement between Rai Cinema and PlayStation and the collaboration with RUFA - Rome University of Fine Arts - in the field of experimentation and open innovation.

We should also 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 was presented at the Venice International Film Festival, at a panel dedicated to the Italian pavilion. Last but not least, and remaining on the subject of VR, it is also worth mentioning the organisation of and participation in the panel on VR at the Politecnico di Torino as part of the Biennale di Tecnologica, and the workshop on VR at Bocconi in collaboration with StartUp Italia.

Teche

Again, over the course of 2020, initiatives continued aimed at reinforcing the brand as a point of reference of Public Service for 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 that took place online in Italy and abroad.

Among our most significant collaborations were those with various schools and universities in Italy and abroad, including New York University, the University of Bologna, Bocconi University, Ca' Foscari University, La Sapienza University and the University of Trento and Trieste.

There were also Italian embassies and Cultural Institutes, including the Italian Cultural Institute of Sydney, the Embassy of the United Kingdom, the Embassy of the Netherlands, the Italian Cultural Institute of Berlin, the Italian Cultural Institute of Paris, the Italian Cultural Institute of Moscow and the Italian Cultural Institute of New Delhi.

Other bodies we worked with included the Prime Minister's Office, the Senate of the Republic, the Civil Protection Service, the Municipality of Rome, the DIA, the Piedmont Region, the Sicily Region, the Ministry of the Interior, the State Police, the Cineteca di Bologna, the Ministry of Justice, the Carabinieri Corps, the Ministry of Cultural Heritage

and Activities, the Ministry of Foreign Affairs and UNESCO.

Again with a view to enabling cultural initiatives to continue, albeit remotely, materials from the company's archives that were useful for interactive exhibitions and various festivals and public activities organised by various municipalities, associations and foundations were also made available. These included the Romaeuropa Festival, the municipal council of Rimini for the Fellini Museum, the Futura Network for ASVIS, the Trentino History Museum, various initiatives by the Istituto Luce Cinecittà (the Fellini Masterclass and Biennale), the Ebraica Festival, GNAM Rome, the Palazzo Ducale in Genova, the MIT in Boston, the MAXXI in Rome, the UCEI and the CGIL.

Furthermore, the station contributed materials from the company's archives to some 30 festivals and public activities organised by various associations and foundations.

Rai Teche also continued and indeed stepped up its important efforts to promote and exploit the archive's historical titles in 2020 by 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 (MMC), which brought available product hours to over 2.3 million for TV and 2.1 million for radio. There are over 100 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.

Negotiations were concluded and agreements formalised with collecting societies including the AFI (TV-radio license for the 2018-2019 two-year period), the SCF (2018-2022 radio license, 2018 TV license extension and 2020 down payment agreement), the LEA (2020 down payment agreement), Artisti 7607 (2019-2020 down payment agreement) and Nuovo IMAIE (2019-2020 down payment agreement); negotiations were concluded and licensing agreements with the LEA for 2020-2021 are being finalised. Negotiations with Itsright and RASI regarding the payment of 'fair compensation' continued.

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

Rai Radio followed a number of strategic guidelines in its efforts to maximise the cross-media offering of its various channels, guiding the technological evolution of production systems, implementing multi-platform linear and non-linear distribution systems and representing a cutting-edge production facility belonging to the Rai media company, as well as coordinating the editorial and commercial programming of 12 channels broadcast on FM, Dab+, Sat, web and app platforms. The most challenging technological and infrastructural investments included the digital terrestrial network (Dab+), audio-video production facilities (*visual radio*), web and social media, and the integration and development of the RaiPlay Radio online platform - with an evolutionary project focusing on the *audio on demand* offering - and of the Radioplayer Italia app.

The editorial profile of general interest stations is organised into genre shares identified by the Service Agreement: News, Information, Culture, Society, Music, Service and Public Utility.

Rai Radio1. News and information exceed 55% of the broadcast hours; this is followed by 24% music, concentrated in the late evening time slot and society with 16%. The minimum quota stated in the Service Agreement (total 70%) was by far adhered to.

Rai Radio2. The main genres are music (43%) and society (11.5%), while the share of other genres (e.g. variety and entertainment) total 39% overall. There is no total minimum share.

Rai Radio3. The prevalence of music (55.5%) and culture (25.5%), followed by news and information (13%) describes a station that fully guarantees the 90% required by the Service Agreement.

The public utility genre included the traffic and

weather news - a continuity service that offered a great deal of added value, especially in terms of the mobile population, which is becoming a key factor in the Isoradio offering.

The significant proportion of local broadcast programming on Rai Radio1 reinforced the position of radio in terms of local and community news, with information (three daily editions of the TgR Giornale Radio Regionale regional news programme) and affiliated programmes broadcast in special-statute regions and autonomous provinces to safeguard linguistic minorities in the Valle d'Aosta and Trentino-Alto Adige, the Provinces of Trento and Bolzano in Friuli-Venezia Giulia, Sardinia and Sicily.

Rai Radio is continuously implementing awareness and fundraising campaigns, promoting and engaging the public in social issues and third-sector activities. A total of 43 fundraising campaigns were planned in 2020, along with 32 awareness campaigns, 3 social communication campaigns (Rai per il Sociale, Pubblicità Progresso and Agenzie Sovranazionali) and 92 institutional campaigns on behalf of the Presidency of the Council of Ministers (amounting to a total of 6,837 appearances).

The third sector, the *Garante dei detenuti* prisoners' ombudsman, the AsviS Italian alliance for sustainable development and all those associations and projects involved in the social, training and voluntary sectors were also given special coverage. These included, for 2020, the e-learning and technology 4.0 projects implemented by the University of Naples Federico II, the Banca del tempo, the Progetto Posso.it project and the Rai Radio3 Scuola and Diario Kids mini-sites.

The TV audio description service for the blind, meanwhile, was available on Rai Radio1 in medium

wave. This means that the most important TV drama and comedy shows and series have become accessible to those with sensory disabilities. A total of 637 hours was broadcast in 2020.

In terms of ratings, Rai Radio is growing, reaching third place in the ranking of large radio groups, behind Mediaset and Gedi. The most salient of the TER data for the second half of 2020 (annual data is not available due to the suspension of surveys in the first half of the year) was the growth of Rai channels in terms of overall share, which stood at 11.29% (+0.4 percentage points compared to the second half of 2019), with Rai Radio1 obtaining a 4.7% share, Rai Radio2 3.73% and Rai Radio3 2.1%.

Special events

La Radio per l'Italia. 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, 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. The Radioplayer Italia app, the new platform shared by 140 Italian broadcasters providing exclusive access to *live streaming* and *on-demand* content, free of charge and without registration, was launched on 28 April. The decision to launch during the first lockdown emphasised the social importance of radio in the digital age and proved an instant success (100,000 downloads in 100 days). This European project is already active in 14 EU countries, with major development plans in the

automotive sector and for mobile and home devices.

Guarda che Radio. 28 September saw the debut of *Radio2 Visual*, the video version of Rai Radio2 on RaiPlay, bringing us 24 hours of live broadcasting from the Via Asiago and Corso Sempione studios in Milan. This unprecedented cross-media offering from a radio schedule was an instant success, with an average of 50,000 hours of viewing per week and an average stay of around 40 minutes.

La Radio in cattedra. The *Master Content Creation* organised on 3 December by the 24 Ore Business School gave Rai Radio a lesson in the phenomenon of radio aggregators and the response of *broadcasters*.

La Vigilia con la Radio. Rai Radio contributed to the lunch provided by the Comunità di Sant'Egidio for the homeless of Rome at the city's Termini station on 24 December.

EUYO, Ciao Ferrara! An online talk moderated by two Italian musicians from the European Youth Orchestra to welcome the host city of the Orchestra, which Rai Radio has always supported. Facebook live on Rai Radio3 Classica and RaiPlay Radio (12,000 views).

Generalist stations

Rai Radio1

Throughout 2020, which was scarred by the 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, including overnight, with five main editions.

The health emergency largely dominated all programming. Rai Radio 1 told it in a timely manner 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 political news (*Radio anch'io* in prime-time, *Zapping* in drive-time and *Tra poco in edicola* at night) and economic news (*Sportello Italia* and *Gr1 Focus Economia*), to news topics, employment and the world of work, respect for human rights to the fight against crime and gender violence (*Moka*, *Che giorno è*, *Radio1 In Vivavoce*, *Italia sotto inchiesta*, *Il Mix delle 5*, *Numeri Primi* and *Mangiafuoco sono io*).

Then, of course, there was intelligent satire (*Forrest* and *Un giorno da pecora*), the environment (*Green zone*, *L'aria che respiri*, *Gr1 Focus Economia* and *In Vivavoce*) and social issues (*Che giorno è* and *Formato famiglia*).

Alongside entertainment, information was another strong feature of the summer schedule, with *L'Italia in diretta* in the morning, in the afternoon *Onda su onda* and *La radio in comune* and at the weekend *Radio 1 musica - L'estate in diretta*.

In the first part of the year, attention focused on the health emergency, first in China and then in Italy. Ample airtime was also given to the country's political situation at both the national and local levels, with the regional elections in Emilia-Romagna and Calabria, the referendum to cut parliamentarians and

the government crisis. All major international events, such as the US presidential electoral campaign and elections, were followed with correspondents and live coverage. A great deal of coverage was given to anniversaries, too, with dedicated programmes covering *Giorno della Memoria* commemorating the Shoah (27 January), the *Giorno del ricordo* in memory of the victims of the Foibe massacres (10 February), 25 April, *the commemoration of the 40th anniversary of the Ustica massacre* (27 June) and the *Bologna massacre* (2 August), *the Day of Remembrance for mafia victims* (21 March), the *Day of Remembrance for victims of terrorism* (9 May) and the *International Day for the Elimination of Violence against Women* (25 November).

All programmes have also confirmed their commitment to always supporting and listening to the campaigns promoted by the Rai social secretariat.

New for 2020 were the relays following certain events particularly closely with *#staffettaRadio1*, involving radio programmes and news broadcasts throughout the day, as was the case with the Perugia-Assisi peace march. Another new development were the value campaigns on issues of primary interest, such as *No women no panel - Senza donne non se ne parla*, created within the European Commission and relaunched by the leading Radio Rai channel to promote fair gender representation at conferences, on committees, at public events and in radio and television debates, as well as being publicly commended by President of the Republic Sergio Mattarella.

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. All aspects of sport were covered through highly successful programmes such as the long-standing *Tutto il calcio minuto per minuto*, which turned 60 at the beginning of 2020 and was celebrated with a special evening on 10 January, and other programmes such as *Zona Cesarini*, *Extratime*, *Sabato* and *Domenica Sport*. The health emergency meant that it was not possible to cover many of the events the channel had committed to covering, such as the European Football Championship and the Tokyo Olympics, which were postponed. Other events, such as the Giro d'Italia, were followed as they resumed.

The Rai Radio 1 schedule also included features dealing with a wide range of themes such as health (*Formato Famiglia-Life*), technology and innovation (*Eta Beta*), the sea (*Radio di bordo*), insights into foreign countries (*Inviato speciale*, *Voci dal mondo* and *Caffè Europa*), travel and tourism (*I viaggi di Radio1*), school (*Tutti in classe*), agricultural and the environment (*Green zone* and *L'aria che respiri*), art (*Te la do io l'arte*), motors (*Top car*), culture and entertainment (*In prima fila*, *Plot machine*, *Incontri d'autore* and *Mary pop live*), stories (*Il pescatore di perle*, *Numeri primi*, *Le Storie di Radio1* and *Vittoria*) and religion (*Ascolta si fa sera*, *Babele*, *Culto evangelico*, *In viaggio con Francesco* and *La finestra su San Pietro*).

Music played and plays a fundamental role in information programmes and was given space at various times of day (*Il Jazzista imperfetto*, *Stereonotte*, *Radio1 In viva voce*, *Disco sveglia*, *Radio1 music club* and *Sette su Sette*, in addition to the programmes of the previous schedule *Supernova* and *Radio1 Night club*).

2020 media partnerships included *Musicultura*, *the Casa museo di Alberto Sordi*, the *Rome MED - Mediterranean Dialogues* conference, the *Premio Morrione*, *DIGITALmeet 2020*, the *Turin Film Festival*, the *CDP Open Days*, *Il mondo dopo la fine del mondo*, *Anmil*, the *Diversity Media Awards*, *Lucca Comics*, the *Italian Pavilion at Expo 2020 Dubai*, *Sustainability Day*, *How can we govern Europe?* and *Maker Faire*.

Rai Radio1 also reinforced its presence and commitment on social networks. Its social presence was notably strengthened with the main editions of radio news programmes, ad hoc videos and interviews, Photoshop edits and graphics, 360° news and information, moment by moment, keeping audiences informed of the main events during the day, with both the broadcasts and their respective guests promoting the most important moments aired and fuelling interaction with the listeners. Furthermore, Rai Radio1 followed any exceptional or unforeseen events on social networks by means of live Tweeting, a tool that is also used daily for certain programmes on the schedule such as *Radio anch'io*. The editorial offering was also improved this year with podcasts bringing listeners original content on Rai Radio1's podcast page, which is being expanded and updated daily.

Rai Radio2

In the year of the pandemic, Rai Radio2 strengthened its role as a public service, maintaining constant contact with its loyal listeners, reshaping its specially designed programming and launching the experimental visual radio offering.

The radio, which is by nature a background to everyday life, was able, despite a difficult 2020, to strengthen its bond with its audience, 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 increasingly important and popular channel of contact and exchange among the channel's audiences. By any means at its disposal and using various ways of working, Rai Radio2 continued to offer more and more company, entertainment, timely updates on current affairs and music.

On 28 September 2020 Rai Radio2 also introduced its visual radio offering, with cameras running in all studios allowing viewers to also follow a video feed of radio programmes on RaiPlay. This was an ambitious goal, and one that was achieved in a very critical year, with an editorial offering that went beyond the rules of television as we know it to bring audiences even closer to their favourites through the unchanging appeal of the audio stream. Rai Radio2 therefore addressed the digital native audience and brought the product to native video platforms - a winning choice, as demonstrated by the constant growth in viewers.

Press review *Caterpillar AM*, *Il Ruggito del Coniglio*, which celebrated its quarter-century in October, and *Radio2 Social Club* returned at dawn, before later moving on to *Non è un Paese per Giovani*, via *La Versione delle Due* and the humour of *Numeri Uni*, followed by the afternoon version of *Caterpillar*, *Decanter* and eventually musical insights from

Back2Back and *Rock and Roll Circus*, all fronted by presenters with the ability to disseminate information in a simple and authoritative way and responding to the many doubts that the situation fuelled.

Lodo Guenzi with *Lo Stato Sociale* and Marisa Laurito livened up the weekend offering in the first half of the year, with other established figures such as Pino Insegno, Diletta Parlangeli, Francesco De Carlo and DJ Osso following in the autumn, not to mention cult programmes such as *Blackout* and *Lillo e Greg 610*, providing entertainment and good humour.

The nighttime slot was one of the busiest, with *I Lunatici* getting closer than ever to those working at night during the emergency.

Beginning in June, Rai Radio2 took to the stage at Via Asiago's Sala B for the first time since the outbreak of the pandemic to bring us *Back2Back Speciale Let's Play!* - 8 episodes telling the story of Italian music through performances by leading artists. Rai Radio2 continued to offer exclusively live performances, even in August, with summer versions of top programmes (such as *Caterpillar AM* and *Non è un Paese per Giovani*), former newcomers (*Prendila Così* and *Tutti Nudi*) and new features (*Notti d'Estate* and *Tre per 2*), as well as lots of music, which really took centre stage after 10pm.

The new features of the year included *Chiamate Mara 3131*, the historic phone-in radio show with Mara Venier taking calls from listeners; *Viva Sanremo* and *Grazie dei Fiori*, celebrating the 70th anniversary of the Festival with a journey through the Italian music scene of yesterday and the present day; *Campioni del Mondo*, reporting on sporting events on Rai Radio2; *Milledonne e un Uomo*, exploring the world of women; and *Esordi*, the first non-competitive radio talent show, showcasing young singers who would be the voices of tomorrow.

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

As the official radio station of the *Giro d'Italia*, Rai Radio2 followed this major event on social networks in a timely and careful manner through backstage coverage, live broadcasts and live stories at all stages.

As always, there was great concern for sustainability. March 2020 saw the 16th edition of *M'illumino di meno*, the Energy Saving Day launched and supported by *Caterpillar*, which for years has represented 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 involved the main Italian and European cultural attractions, as a symbolic gesture of energy saving.

The year's special initiatives included the *Radio2 Days* dedicated to great artists of the Italian music scene, and live broadcasts from the Via Asiago studios that were also available to stream on RaiPlay with Brunori Sas, Gigi D'Alessio, Fulminacci, Piero Pelù, Bugo, Francesco Gabbani, Morgan, Ermal Meta, Le Vibrazioni, Irene Grandi, L'Orchestraccia with Claudia Gerini and Diodato.

In December, there was a special live broadcast from Sala A on Via Asiago with Claudio Baglioni, who presented his latest musical project *In questa storia che è la mia*.

Plenty of editorial synergies were exploited in collaboration with TV programming, with Rai 1, *Musica che unisce*, *One World: Together at Home* with Rai 1; *Seat Music Awards*, *AmaSanremo*, *Sanremo*

Giovani; with Rai 2, the *Castrocaro Festival 2020*; with Rai 3, *Il Concerto del Primo Maggio (The May Day Concert)*; and with Rai 4, *Europe Shine a Light*.

Rai Radio2 also took part in *La Radio per l'Italia*. 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. An extraordinary and unique initiative to boost the country's spirits at an unexpected time of global emergency.

After this successful experiment, a second project was born, to aggregate 16 other national radios to Rai Radio 2 into a unique musical format, *I Love My Radio*, designed to relive and celebrate 45 years (1975 to 2019) of public and private radio history with 45 Italian songs. Listeners were invited to vote online to determine the most popular song.

The offering on social networks was also extremely rich, with Rai Radio 2 stepping up work on its Facebook profile and enriching 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. This was how Rai Radio2 came to be the most watched and clicked radio station in 2020, ranking first in terms of the total number of interactions (6.56 million), with 300,000 new fans.

The network was extremely active on Telegram, the first radio station to launch a channel on the instant messaging app, where it made its debut in March, in the middle of the lockdown, and also performed very well on Instagram, where it grew by 46.8% in terms of number of interactions.

Rai Radio3

Throughout 2020, Rai Radio3 devoted particular attention to the major themes of the cultural and civil debate and consolidated the breadth and quality of its musical offerings. The 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.

Maintaining consistently close ties with its listeners and the cultural sphere, Rai Radio3 kept the sense of community alive and documented the consequences that the health emergency had on our country's social and artistic landscape. As of January 2020, morning programmes *Radio3 Mondo* and *Radio3 Scienza* became a source of information and scientific dissemination thanks to the participation of scientists and virologists and the publication of podcasts such as *Le cinque risposte di Ilaria Capua sul nuovo Coronavirus* Roberto Burioni's *I cinque consigli*.

Tutta la città ne parla, the daily debate show on democracy and rights, hosted various representatives from the worlds of politics, economics and culture as the contagion took hold. Daily fixture *Fahrenheit* brought us insights into the world of schooling and distance learning, providing a link between teachers and teaching experiences and offering various readings and talks from cultural and philosophical festivals that were experimenting with new methods during the emergency.

On the Rai Radio3 website, meanwhile, the *DizionaVirus* feature provided a short glossary of epidemic-related terms to help users to understand

the situation at the time and participate in an informed way in public discussion on the new Coronavirus.

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. Furthermore, Rai Radio 3 offers continuous in-depth analysis through *Wikimusic* and the extremely popular *Lezioni di Musica*.

Programming 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*. With a temporary, partial but explicit distancing from contemporaneity and without in any way wanting to take away from the events, the invitation to guests and listeners was to think about beauty (using the *#pensareallabellezza* hashtag) and also to re-evaluate the right to escape, without ignoring or forgetting anything. One emotionally very powerful event took place on Easter night, when Rai Radio3, like dozens of other radio stations across Europe, brought us an unprecedented musical treat in the form of *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*.

The channel'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, Rai Radio3 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. *Le Belle storie. Donne e uomini nella Resistenza* aired 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 precautionary distances, the online versions of the Turin Book Fair and many other cultural festivals were presented by means of links and live streaming.

In order to support the worlds of cinema and theatre following their closure, Rai Radio3 responded to requests from members of civil society and the political sphere, giving further impetus to its cultural vocation and expanding its normal programming with new performances and theatre events. These included a Nicola Maranesi production starring Graziano Piazza and a live concert, broadcast live from Sala M on Rome's Via Asiago, featuring jazz musician Antonello Salis.

As for music, the schedule was enriched with a whole host of events, including concerts from the prestigious EBU circuit and the Rai Symphony Orchestra. These included one on 8 November, for voice and piano, by Nick Cave and one on 8 December, in conjunction with the BBC, by Max Richter. Furthermore, *the Quirinale concerts*

resumed, live in both audio and video, in October.

Notably highlights of the theatre programme included the final evening of Bookcity in Milan, with the *La radio tra le righe* project with Nicola Pedone and Elio de Capitani, looking at literary contexts in which radio features; *Barbablù* with Veronica Cruciani and Tommaso Ragno, marking the International Day for the Elimination of Violence against Women; and *Ecfraasi della finestra*, an original radio drama by Silvia Costa and Umberto Sebastiano and voiced by the authors themselves.

On 23 November, *Labanof. Corpi senza nome*, the first original podcast produced entirely by Rai Radio3 and winner of the Prix Italia 2020, was released, consisting of five episodes on Labanof, the Laboratory of Forensic Anthropology and Odontology at the University of Milan, and offering an insight into the work of those who study bodies and bones on a daily basis in search of traces of an ancient and more recent past that is yet to be unearthed.

Rai Radio3's commitment to supporting the worlds of theatre, cinema and music transformed and dominated the channel's schedule during the Christmas period with the *3 volte Natale* initiative. Beginning with a brand-new advent calendar entitled *Cara Radio3. Lettere per un Natale inconsueto*, aired between 8 and 25 December, representatives of the worlds of culture, art and civil society wrote eighteen letters to Rai Radio3 and its listeners featuring thoughts, reflections and wishes they wanted to share during the strange and unprecedented 2020 festive period. A version of *Canto di Natale* (A Christmas Carol) was broadcast on 25 December, featuring various types of spoken and audio contributions, music, theatre, poetry, storytelling, film clips and more to share the unprecedented intensity of a unique day experienced as never before.

Special-interest channels

Isoradio

Isoradio is the channel dedicated entirely to traffic and weather that is always broadcast live through flow programming, every day and every night.

The Covid-19 emergency, which was particularly strongly felt in spring 2020, inevitably had repercussions on the channel's production methods and editorial offering, which in turn led to the need to remodel the channel's operations given the significant reduction in traffic and mobility. Isoradio therefore strengthened the local information offering, providing all the news on the various ways of managing mobility, both urban and extra-urban, in the regions, provinces, large and small municipalities, and reporting on the many measures gradually adopted by local institutions, with live interviews with and insights from representatives of the police, local authorities, the Civil Protection Service and the traffic police.

From the summer period onwards, Isoradio returned in full to its usual format, including its various features. 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 forum 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 for 2020 was the *Siriparte* programme, a journey across the country telling the stories of people who had decided to get back in the game.

Gr Parlamento

Five parliament news on a daily basis, an extensive press review daily and insight sections make up the news offer of Gr Parlamento, the institutional channel of Radio Rai which deals mainly with the parliamentary activities of the Senate of the Italian Republic and the Chamber of Deputies and describes Italian society through institutional events: political current affairs, as well as the economy, environment, labour, respect for human rights, the fight against crime and corruption, and social issues. Here too the Covid-19 emergency was the main topic in 2020.

This offering was complemented by theme evenings dedicated to key political figures such as Nilde Iotti and Ursula Hirshman.

Specialised digital stations

Rai Radio1 Sport

Radio1 Sport is the digital channel available on RaiPlay Radio on the app, the Internet, DAB+, satellite and digital terrestrial, dedicated to the Radio Rai sports offering and inaugurated for the Russia 2018 soccer world cup.

On air every day from 11am to 7pm with in-depth and analysis, its schedule comprises various

fixed appointments such as *Palla al centro, Il caffè di Radio1 Sport, Tempi supplementari* and long-standing episodes of *Tutto il calcio minuto per minuto, Extratime* and *Numeri primi*.

Rai Radio2 Indie

Rai Radio2 Indie is the digital channel dedicated entirely to the new independent rock and alternative music scene, as well as Italian pop. Created in 2018, it offers a refined and unique playlist of Italian and international songs, with live performances by emerging artists and music programmes by key figures. An original offering dedicated to the most innovative music and the most exclusive live events, for uninterrupted listening.

Rai Radio3 Classica

Rai Radio3 Classica structured its programming around pieces relating to all noteworthy civil and religious anniversaries through music, reflecting the authenticity of the present and confirming the role that music plays as a vector of lasting presence in the continuity of time.

The channel's schedule is broken down into proposals that create a musical fabric of cultural experiences, leisure, sound journeys, background and entertainment, encouraging a sense of curiosity and offering carefully selected and unprecedented sound combinations linked by similarities and differences, affinities and contrasts, juxtapositions and relationships, expressed not verbally but through sound, and compositional and interpretative styles.

Monographic offerings celebrated anniversaries and eminent historical and cultural figures including Raffaello Sanzio, Ennio Morricone, Ludwig van

Beethoven, the 75th Anniversary of the Liberation with pieces by Italian composers and performers, personal accounts of the creative and interpretative vitality of our culture and the essential freedom of expression so vital to human life. The entire programme was built around pieces by European composers to coincide with the European Music Festival.

Performances by young students of various conservatories and the resumption of concerts also got plenty of airtime, including the first world radio performance 14th-century Provençal mystery Aines, the Euyo's European Music Gallery Festival 2020 and the Bolzano Festival Bozen.

Also of note were media partnerships linked to events being held in the country, such as the Alessandro Stradella Baroque Festival in Viterbo and Nepi, the Capri Opera Festival, Bach e l'Italia in Turin, and Amici della Musica in Ancona.

Rai Radio Kids

Rai Radio Kids is a source of entertainment, music and education for children.

In 2020, *Diario Kids* was launched, a 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. The format, featuring puppets Lallo, Lella, Dj and Krud and various witches and fairies from fairytales, proved a great success, which is why it was kept on the programme for the whole year, with 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, of course, there was *DJ* who continued his mission to get children and their parents dancing together with the weekend's *Pyjama*

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

Many events were covered as media partners in compliance with the distancing rules, while October brought us a live performance complete with audience in Omegna, the birthplace of Gianni Rodari. Radio Kids also helped promote the launch on the Rai channels of the new *Topo Gigio* cartoon which, via its voiceover artist, was a guest on the channel for four episodes.

The channel's first English-language programme was launched in December, hosted by Mrs. Spelling, who was already familiar to young children thanks to her programme on Rai Yoyo.

Last but not least, the Radio Kids area at the Explora children's museum in Rome was completed in a way that meant it could also be enjoyed by hearing-impaired children, and we are currently waiting for the museum to reopen fully in order to officially launch it.

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, visual arts, new forms of creativity, contemporary artistic languages and digital technologies all featured in *Non solo performing arts*, all thanks to media partnerships that all played an important role in promoting physical events that went online in 2020, not to mention performances, DJ sets, videos, and pop and urban culture.

Rai Radio Techete'

The history of Italian radio is entrusted to 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 anniversaries with archive material, while *I Grandi Personaggi* recalls the voices and stories that made radio great. Audio materials from the archives were used in 2020 to remember many artists who have died, from Franca Valeri to Sergio Zavoli, Ennio Morricone to Philippe Daverio. Then there were *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*, 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.

The radio station brought us a series of events and concerts from throughout the country in 2020, from Aosta to Lamezia Terme and L'Aquila, all in full compliance with the anti-Covid-19 regulations in force, through its *Una serata Tuttaitaliana* format. All events benefited from wide video coverage on the web and the radio's various social network channels.

RaiPlay and Digital

RAI PRODUCT
DISTRIBUTED
ON ITS OWN
PLATFORMS



2.7 BILLION
VIEWS ACROSS ALL
RAI PLATFORMS



1.17%
MILLION
UNIQUE
BROWSERS ON
RAIPLAY

1.53
MILLION
UNIQUE BROWS-
ERS ON RAIPLAY
RADIO

2020 was a crucial year for Rai's digital segment. It had been engaged, since the end of the previous year, in a process of profound transformation of its editorial offering and its market positioning with the new version of RaiPlay and the launch of *Viva RaiPlay!*, the new Fiorello show distributed exclusively on the platform.

Even in the first two months of the year, this approach was already further accelerated thanks to the success of the digital offering for the *Sanremo Festival*, characterised, among other things, by *L'Altro Festival*, an original production live and exclusive for RaiPlay that pulled in record numbers both on the platform itself and on syndicated channels, with increases in terms of views of 96% and 65% respectively in relation to 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 called for a number of planned actions in the first half of the year and a considerable review of the editorial and distribution strategy, including access policies for the platform and the structure of the offering itself.

On the access side, during the spring lockdown period, 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.

In the first weeks of March, 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. These two new sections, characterised, just like the others, by a 'vertical' page presenting content aimed at these segments, consisted of content that was mostly already available in the RaiPlay catalogue and selected for its coherence with the

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

The introduction of the *Learning* section, which is part of the broader framework of initiatives implemented in collaboration with the Ministry of Education, was aimed at supporting the efforts of the school system in dealing with the challenges present by distance learning using the extensive RaiPlay catalogue.

At the same time, action was also taken with regard to the platform's original offering in response to the rising number of viewers and consumption of on-demand content thanks to the situation created by the national lockdown. Specifically this work involved creating original formats for the pandemic crisis shaped by the limited production possibilities induced by the situation, including the following: *Tanto non Uscivo lo Stesso*, a light production produced and directed by the group The Jackal and online from 6 April; *Un po' sto a Casa* a spin off of the drama series *Un posto al Sole*; the original drama mini-series *La mia Jungla*, conceived and interpreted by Giovanni Scifoni together with his family to tell the story of the pandemic turning daily life on its head, in little and large ways.

The same area also includes some editorial offerings dedicated to themes of and figures from culture, key to the development of the *Learning* offer, such as: *Scrittori #Fuoriclasse*, dedicated to literature narrated by great Italian writers, and *Beautiful Minds*, in which characters from entertainment and culture recount the experiences that led them to change their habits or points of view on things.

Editorial developments also concerned scripted and drama content, which saw the new and exclusive

1. *Tanto non Uscivo lo Stesso* - The Jackal
2. *Il Sindaco del Rione Sanità*
3. *Beautiful Minds*



publication of certain television products that had not been available for several years, such as the box sets of dramas *Braccialetti Rossi* and *La Mamma Imperfetta*. This also included a decision to bring forward the publication of the documentary trip *Non Voglio Cambiare Pianeta* by Lorenzo Jovanotti, telling the story of the 2,500 miles the singer-songwriter cycled over South America in the opening months of the year. Having turned out to be the most viewed original product of the half-year, the documentary trip achieved a total of 8.7 million views and over 1 million viewers over the course of 2020, probably because it offered an escape from the narrow world of one's own house during the lockdown.

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 (*Magari, Bar Giuseppe, La Rivincita* and *Abbi fede* respectively) never before distributed in cinemas but presented for the first time on RaiPlay.

The set of activities done in response to the Covid-19 pandemic, which produced an increase in viewers and on-demand consumption throughout the entire Italian market and beyond, made extraordinary results possible. These allowed RaiPlay to achieve market leadership, especially during the lockdown period, as on-demand content reached a monthly average, between March and May, of 42% of viewing time, as measured by the digital auditel system.

One of the great new features of RaiPlay's 2020 offering was the addition of original scripted product for Rai's OTT platform. Indeed, in a sector increasingly crowded with international players, RaiPlay sought to position itself in those niches that have fallen outside of what the competition is offering, with northern European, Spanish and

English products, not to mention US products from major independents (most notably including Sony). RaiPlay's serial product strategy focused on titles that appealed heavily to the millennials target with a view to capturing an audience that does not usually watch linear television and is instead accustomed to on-demand consumption.

Many outstanding products were premiered over the course of the year, both in Italian and in original subtitled versions. These included *Lo straordinario mondo di Zoey* (*Zoey's Extraordinary Playlist*), a romantic comedy and flagship NBC product; *Into The Dark*, a horror anthology series consisting of twelve films, each focusing on a particular holiday (Halloween, Christmas, New Year, etc.); *Stalk*, a French production focusing on cyberbullying; *Pure*, a comedy that had already aired on British Channel 4, telling the story of Marnie, a girl who moves to London to get away from oppressive and bigoted small-town England; *Beforeigner*, a Norwegian crime with fantasy overtones; and *Foodie Love*, a romantic comedy featuring two 30-year-olds who meet through a social network for lonely hearts who also love good food.

Drama, which has been one of Rai's trademarks for decades, was again a cornerstone of the RaiPlay's offering in 2020. Rai's drama audience has always been accustomed to watching episodes on demand on the platform, but in 2020 RaiPlay also broadcast exclusive previews of three major titles produced for the linear offering, namely *Liberi tutti*, *Passeggeri notturni* and the second season of *Topi*, written by and starring Antonio Albanese. But the real novelty was the publication of the first drama product made exclusively for RaiPlay in the form of *Mentals*, a remake of the Finnish series of the same name telling the story of a group of young people with psychiatric problems on a difficult but fundamental pathway to self-knowledge and self-acceptance.

Another of the RaiPlay platform's key assets in 2020 was its cinema offering, a catalogue of films comprising some 900 titles on demand, plus over a hundred options available weekly in catch-up mode based on their airing on TV channels. Two of the exclusive appointments we enjoyed over the course of 2020 were *Sabato Cinema*, featuring quality films including original premiers and international blockbusters, and the *Cineclub* offering, with highly venerated reviews dedicated to great figures from the worlds of Italian and international cinema.

RaiPlay also reinforced its great emphasis on quality cinema with the publication of the *Fuori Orario* section, with dozens of experimental films, and the two complete seasons of *Fumettology*, a series of documentaries dedicated to the great Italian cartoonists.

The RaiPlay offering was also enriched with a vast selection of programmes, dramas, variety shows, scripts and investigations made by Rai over the past 60 years in 2020, keeping the heritage of Italy's multimedia legacy very much alive. These included many titles that have marked whole television eras, from *Studio Uno* to *Indietro tutta*, from *Il Circolo Pickwick* to *Sandokan*, from *La TV delle ragazze* to the *Pippo Chennedy Show*. This offering was also available as a result of efforts to recover and digitise archive materials and create original content available exclusively in the *Memories* section.

2020 figures

In 2020, a year heavily marked by the Covid-19 emergency period and the various resulting phases of lockdown, the monthly total digital audience, according to the Audiweb 2.0 report of December 2020, reached 73% of the population aged 2 and over, with a monthly average of 43.5 million unique

users (up 4.6% compared to the monthly average in 2019). In the average day 34.4 million Italians were online and surfed from smartphones 29.7 million (66.5% of Italians between 18 and 74 years) and from tablets over 4.8 million (10.8% of Italians between 18 and 74 years). Smartphones were the main channel for accessing the network, reaching a monthly average of 38 million unique users in 2020, accounting for 85.2% of the population aged 18-74 (up 5.7% on 2019).

Overall, the views generated across all of Rai's digital platforms, amounting to 2.7 billion, were in line with 2019 levels, but of particular note was the significant performance of RaiPlay, which was the best performer with growth of almost 70% compared to 2019, followed by all other video products on Rai sites (+9%), while syndicated content on YouTube and MSN recorded a decrease of 24%.

There were 16.8 million registered users of the RaiPlay offer who had accepted the latest privacy policy at the end of 2020, 4.4 million of whom were new registrations in 2020. In detail:

- RaiPlay recorded a total of about 1.37 billion page views (+68%), with a monthly average of 17.7 million unique browsers (+16% vs 2019) and an average of 54.8 million monthly visits (+31% vs monthly average in 2019);
- RaiPlay Radio, recorded a monthly average of 1.53 million unique browsers (+53% vs 2019) and a total of 101.2 million on average, audio and video;
- RaiPlay Yoyo recorded about 45.8 million video views and a monthly average of 101,000 unique browsers in 2020;
- RaiNews.it recorded a total of 899 million of page views (+48% vs 2019) and 82.6 million video views (+19% vs 2019), with a monthly average of 18.3 million unique browsers (+82% vs 2019);
- Rai.it generated a total of over 90 million page views (-13% vs 2019) and a monthly average of 2.8 million unique browsers (+7% on 2019).

1. *Passeggeri notturni*
2. *Gli orologi del diavolo*
3. *Io ti cercherò*



The distribution of syndicated content in 2020 generated over 1.39 billion video views, resulting in Rai's digital product offering achieving an overall average of over 220 million views per month, with YouTube accounting for the most significant share of the traffic generated with syndicated content, reaching 1.35 billion views. The distribution of the product on MSN accounted for the remaining share of all syndicated content with a volume of 40.8 million views.

The most successful applications were:

- RaiPlay, with 5.6 million downloads in 2020 and growth of 27% on 2019 (net of updates). TV app downloads reach 449,000 in 2020 on iOS and Android devices, representing growth of 134% on 2019. Amazon devices, meanwhile, accounted for over 650,000 downloads for the year (+95% on 2019), bringing the total to over 1 million downloads, not to mention the over 300,000 downloads of the LG version and almost 800,000 downloads of the Samsung version, bringing the overall total to over 3.6 million downloads;
- RaiPlay Radio, with over 880,000 mobile app downloads between January 2019 and December 2020 (net of updates), recorded over 470,000 new downloads in 2020 alone (+14% vs 2019);
- RaiNews.it, with over almost 300,000 downloads between January 2019 and December 2020, recorded over 180,000 new downloads in 2020 alone (+50% on 2019);
- RaiPlay Yoyo, with over 737,000 downloads between January 2019 and December 2020 (net of updates), recorded 365,000 new app downloads in 2020 alone, a figure that was in line with that of 2019.

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, *Viva RaiPlay!*, creation of original projects and acquisition of exclusive products went on.

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

- *L'Altro Festival*, the fun and ironic counterbalance to the grandeur of the *Sanremo Festival* 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 feature, which was successfully launched during the *Sanremo Festival*, resumed following the lockdown with Mirko getting to grips with the social impacts of the pandemic.
- 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.
- *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

1. *Io, una giudice popolare al maxi processo*
2. *La concessione del telefono*
3. *Mental*



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 2,500 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 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 in these times of pandemic: 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*. After the lockdown and before
- Un Posto al Sole* starts again, the flats in Palazzo Palladini find themselves 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.
- *Tanto non uscivo lo stesso*. The Jackal arrive on RaiPlay with an original show produced exclusively for the Rai digital platform, 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.
 - *Scrittori fuoriclasse*. Nine writers, all great Italian 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.
 - *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 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

1. *Non voglio cambiare pianeta*
2. *La mia Jungla*
3. *Otzi e il mistero del tempo*



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* and *Un giorno all'improvviso*.

- *Ossi di Seppia*, the in-depth section dedicated to the events that had characterised the last thirty years of Italian history through the memories and personal accounts of those who lived through that period in a project that aimed to put memory and the past front and centre with an immersive narrative style.
- *Paese Reale*, a great comedy show created entirely by stand-up comedian Edoardo Ferrario and looking at the vices, virtues and contradictions of the average Italian.
- *Superquark*, in which Piero Angela, with the help of new young popularisers, introduces the public to various interesting and exciting topics ranging from archaeology to nature, history to technology, economics to science, and astronomy to food.
- *Tu non sai chi sono io*, a docu-reality show in which young people open up to their parents unfiltered, spreading a message of courage and love, to overcome the drama that stems from a lack of communication between generations in the digital age.
- *Lo straordinario mondo di Zoey* (Zoey's Extraordinary Playlist), a musical comedy about Zoey, a computer programmer working at a company in San Francisco who discovers that she can understand the feelings of people who communicate with her through the medium of song.
- *Into The Dark*, a 12-film horror anthology series produced by Blumhouse, an American firm specialising in the genre with cult titles such as *The Purge*, *Sinister* and *Paranormal Activity*, with each story focusing on a particular holiday (Halloween, Christmas, New Year, etc.).
- *Pure*, a British comedy mini-series telling the story of Marnie, a girl living in a small village in the English countryside who moves to London in an attempt to overcome her neurosis and escape her oppressive and bigoted small-town surroundings.
- *Stalk*, a thriller series focusing on the issue of cyberbullying.
- *Beforeigners*, a Nordic crime with fantasy overtones. Men and women from the past mysteriously appear in modern-day Norway, the difficulties they experience when it comes to integrating creating huge social problems.
- *Foodie Love*, the story of a love born at the table.
- *Star Club*, six stars (music or influencers) get the chance to meet one of their most loyal fans up close. Having followed their story on a screen, commenting on it and at the same time telling their own stories, they get the real gift of experiencing that encounter between fan and idol.
- *Storie di un altro estate*, in which Diodato talks about himself through his music and the cities that have left their mark on his life in a journey to find beauty in a summer as different and unexpected as the one following the lockdown.
- *Allevi in the jungle*, a journey in the company of Giovanni Allevi through the sounds, music and stories of the street singers the Maestro has encountered in some of Italy's most major cities.
- *Aria*, a series of six personal stories illustrating the impact that the pandemic had in different corners of the world, from Greta in China, Marta and Gerardo in Brazil and Daniele and Yasmin in Kenya, to Angelo with his circus, Costanza, who joins us from her room and Cristina, who joins us from an ambulance, all showing how difficulties, hope, adventure, determination and fantasy have all become intertwined in this extraordinary crisis.
- *Ti ho visto negli occhi*, the story of a sensational kidnapping, premiering exclusively on RaiPlay. Giorgio Calissoni, who had been kidnapped along

1. *Mi hanno sputato nel milk shake*
2. *Nero a metà*
3. *Vite in fuga*



with his mother Anna Bulgari, returns to the tragic event and relives his imprisonment, even as far as the brutal cutting off of his ear, looking back at one of the most heinous abductions of the period of frequent kidnapping in Italy.

- *I film della mia vita*, in which Antonio Monda presents the most significant films in the history of cinema, taking us on an emotional journey through the films that have fascinated the collective imagination.
- *Play Mag*, with Livio Beshir presenting the most relevant film, drama and entertainment news for millennials.
- *Play Digital*, a journey into the world of technology and the web, giving us an overview of all that the world of digital innovation has to offer.
- *Play Books*, an author with a book in a short interview about literature and the week's editorial news. New paths for reading more about the literary world and the latest news, with ideas and reflections from its main figures.

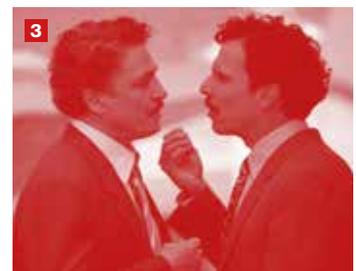
A series of exclusive products have also been created focusing on the technological future we are already living in:

- *Web Side Story*, a six-episode documentary series showing how the web has made history and changed our lives.
- *Che lavor(o)li farai da grande?*, 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 popularisers.
- *Interviste snack*, ideas for moving about in a conscious way at work and in life through a series of interviews with professors of international importance and figures from the world of science

and promotion.

- *The Italian Network*, the network for the most enterprising of young people, a magazine show of stories of ordinary and extraordinary innovation told and relived through the eyes and words of these 'best young people'. Lift stories in which the protagonists did not settle for average results, did not give up, they pursued their desire for knowledge, explored new territories, their ability to make things happen wherever there are opportunities.
- *Non è mai troppo tardi... Fatto?!* A series designed to encourage the rapid learning of digital skills and awareness, with content that creates short training courses designed to be implemented through self-assessment tests and rolled out across social networks. With Giovanni Muciaccia, a much-loved figure among the under-25s, their parents and, thanks to Fiorello's hilarious parodies, among linear television audiences, too.

1. *L'Alligatore*
2. *La guerra è finita*
3. *Il Cacciatore*



Rai's digital offering

In 2020 Rai strengthened its efforts with new products and in other parts of its offering. Here are the most significant:

Rai Radio2 Live. 24 hours of radio to watch. Rai Radio2's radio programming was on air as of September, on a dedicated RaiPlay channel, through special video recordings of the programmes. In addition to the digital and analogue on-air offerings and digital distribution with RaiPlay Radio, both live and on demand, the radio station reinvented itself by adding images to the words and combining this with the simulcast distribution of TV channels.

RaiPlay exclusives. In the second half of 2020 we saw an increase in the number of opportunities for exclusive live broadcasts for RaiPlay, giving the target audience, some of which found itself confined by the pandemic, the opportunity to follow major events. These included the Quirinale Concerts, the National Symphony Orchestra's programme and live broadcasts from La Scala and Santa Cecilia.

You Tube and MSN. In the final quarter of 2020, the distribution strategy for the YouTube platform was adjusted to focus on the timing and quantity of posts with the aim of further steering the digital audience towards RaiPlay. The initiative gave rise to largely positive results, increasing the number of views on RaiPlay and maintaining the station's YouTube performance at the previous year's levels, confirming the complementary nature of its two most strategic assets in terms of distributing Rai's products in the digital sphere. Together with the MSN offer, which benefited from an increase in product through Playlist24, the Rai offering expanded methods of audience engagement, reaching, free of charge, an increasingly large audience of users, especially among youngsters.

Rai Cultura. The portal makes 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, 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 offer clearly shows the different identities of each radio network with the network portals and programme pages, on which you can find a rich offer of content of live-streaming, on demand and podcasts.

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 access 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. There is also the possibility to use a convenient internal search engine or access content through the sections *last seen*, *favourite* and *downloaded*.

Access does not require registration, but it gives parents greater control over their child's browsing, because it allows the activation of additional services and options, such as customisation of the offer by selecting the content that a child can view, downloading programmes and the functions of protection and monitoring. Within the same account, parents can create a dedicated profile for each child, to access contents customised by

1. *Ballerina*
2. *La sezione Teen*
3. *Superquark+*



age. The catalogue of available content is added to each week, with a careful editorial offer that takes into account the different age targets and tastes of younger viewers. 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, reporting the most important news from Rai News 24 and Rai Sport. 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 MHP offering dedicated to Rai YoYo and Rai Gulp on Smart TV. Again in 2020, a specific development strategy was later honed and fine-tuned for this target, focusing its efforts on the following objectives.

RaiPlay platform / Children's section. This section is aimed at children and their families and covers a wide range of entertainment genres, such as cartoons, films, short films and programmes, with a very rich themed offering comprising over 300 titles for a publication amounting to some 70 hours of on-demand products per month, broken down by target and genre and available on all devices.

In 2020, going beyond the replay-only offering, many titles were added as boxset previews rather than as mass broadcasts on television or exclusively. The offering was notably enriched with 30 titles exclusive to RaiPlay over the course of the year (including *Lampadino and Caramella*, *I tutorial di Albero Azzurro*, *Le canzoni di Masha*, *Le storie di Anna*, *Sandokan*, *L'ultimo dei Mohicani*, *Gino il pollo*, *Ciao Principessa*, *Geronimo Stilton*, *Le storie di Lupin*, *Le Canzoni animate dello Zecchino d'oro*, etc.) and 15 titles available in boxset previews (including *Robin Hood*, *Ricky Zoom*, *Moominvalley*, *Topo Gigio* and *Bing2*). The offering was completed by new series, programmes/new editions of programmes, and films from the time of airing (such as *L'Albero Azzurro*, *Diario di Casa*, *La Posta di Yoyo*, *Gormiti*, *Baby Boss*, *Kung Fu Panda - le zampe del destino*, *Captain Mutanda* and *Ballerina*).

RaiPlay platform / Teen section. The new section for children was created in March 2020, with a rich and varied offer that relies on the strongest titles in the catalogue, 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.

Many titles were available as boxset previews, including *Penny on Mars 2*, *Jamie Johnson 4 and 5*, *Sara e Marti 2* and *Club 57*. The most recent new cult series included *Baby Boss*, *Kung Fu Panda - le zampe del destino*, *Capitan Mutanda*, *The Athena*, *Campus 12* and *Jams 2*, while programmes notably included original RaiPlay titles (*Tu non sai chi sono io*, *Stalk* and *Lo straordinario mondo di Zoey* (Zoey's Extraordinary Playlist)) and the incredibly successful *Il Collegio*, brought to us live through the publication of hundreds of clips. There were also plenty of films to enrich the offering for young people.

1. Geronimo Stilton
2. Sara e Marti
3. Bing





252 PROFILES

28.5 million
FOLLOWERS



91 ACCOUNTS

7.5 million
FOLLOWERS



251 ACCOUNTS

8.6 million
FOLLOWERS

RaiPlay platform / Learning section. Rai joined the MIUR's #LaScuolaNonSiFerma project in early March, providing an offering dedicated to the younger generations and their parents and teachers in an attempt to improve the distance learning experience. This offering was created to support children and young people at all stages of their education, from nursery to high school, through a series of documentaries, interviews, films, journalistic reports, programmes and cartoons produced with school curricula in mind. The new section took children and young people on the perfect journey through school subjects by the following means:

- ranges of Rai programmes divided into subjects: literature and theatre, history, science, humanities, geography, art history, foreign languages, music and performing arts;
- over 90 themed collections with videos offering an in-depth look at specific topics aimed at nursery, primary and secondary school children;
- around 200 playlists with new videos every week from March to June, again for all subjects;
- new Rai programmes with audio descriptions, subtitles and, in some cases, sign language.

There were many quality programmes created by RAI to combat the emergency, with lectures and insights from great Italian cultural commentators including *Scrittori #fuoriClasse*, *Beautiful Minds*, *Comestanno i ragazzi*, *Play Books*, *La banda dei Fuoriclasse*, *Diario di Casa*, *#Maestri*, *Diari 2020 Maturità*, *La Scuola in Tivù*, *Scuol@maturità*, *Scuol@magazine* and *Scuol@casa*.

RaiPlay Yoyo app. The application with parental locks, is dedicated to children and provides a rich on demand specialist schedule structured for two different targets, defined by age group, and 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. Furthermore, the offering supported little ones

with special programmes designed specifically for special occasions (Christmas, Easter, Mother's Day, Father's Day, Grandparents' Day, Halloween and Carnival).

Children's MHP offer. An on-demand offer, available via smart TV, updated weekly in relation to new editorial releases proposed by the specialist Rai Yoyo and Rai Gulp channels.

Social media and traffic building

Rai consolidated its branding and traffic-building strategy for social and digital platforms in 2020 by promoting both TV and digital products, getting users involved, generating traffic to Rai's digital platforms and monitoring third-party platforms (Samsung, Amazon and Huawei).

The social media strategy had significant 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 the enhancement of the RaiPlay library (as in the case of *Time Machine* for the Teche Rai), involving the community by inviting them to interact with the content offered (as in the case of *Quiz di prodotto*), and offering content by target audience (such *Vite Indelebili* in the field of autobiographical drama);
- explosion: communication on special days celebrated on the platform, with collections, including special ones.

In 2020 the distribution strategy was mostly omnichannel, with some vertical work, in particular Instagram, a decision that resulted in an increase in

1. *Mental*
2. *Tu non sai che sono io*
3. *Lo straordinario mondo di Zoey* (Zoey's Extraordinary Playlist)



interactions of 47.1% on the previous year.

The results achieved during 2020 on the main organic social KPIs compared to 2019 were as follows:

- Community: Facebook +3.3 million, Instagram +2.6 million, Twitter +0.7 million
- Posting: Facebook +9%, Instagram +16%, Twitter +33%
- Total interactions: Facebook -43%, Instagram +47.1%, Twitter -34%
- Organic Reach: Facebook +87%, Instagram +181%

The data points to considerable success on Instagram but also in general on all channels. The decrease in total interactions on Facebook and Twitter was, in fact, due to the absence of paid activity in the first half of 2020, but this did not affect growth in organic reach, i.e. the number of people reached by the content published.

In addition to the three existing social channels, Telegram RaiPlay was introduced in the first part of 2020 to support the revamping of the goodies in the RaiPlay catalogue with a selection of current content.

The *2020 Sanremo Festival* 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 reached 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 252 Facebook pages managed to engage around 417.9 million people (+75.6% vs 2019), with an overall fan base that reached 28.5 million. Also notable is the total amount

of reactions: almost 117.2 million.

Views of video posts were 1.9 billion.

Instagram. The number of Rai profiles reached 91 accounts in 2020. The total fan base reached 7.5 million (+53.1% vs 2019) and stories have proved once again to be the best promotional driver; the 38,000 published in 2020 got 275 million views.

Twitter. Rai's had 251 official accounts, with a total of 8.6 million followers (+8.9% vs 2019). The 367,000 tweets published over the course of 2020 received 5.4 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 digital platforms to reflect the continuous change that defines the OTT market; increasing downloads of Rai apps; supporting traffic on Rai websites; 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.

The results achieved in 2020 on platforms, Google, YouTube, Twitter, Apple Search, Spotify, WeTransfer and Samsung Smart TV were as follows (sources: Google Ads, Facebook Business Manager, Twitter Ads, App Store, Spotify, WeTransfer, Samsung SmartTV):

- impression: 904,787,638 (-21% vs 2019)
- clicks to our platforms: 12,324,470 (+173% vs 2019)
- downloads of our app: 1,333,204 (+33% vs 2019).

These results are the outcome of optimising campaigns and of a strategy that in 2020 – unlike in the previous year, when the emphasis was placed on brand positioning – aims to optimise KPIs (traffic and app downloads) in terms of awareness (impression).

Together with efforts to promote the Rai brands,

products and digital platforms on social networks, the caring strategy was further consolidated including through specific customer care efforts for digital platforms with the aim of encouraging direct communication with users in a bid to continuously improve the offering.

The supporto@rai.it mailbox dedicated to supporting digital users received over 334,000 reports in 2020, representing an increase of almost 45% on the previous year. The biggest increase was recorded in the field of technical reports, which rose from an average of 19,500 per month to almost 27,500. Editorial reports remained constant overall and accounted for around 8% of the total.

This increase was concentrated above all in the months of January and February 2020, as a consequence of the release of the new RaiPlay app and greater use of smart TVs.

Digital Rights and Compliance

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 – led to, among other things, 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, to the activation of the SIAE authorisation request process, and to defining policies for Youtube content identification.

Television 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 undertaken over the course of 2020 were strongly influenced by the health emergency that also affected our country.

The first two months of the year were characterised by a very intense period of activity that took every effort in terms of productive coverage of a particularly demanding edition of the *Sanremo Festival*, in addition to the cross-media project *Tra palco e città*, which had as its cornerstone and emblem the productions staged in piazza Colombo.

There was a substantial reduction in production activities not linked to news and current events as of March, when the health emergency began. 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 drastically reduced, partly as a consequence of the simultaneous suspension of cultural (concerts, theatrical performances, etc.) and sporting events.

Efforts to ensure maximum coverage on the progression of the epidemic and its impact in the country were also stepped up, restructuring staff working methods both to minimise the

risks of contagion and to ensure continuity of production, even in the event of an outbreak, through the use of reserve teams. Furthermore, a great deal of effort went into creating new initiatives, generally in agreement with the relevant Ministry, to support distance learning activities.

There was a gradual recovery in production activity as of June, with production reaching maximum intensity in the autumn period, when there was great demand for the launch of the new television season and for the coverage of sporting and cultural events that had been postponed to the second half of the year due to the pandemic.

It is worth pointing out that the autumn recovery, in addition to the traditional schedule, was characterised by the introduction or major revision of certain programmes in various broadcasting slots such as the day-time slot, including *È sempre mezzogiorno* and *Oggi è un altro giorno* on Rai 1 and *Ore 14* on Rai 2, and evening news programmes including *Sette storie* on Rai 1, *Seconda linea* on Rai 2 and *Titolo V* on Rai 3, with a consequent increase in the need for production resources compared to the past.

At the same time, sports events that had been condensed into the latter half of the year due to various lockdowns also resumed, notably including cycling events, such as the *Tirreno-Adriatico* and the *Giro d'Italia*, national football matches and other production agreements that were in place with various sporting federations.

Drama production, which had been suspended due to the pandemic in the first part of the year, also resumed, including *Un posto al sole* in Naples and *Cuori coraggiosi* in Turin.

Technological activities

Chief Technology Officer – Technological infrastructure

All of the company's technological requirements in the fields of the production, processing and distribution of audio, video and data content, as well as the architecture and provision of the equipment, systems, networks and services required to develop the Rai Group, were determined based on the objectives of the Industrial Plan and the specific business needs and national and international technological best practices.

With the 2021/2022 two-year period approaching and the radical renewal of the national broadcasting technology system that this would bring following the assignment of frequencies in the 700 MHz UHF band to mobile telecommunications systems, the refarming of digital terrestrial broadcasting and its progression towards second-generation technologies, over the course of 2020, much of the guidance and coordination task of the Chief Technology Officer - Technological Infrastructures focused on promoting technological projects with the ability to strengthen the company's resilience, increase productivity and accelerate innovation. Some of the most relevant initiatives of 2020 are outlined below.

Refarming of the DTT platform and release of the 700 MHz band

The activities outlined by the 2019 Budget Law (L.145/18) containing the provisions for the achievement of the objectives related to the release of the 700MHz band and dictating the timings and approaches for setting up new terrestrial television networks (DTT) continued. Efforts focused on the new DTT networks and 'must carry' obligations.

The new DTT networks

As a result of the procedure (provided for in Article 1, paragraph 1031 of Law no. 205 of 27 December 2017 as amended by Article 1, paragraph 1104 of the aforementioned 2019 Budget Law), whereby the Ministry of Economic Development (MiSE) sent Rai the decision on assigning the right to use the frequencies for the operation of the two national networks called "National Network no. 1" (also containing regional news) and "National Network no.7", as well as the decision for assigning the right of use, without specifying the frequencies, the transmission capacity corresponding to half of a national multiplex in DVB-T2 technology, the technical-administrative foundations were laid for the ministerial approval of each of the sites (over 2,000 for "Regional Network no. 8" and over 1,000 for "Regional Network no. 7") which will constitute the new DTT networks of Rai from the second half of 2021. Detailed assessments followed for the approval of the 'extra-regional' plants belonging to the 'RN8' network, i.e. plants operating in a region serving portions

of a neighbouring region. At the same time, efforts to extend the coverage of Mux 2, 3 and 4 continued with the aim of guaranteeing continuity of service for users.

'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, work continued on defining the technical methods of transport implemented by the Rai Way subsidiary, as well as the contract for the sale of transmission capacity by Rai to a local broadcaster holding the rights of use to channel 51 in the Lazio Region.

Analogue and digital radio

With reference to radio, Rai continues to place great emphasis on protecting the analogue radio service (FM), the technical quality of which suffers from a lack of prior planning. The quality of the FM service is constantly monitored and protected when interference situations occur.

As regards DAB+ digital radio, following the publication of AGCom resolution no. 455/19/CONS of 27/11/2019, "Amendments and additions to the Regulation containing the new rules on the start-up phase of digital terrestrial radio broadcasts", the impacts and technical modalities of signal carriage and transfer agreements, deriving from the 'must carry DAB' obligations, i.e. the hosting on the Rai DAB+ block of the content of independent national radio providers, through the sale of the necessary transmission capacity, were assessed and defined.

From a technical perspective, 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 interferential scenarios produced by the installation and/or modification of both Italian and foreign transport and broadcasting systems were constantly monitored in light of the coordination agreements on the use of spectrum resources. Over the course of 2020, over 40 frequency coordinations requested by MiSE were managed.

This activity also involves participating in national (MiSE and CRTV Confindustria Radiotelevisioni) and international (ITU, with the assumption of elective offices and EBU) spectrum management tables and in international meetings concerning the definition of the EBU position on the use of the radioelectric spectrum for DTT services in the UHF band, in view of the future World Radiocommunication Conference (WRC-23).

Service management and contract with Rai Way

Many of the contracts that came into force over the course of the year resulted in connectivity-related technology projects aimed at enhancing Rai's cultural and information offerings, such as Election Day USA, the 77th Venice Film Festival, the Teatro alla Scala opera season in Milan and the various elections held simultaneously in September. Efforts to verify the progress of extending coverage of the thematic Mux 2, Mux 3 and Mux 4 to reach up to 95% of the population and extending the coverage of the DAB+ network continued.

Technological development initiatives

Over the course of 2020, a series of initiatives were launched with the aim of assessing the potential optimisation of the DTT band and guaranteeing adequate video quality for the regional signal in the preparatory phases of refarming and, subsequently, when fully operational. A technological cooperation agreement was signed with UNCEM (the 'National Union of Municipalities, Mountain Communities and Authorities') for the trialling of a system for broadcasting radio and television signals through a *Fixed Wireless Access Multicast on IP protocol* transmission mode, applied to urban settlements in mountain areas and/or with criticalities in terms of receiving audiovisual signals. The Municipality of Vernante, in the province of Cuneo, was identified and selected for the creation of a *Proof of Concept*, whereby Rai would make the trial service, which may also be extended with added-value features over the course of the trial based on feedback from identified users, temporarily available.

A number of experimental initiatives were also launched to assess the possibility of guaranteeing users access to regional signals through integrated applications in an HBBTV environment.

Standardisation and Special Projects

Many agreements were signed with public administrations, universities, research institutes and companies, including a partnership with the IAPB (International Agency for the Prevention of Blindness), with a view to identifying new technologies for improving the television viewing experience for the visually impaired; one with the University of Perugia aimed at implementing new cost-saving models and technologies in television production, experimenting with production techniques and workflows capable of producing multimedia content for all distribution platforms in real time, simultaneously or in subsequent phases; and one with UNCEM (the 'National Union of Municipalities, Mountain Communities and Authorities') aimed at trialling new ways of distributing television signals in the most isolated areas.

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 urgent provisions adopted by the Government, as a result of which Rai launched a so-called *smart working plan* in the Company and in the Group companies as of 10 March 2020 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 was – and still is – strongly impacted by the implementation of the aforementioned *Plan*, being mandated to enable thousands of employees to work remotely by providing 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.

Furthermore, a system for managing personal protective equipment was implemented and a cloud solution allowing people to book appointments at branches open to the public (notably where the licence fee and artistic heritage were concerned) acquired in order to support compliance with the protocols put in place for the emergency.

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, the degree of IT security that Rai provided in smart working mode was assessed, 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 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.

The consolidation of the platforms to support editorial planning, financial and production processes continued, in line with the scenarios agreed with company stakeholders:

- in terms of editorial planning, efforts to release the broadcast schedule for the closure of the Radio Corriere of Rai Sport and Rai Movie and for the management of advertising on the schedules by break editors continued.
- in the area of Management, Administrative and Management Control processes, work focused on the design and implementation of solutions for economic planning, 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, steps were taken to achieve integration with the company ERP, which allowed the certification of external light shooting, assembly and later vehicles and connections services on the new platform to be launched, and the data warehouse tool for the analysis of planning data on editorial and masthead orders to be consolidated.

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.

In view of the complexity of the procedures for procuring goods, works and services, the move towards an integrated corporate platform is under examination.

Furthermore, as part of the gradual digitisation of operational processes, a suitable infrastructure with the ability to allow digital stamps and signatures to be used in the company's internal workflows was identified.

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 active and passive invoicing, certifying the performance of collaborators, agents and claques (paid audience members) and for reporting on Rai Cinema rights. It was also important to provide intensive support for the launch of systems designed to support the application of 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, a large-scale project aimed at developing a new accounting management system consistent with the evolution of the regulatory context was launched; the first stage involved the release of the user's Account Management Statement;
- with regard to the use and extraction of value from the Company's audiovisual assets, the Hyper Media News solution which, based on a prototype prepared by the Technological Innovation and Experimentation Research Centre, makes it possible to aggregate, store and share the information generated by the automatic analysis of television news with that published on online news sites, was developed. The new system that controls the crane of Teca Sport in Milan is being tested;
- the implementation of facility management system for movable and immovable assets was completed;
- the Prix Italia system was optimised and also became the model on which the tool for selecting *Sanremo Giovani* competitors was based.

With regard to the enhancement and structured management of information assets, the range of tools for predictive analysis and final reporting was expanded:

- in the marketing context, services for sentiment analysis where RAI programmes are concerned have been optimised and extended, exploiting data from Twitter and Instagram, and, with the collaboration of the University of Turin, the Motore Emozionale Rai solution, which uses artificial intelligence algorithms to support an analysis of emotional responses to television programmes, was created and is currently at the testing stage;
- Functions for the adjustment of the calculation relating to the Cost of Broadcast have been integrated into the company Datawarehouse System and some reports relating to copyright, necessary for the verification of payments to SIAE, have been optimised;
- the implementation of the new copyright system was launched, which will allow annual and monthly reports to Collecting Societies to be managed in a timely manner.

With regard to CyberSecurity, 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.

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 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. In detail:

- 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 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 Ticket Remedy platform.

All services for company events were designed and provided, first of all for the *Sanremo Festival*, with the provision of connectivity and transport on the IP network, WiFi services and 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.

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.

From a regulatory standpoint, the expected reduction in frequency resources and the consequent necessary rescheduling of digital terrestrial television by 2022 have had a significant impact, while from a technical perspective there are

many new technologies that are gradually transforming the way radio and television are made, including the following:

- classic display systems with increasingly advanced features in terms of spatial definition (UHD-4K or Ultra High Definition-4K), temporal definition (HFR or High Frame Rate) and vision quality (HDR or High Dynamic Range);
- new types of user devices (smart TVs, smartphones, PCs, etc.);
- the IP technology that is becoming increasingly common in the world of radio and television production;
- the introduction of new transmission methods allowing for the increasingly widespread and targeted broadcasting of radio and television content (expansion of fixed broadband, 5G technologies for mobile broadband networks, etc.);
- the pervasiveness of artificial intelligence in a wide range of fields, from content analysis, indexing and processing to content encoding and the independent production of virtual content.

Technological innovation is also a stimulus for the development and improvement of new products and services in various application contexts, including television, with the provision of services for people with cognitive and sensory disabilities.

In line with the evolution of technologies and legislative changes, the main research and development topics for 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 all company representatives.

Furthermore, support for Rai Com continued 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. In this regard, during the last quarter of 2020, the network was actively involved in organising a remote control testbed in cooperation with EBU and Eurovision.

The second half of 2020 also saw the launch of the H2020 5G-RECORDS funded project, which aims to study and integrate a remote production platform based on 5G networks.

Experimental drone filming activities continued in the field of production based on new mobile vehicle technologies.

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 format.

To support the diffusion of UHD television formats that require high bandwidth capacity, research into video coding techniques based on deep neural networks is underway, 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; this activity is taking place in synergy with the Politecnico di Torino thanks to a doctoral thesis funded by Rai.

As part of the DigiMaster archive digitalisation project, regular collaboration was established with all the company subjects involved, with the aim of improving the migration process. Development activities aimed at digitising films and testing solutions for the Quality Control of digital master files, as part of the evolution of the digital archive continued. 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. On an international level, the CRITS ('Research, Technological Innovation and Experimentation Centre') was involved in the international association of FIAT/IFTA television archives together with Rai Teche.

With regard to advanced content management systems, a further phase of testing in the field of indexing and visual search of video content was completed in 2020 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), flexible tools for indexing and real-time search on video streams based on the MPEG CDVS technology, and an extensive experimental campaign was launched to validate the approach. Analyses were performed with a view to identifying business cases and systems for the semi-automated creation of training datasets for facial identification technologies trialled. Experimental studies also continued in the field of automatic classification systems based on deep neural networks (Deep Learning), particularly in the area of automatic programme segmentation. These systems enable documentation cost optimisation and increase the potential for exploiting content.

The Rai ANTS system (Automated Newscast Transcription

System) was expanded with new analysis services such as the extraction of descriptors for visual search, automatic classification and real-time detection of audiovisual events such as theme songs and clips. Planning also began 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. Comparative analyses of the various services were notably finalised, allowing the services to be integrated to be selected using objective methodologies. Studies and trials also began in the field of NLP (Natural Language Processing) based on Deep Learning technologies, mainly for classification and text enrichment applications.

The News.vid.io project, co-financed by the Google DNI programme, as part of which Rai participated 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, was also completed. Last but not least, the second half of 2020 saw the launch of the H2020 AI4Media project aimed at studying and developing artificial intelligence technologies and systems to support the media sector.

The acquisition of two 3D scanners over the course of the year made it possible to acquire highly realistic models of environments and objects for augmented reality applications. These technologies are being studied and tested as part of the H2020 5G-TOURS project, where a 3D reconstruction of some rooms of one of the sites of the experiment, the Palazzo Madama in Turin, is being created. Furthermore, a system for the dynamic detection of the position of the actors in a studio was set up through a partnership with Fondazione Links with the aim of providing video support for the positioning of virtual scene elements during live programmes.

In the field of connected TV applications, Rai maintained and updated the new version of the RaiPlay 2020 application on the HbbTV platform with new features, such as the tracking functions for Auditel purposes, marketing automation and watermarking 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, in addition to a new graphic design, will also offer new features including future interactive and personalised advertising applications. In this context, the service scenarios were discussed with the concessionaire and the technical requirements on televisions were discussed with the consumer electronics industry. Furthermore, a demonstrator for trialling the live streaming of very high-quality content (UHD 4K and 8K) was completed.

As part of the activities relating to Rai content accessibility, the integration phase with company systems of the platform for semi-automatic subtitling of regional news was completed and the trial automatic subtitling service was launched with the transmission of TgR Piemonte on page 777.

As part of the AutiTec – Technological Solutions for Autism project, led by the scientific institute IRCCS Eugenio Medea in Lecco, the development of a tablet app to assist children with autism was completed, featuring *La Pimpa*, the famous character who stars in the animated series of the same name broadcast on Rai Yoyo.

Furthermore, over the course of the restructuring of the New Radio and Television Museum, an accessibility working group was set up to make it possible to adapt accessibility technologies for the new museum structure, integrating them with new applications such as audio guides with video-LIS, touch-screens and sound stations.

Co-production activities on the second season of the *Rob-O-Cod* Rai Gulp programme continued at the Turin Production Center. The show is a game-show for the promotion of coding in schools.

Rai Bridge is a system that allows linear TV to be enriched with synchronised content that can be used by the user through apps for Android and IOS mobile operating systems. Based on the positive trials in 2018 and 2019, this system was brought into full operation and all functionalities were extensively tested with a view to potentially introducing the service within the company in 2021. The system is now able to support companion screen productions, including continuously, linked with generic programmes both live and broadcast online.

The industrialization and commissioning of a production platform geared towards data journalism is in progress; it is based on Hyper Media News and Concept Book systems. The front-end of the system, the interface component for users, was released during the second half of 2020 and the industrialisation phase for the back-end, i.e. of the data processing, indexing and aggregation engine, took place at the same time. Furthermore, the study of an automated system for accessing corporate content description databases (multimedia catalogue) was launched with the aim of defining an API layer that facilitates access to and the enrichment of data in different corporate application contexts.

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, 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 near Bologna. In light of the 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 DAB multiplex were analysed. A proposal was also developed for the reconfiguration of the DAB multiplex for the transmission of regional programmes on the SFN (Single Frequency 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, Rai 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. Studies and trials also continued: in particular, as part of the H2020 5G-TOURS European project, a 5G Broadcast trial is being planned from the Turin Eremo transmitter and across the Valle d'Aosta single-frequency network.

In order to increase the offer of broadcasters through the distribution of OTT multimedia contents on broadband networks, Rai is participating in the activities of the European DVB (Digital Video Broadcasting) consortium 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 is leading the DVB group that has defined the new DVB-HB (DVB-Home Broadcast) standard, for the domestic enjoyment of TV content on devices such as smartphones and tablets without the need for a high-speed Internet connection, but instead using traditional broadcast channels (digital terrestrial or satellite networks) to feed a domestic gateway with the ability to convert content locally into a standardised format, based on the IP protocol and therefore receivable by devices connected to the property's LAN (Wi-Fi).

As part of the Rai-UNCCEM (*Unione Nazionale Comuni Comunità Enti Montani* - 'National Union of Municipalities, Mountain Communities and Authorities') 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.

Over the course of 2020, work continued on the Horizon2020-5G-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. Four proposals were put forward for the SignFriend, AI-SIGN, 5G-RECORDS and AI4MEDIA projects, the latter two of which have now passed the assessment stage and are operational.

Networks and Platforms

Activities relating to the distribution of Rai content and services over IP protocol in 2020 were mainly directed towards preparing for the renewal of the encoding, transcoding and storage infrastructures, which will be fully implemented in 2021. This redesigning of the delivery platforms will help support next-generation audiovisual formats (4K, immersive audio, multi-track audio, etc.) and the changing needs of editorial structures. The measures aimed at protecting the digital assets of the Public Service were also increased through the implementation of DRM (Digital Rights Management) and Watermarking systems.

The definition and development of new News and School projects required a significant boost to the app development process, as well as the consolidation of RaiPlay's positioning in the most popular platforms and ecosystems on the market.

The Business Intelligence platform - which will also be supported by dedicated tools based on artificial intelligence technologies such as the automatic content metadata orchestrator - was released for production with a view to increasing the effectiveness of big data processing processes to be used both at the content design and production phase and in personalised advertising delivery projects (targeted advertising).

The distribution of satellite content was rationalised, allowing the simultaneous broadcasting of all regionalised editions of Rai 3 on the TivùSat platform. Progress was made with plans to distribute free Rai smartcards, as prescribed by the Rai-MiSE contract, in order to guarantee universal coverage of public service broadcast content throughout Italy.

In view of the 2021-22 switch-off, the specifications for certified multi-platform receivers and low-cost receivers (known as zappers) were defined, in collaboration with subsidiary Tivù s.r.l., based on the findings of the HD Forum Italia working and steering groups.

The project for the creation of a Rai proprietary voice assistant – that is not based on existing technologies – was launched, which represents the first step towards integrating advanced human-machine interfaces within the digital properties of the Public Service.

Within the framework of efforts to develop Rai's radio and television broadcasting networks, the service levels achieved by Rai Way's network were constantly monitored, along with the progress and technical assessment of the implementation of orders which provided for the enhancement of broadcasting/transmission services involving the terrestrial networks and the satellite platform, such as the extension of coverage of Mux 2, Mux 3 and Mux 4, must-carry services on the DTT and DAB+ broadcasting networks and the reconfiguration of the satellite transponders for the DTH broadcasting of Rai programming.

With regard to the refarming of the 700MHz band, potential reconfiguration scenarios for the DTT Muxes post-refarming were determined in relation to the quality perceived by users and the availability of transmission bandwidth through simulative analyses performed in the laboratory.

The laboratory dedicated to the study of 4K and 8K UHD production technologies continued its technical tests with the production of experimental films.

With regard to problems relating to signal reception, efforts to manage user reports and provide adequate technical support in response to any parliamentary motions and/or questions continue. Furthermore, the Quality Control System (SCQ), which uses probes located at 25 different sites throughout the country, makes it possible to monitor the technical quality of the terrestrial radio and television service.

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.

The plant technological innovation process launched last year in keeping with the company's production requirements continued in line with the industrial context of market innovation with the following aims:

- 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.

Although the management of the Covid-19 emergency had an inevitable influence on the scheduling and timing of projects that had already been launched, many initiatives designed to move production remotely were completed, especially for national and regional news, as well as a number of renewal initiatives.

Channel broadcasting, central controls and networks.

The new UHD transmission station is in the start-up stage, and planning continues 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 video/audio routing system at the production centre in Milan and the upgrading of the infrastructure at the production centre in Rome was completed (HD links for television studios, LTE reception systems, vision network, etc.).

Current renewals include: the new general intercom system for installation at production centres; the infrastructure for generating Teletext services, including the subtitling of programmes; the core and aggregation nodes of the distribution infrastructures.

Work on migrating the entire production network to the new IS-IS routing protocol was completed and the upgrading of firewalls and network balancers is in its final stages.

Finally, the testing, at the connection infrastructure level, of the technology for transporting video/audio signals over the IP network is underway.

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 continues 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.

The MAM infrastructure is in the process of being upgraded with the aim of strengthening the resources dedicated to the processing of content managed by the programme editors, which saw the completion of the core system update. The expansion of the Tape Library was completed with the full migration of media from LTO5 to LTO7.

The update of the Storage infrastructure for the centralised NAS areas of the Rome Production Centre, both Teulada and Saxa Rubra, and for the areas near the Turin PC, is in the advanced stages.

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 continued during the Covid-19 emergency, developing smart-working solutions in the news and programmes area, including: documentation and graphic equipment national news; light receiving systems (backpacks); mobile production stations; broadcast equipment to support technical and editorial areas. In addition, the trial infrastructure for the remote editing of national and regional news and programme production for the networks is in the advanced stages of implementation.

With regard to national news, the technological updating of the news platform (Avid) and the design of the central virtualisation infrastructure for services are underway. In terms of regional news, meanwhile, the upgrading of storage facilities at regional offices and of regional news production systems (Dalet) continued.

Further actions taken in 2020 included the following: the commissioning of two digital audio post-production systems using the Avid ProTools technology for the Turin and Milan production centres; the two new purchased programme testing rooms at CSS Salario 1, following building and acoustic upgrade work; the conversion of the Avid Media Composer editing licenses to floating access mode, with a view to optimising resources and centralising management; the upgrading of ultra-light link systems in H265 encoding to the WMT and Aviwest.2 technologies; the assignment of camcorders using new formats in the news sector and for playback and recording devices based on the XDCAM standard; the creation of post-production areas in the Nomentano studios in Rome; experimentation with sending news content to the single information portal.

Research

Many research initiatives were implemented over the course of 2020. These included the construction of the new production centres at the Fabrizio Frizzi Nomentano Production Centre, which included, among other things, 5 new control systems in 3G HD standard in a UHD-ready infrastructure; the updating of the control rooms at the SXR3 studio at the Saxa Rubra TV Studios to 3G HD technology; the new video control room at the TV5 studio in Teulada (Porta a Porta) with 3G HD technology; the construction of new HD production facilities at the Rai offices in Berlin and London; the upgrading of the audio and video mixers at the 18 TgR studio control rooms at the regional offices to digital technology.

External filming

Activities undertaken over the course of 2020 included: UHD flight case mobile control units for prime-time programmes at the Fabrizio Frizzi studios; the 3G HD production system for the World Alpine Ski Championships Cortina 2021; plans for two flagship OB vans using UHD technology; the new

helicopter reception vehicle for moving shots used during the Giro D'Italia 2020; the upgrading of 5 ITA satellite vehicles to 3G HD technology with H265 encoding; the upgrading of facilities at institutional buildings to 3G HD technology; the upgrading of vehicles and cameras to UHD technology.

Electrical installations for stage lights

Four support vehicles with electrical units and consoles and accessories for stage lighting were upgraded.

Transmission and distribution activities

Rai Way is the company in the Rai Group that owns the infrastructure and systems for the transmission and broadcasting of TV and radio signals. Listed on the Stock Exchange (MTA) of Borsa Italiana since 2014, Rai Way is a leading provider of integrated network infrastructures and services for broadcasters, telecommunications operators, private companies and public administrations. It uses its assets and expertise to transmit and broadcast television and radio content for public service broadcasting and for its customers both in Italy and abroad, leveraging an excellent heritage of technological, engineering and managerial expertise and infrastructure.

Rai Way manages more than 2,300 sites equipped with infrastructures and systems for the transmission and broadcasting of TV and radio signals in Italy. It has 21 operating offices and avails itself of highly skilled staff. The services offered include the following:

- *Broadcasting Services*, meaning services for the terrestrial and satellite transmission of TV and radio signals to the end users within a geographical area;
- *Services for the transmission* of TV and radio 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;
- *Tower Rental Services*, understood as the hosting of third party transmission and broadcasting systems at the company's sites including, where applicable, maintenance services as well as other complementary activities;
- *Network services*, which include a wide range of heterogeneous services relating to electronic communication networks and telecommunications in general, such as, for example, design activities and consultancy services.

The aforementioned services are available to different categories of customer, including broadcasters (a category that also includes network operators and local and national radio and television players, including RAI), telecommunications operators (mainly MNOs, or Mobile Network Operators), public administrations and private companies.

The experience gained in operating transmission and broadcasting networks allows Rai Way 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.

Despite the slowdown in certain activities due to the emergency linked to the spread of the Covid-19 virus, which led to a reduction in the volume of certain services offered to the parent company as a result of the postponement of major sporting events, for example, the installation of equipment relating to plans to extend Mux 2, 3 and 4 coverage continued over the course of 2020; certain services on the main broadcasting platforms (EPG, audio description, subtitling, geographical cellularisation of the RDS-TMC service, etc.) were upgraded; the satellite platforms for DTH broadcasting were renewed with the simultaneous expansion of the Rai offering; plans to extend the contribution network and build a POC (Proof of Concept) for a new hot spot at Rome's Olympic Stadium were launched; contribution services were provided for the Venice Film Festival, the opening of the season at La Scala in Milan and the transmission of dedicated signals from football stadiums.

The tower rental market was affected, in 2020, by the consequences of the Covid-19 pandemic, which, on the one hand, continued to encourage major mobile network operator (MNO) customers to adopt containment policies, and on the other, accelerated network development in the Fixed Wired Access (FWA) market, driven by the need to increase broadband coverage due to the increased emphasis on smart working and distance learning. This being the case, FWA operators further consolidated the development of stations at Rai Way sites. The growth in hospitality services for broadcast and corporate customers also continued in 2020.

In the last quarter of 2020, as part of the transaction to acquire ownership of a major transmission site in northern Italy, Rai Way also finalised the acquisition of the entire share capital of Sogepotel S.r.l., a company that managed its commercial use through a lease agreement. With effect from 30 December 2020, the entire business owned by Sogepotel S.r.l. was transferred to Rai Way, which consequently acquired the corresponding commercial contracts.

Lastly, it should be noted that Rai Way, leveraging its many years of know-how gained in the management of broadcast networks and services, took part in the procedures for the assignment of rights of use of frequencies for the digital terrestrial service in the local area launched by the Ministry of Economic Development in 2020, winning the rights of use for the 1st-level N2 network in the Lombardy and Eastern Piedmont Technical Area 3 and for the 2nd-level N1 network in the Western Piedmont Technical Area 1 in November 2020.

The industrial plan outlining the strategic guidelines and objectives for 2023 and providing for significant growth in development investment to meet the challenges of the market over the coming years was approved in March 2020; a buy-back

plan valued at approximately €20 million was also finalised over the course of the year through the use of distributable reserves.

The new industrial plan also included, for the first time in the company's history, specific provisions aimed at achieving sustainable development objectives relating to ESG issues, in the belief that the creation of value cannot disregard initiatives aimed at improving aspects relating to the environment, social issues, governance or innovation.

Within a strategic framework of empowering human capital, seen as a determining factor for corporate growth, the lines of

action concerning personnel were characterised in 2020 by the adoption of an emergency agile working model made possible by tools and equipment that, thanks also to the trial launched in 2019, helped safeguard the continuity of company operations by protecting the health of personnel.

During the latter part of the year, a series of functional analyses were also carried out with a view to the company's adoption of the new Corporate Governance Code for listed companies, updated in January 2020 and applicable as of 2021, in line with its commitment to ensuring governance practices in keeping with the leading benchmarks.

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 world economy was heavily influenced in 2020 by the effects of the Covid-19 outbreak, which, beginning in January, rapidly spread to all countries. After the first half of the year was heavily shaped by measures to contain the infection, with unprecedented economic consequences in terms of speed and intensity, macroeconomic data were positive in all of the main countries by Q3, only to suffer a further heavy downturn in the last few months following the new wave of the pandemic that hit between October and December.

As a result, the overall advertising market in Italy in 2020 declined by 15.3% overall, with TV alone recording a drop in investment of 9.5%, compared to the same period last year (source: Nielsen: Pubblicità universo Digital Omogeneo FCP). In fact, the health emergency meant that companies suddenly had to change their communication strategies with immediate reductions in their advertising budgets.

Despite the complexity of the situation and the cancellation of the year's major sporting events, such as the European Football Championship and the Tokyo Olympics, efforts on the part of Rai Pubblicità allowed the Rai Group to keep its losses below the overall market average, with a half-point increase in its market share compared to 2019, bringing it to 19.8%. (Source: Nielsen).

The reduction in advertising volumes for the year was reflected across all media, with the exception of the web, which instead increased its revenues thanks to the greater use of the medium as a whole, together with the quality and authoritativeness of the content of the Rai offering. RaiPlay notably consolidated an extraordinary year in 2020 and the multi-platform strategy launched in autumn 2019, with the constant expansion of the library and the transversal nature of the content offered by Rai attracting an increasingly wide audience.

The Cinema sector, with the closure of cinemas until 14 June and then again from 25 October, saw its business reduced to zero for most of the year and closed 2020 with an overall market decrease of 84% (source: Nielsen) on 2019 and a consequent drop in cinema turnover managed by Rai Pubblicità of 80.1%.

With regard to estimates for the 2021 advertising market, the latest projections made in March by UPA (Utenti Pubblicitari Associati) assume growth of 4% in response to the significant reduction in investment in 2020. The return of major sporting events that could not take place in the year of the pandemic was confirmed, with the resulting benefits in terms of advertising investment.

Commercial

Rai Group's sales activities are managed by the wholly-owned subsidiary company Rai Com.

The health emergency resulted in a slowdown in many commercial activities in 2020, notably including the cancellation of various initiatives.

Agreements, tenders and partnerships

Rai, through Rai Com, signed numerous agreements and conventions with local public administration, institutional bodies and private entities. Agreements relating to concerts by the Rai National Symphony Orchestra, those that met programming requirements, and national and European calls for tenders, as well as contracts arising from obligations of the Rai/State service agreement (linguistic minorities and Rai Italia) were also handled, with the exception of agreements with Ministries.

Highlights of the period included the positive response to the new Rai 1 programme *Linea Verde Tour*, the 16 episodes of which were funded entirely by agreements; the four-year memorandum of understanding with the Autonomous Province of Bolzano for the implementation of a comprehensive communication plan; the strengthening of relations with numerous partners, including Assosomm, the Consorzio Tutela Grana Padano and the Fondazione Cassa di Risparmio di Alessandria. Furthermore, the existing agreements with the Presidency of the Council of Ministers on the Slovenian, Friulian and French language minorities and on the programming for Italians abroad were extended.

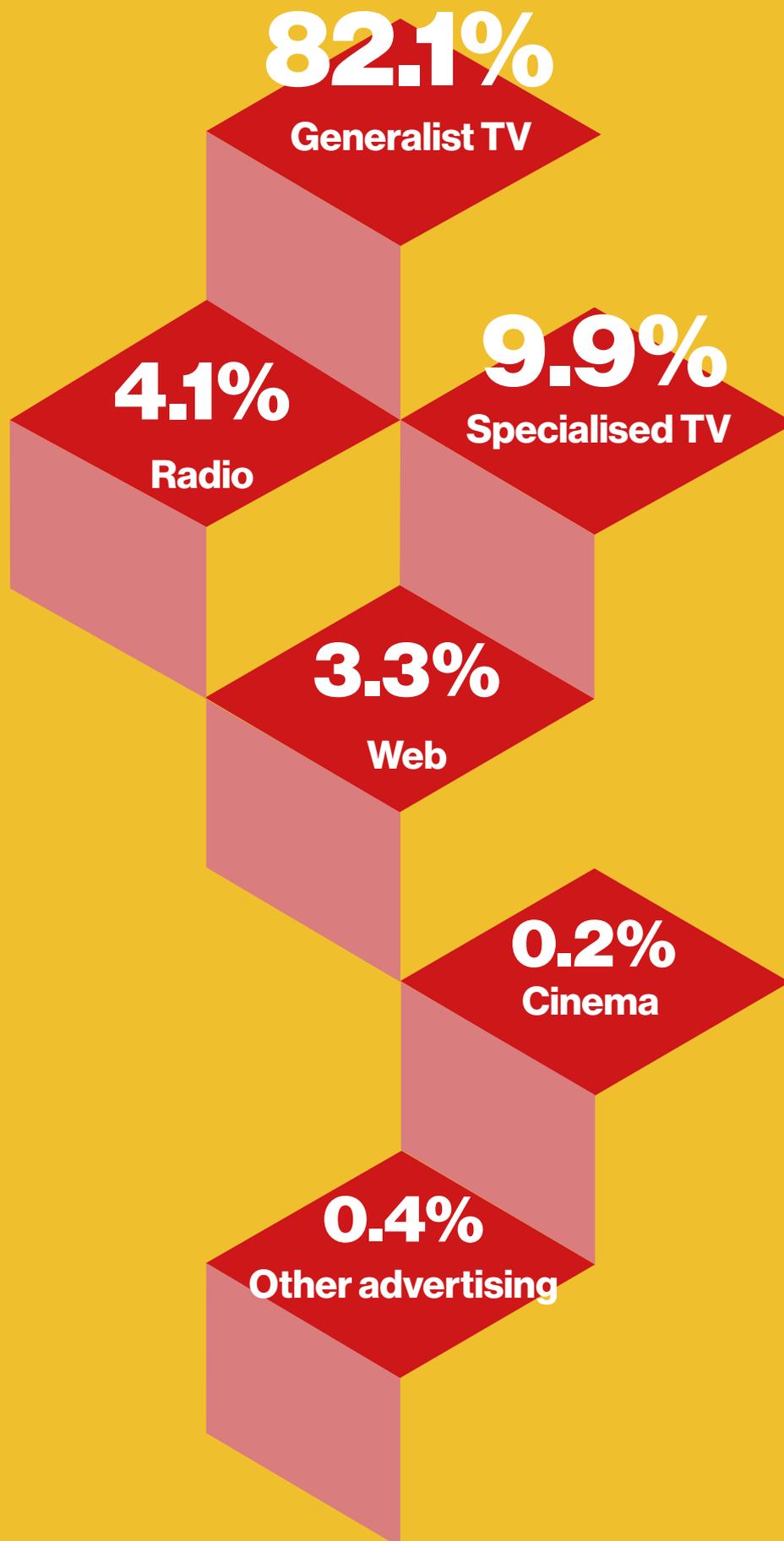
Sales of the international library

Sales of rights to foreign countries: cinema and television

The pandemic situation obviously affected the distribution of the products in the catalogue, with 2020 consequently characterised by a high commercial penetration of drama and TV products (around 90%), to the detriment of the distribution of films and format rights, which were affected by the closure of cinemas and slowdowns in production.

Among those long-series drama productions that are enjoying considerable success we find *Il Paradiso delle Signore*, distributed in Western and Central Europe, as well as

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in Japan and the Middle East. Other titles include *Montalbano*, the undisputed star of recent international distribution, the second season of *L'Amica Geniale*, series *Vivi e Lascia Vivere*, *Mentre ero via*, *La Vita promessa*, *Scomparsa* and *L'Allieva*, which have found their place and proven successful in major markets such as the USA, Canada, Latin America, and both Western and Eastern Europe.

With respect to the distribution of documentaries, the success of Alberto Angela's *Le Meraviglie* and *Notti a...* (San Pietro, Pompeii, Venice and Florence), which were distributed in over 40 countries around the world, continues.

With regard to cinema distribution, the year was characterised by the extraordinary cancellation of activities following the closure of cinemas worldwide. The distribution of the film *Volevo nascondermi* by Giorgio Diritti (Silver Bear for Elio Germano) began in France, Switzerland, Hungary, Austria, China, Taiwan and Latin America, while *Tutto il mio folle amore* by Gabriele Salvatores was successfully aired by broadcaster Arté for France and Germany.

Sales of the international library

Sales of rights to foreign countries: Classical music

The closure of theatres, arenas, cinemas, cultural centres and auditoriums from the end of February brought productions to a standstill, and they only partially resumed in the final months of the year. Content distribution therefore had to adapt to the situation by determining an alternative structure of exploitation both by right and by territory. Agreements were notably developed in Q4 for the distribution of VOD rights both in Europe, with the themed Medici TV platform, and in Asia, with Live Viewing Japan and Il Media for Korea, for a series of catalogue works by the Teatro alla Scala in Milan, as well as for new productions such as the *Requiem* from Milan Cathedral, conducted by Maestro Chailly. *A riveder le stelle...*, which replaced the opening of the opera season at Milan's Teatro alla Scala on 7 December, was marketed live on television and streamed on the ARTE channel for French and German-speaking countries, in Hungary with MTVA, in Slovenia with RTV Slovenia and in the Czech Republic with Ceska Televize. There was also an amount digital distribution through agreements reached with the Medici Tv and Perakis platforms.

Rai channels marketing and distribution abroad

Rai channel distribution and marketing efforts abroad were affected by the gradual reduction in the pay-TV market and a drop in demand from hotel chains.

All contractual relationships in Europe were upheld, especially the most important ones (such as those with Telenet in Belgium, Orange in France, KPN in the Netherlands and Mediapool in Germany), but outside Europe there was a significant drop in the number of subscribers to Rai's channels in the United States and Australia, due primarily to the crisis situation created by the global pandemic.

The results observed in Eastern Europe, mainly Romania, Serbia and Slovenia, where Rai 1 currently covers all basic operator segments, were also positive.

New developments during the period notably included an agreement with CCSA, the Canadian Cable Systems Alliance Inc., which represents and acts on behalf of hundreds of very small independent Internet providers and TV and telephone operators serving hundreds of thousands of Canadian viewers.

Marketing and Business Development

The development of *Italiana TV magazine*, the international commercial project created in 2015 with the aim of identifying new lines of business relating to Italy's main assets (culture, food and tourism), the distribution of which was consolidated in Russia and the former Soviet Union (Vremja), Canada (ICI), the United States (MHZ), Mexico (TV UNAM), Croatia (HRT) and Estonia (EER) in 2020, continued.

Furthermore, a number of documentary projects were carried out under existing agreements, including *Fellini degli Spiriti*, a co-production with Mad Entertainment, Rai Cinema, Walking the Dog and Arté; *Italo Disco*, on 80s Italian disco music, in the framework of the agreement with Alpenway; and a documentary on the development of the city of Rome, in co-production with Arté.

Sports broadcasting rights

Rai Com sells the archive rights to the libraries of various sports clubs, as well as images of various sports from the Rai archives, both in Italy and abroad.

In 2020, agreements were reached with clubs Ascoli, Cremonese and Pisa, with company Verymuchso for a docufilm on Pistorius, with the Basketball League for clips of the basketball championship and with Infront for clips of certain Serie B clubs.

Editions

In its capacity as music publisher, Rai Com develops and manages Rai's music catalogue and handles the realisation and distribution of rights related to light music, contemporary and classical music.

A total of 49 new television and radio programme layouts were created in support of RAI's radio and television programming, as well as original theme songs, music and background music for many productions, such as *Detto Fatto*, *È Sempre Mezzogiorno*, *L'Eredità* and *Geo & Geo*. Music was provided for 38 Rai Cultura documentaries, as well as for Rai Ragazzi programmes *Suuuper* and *Web Gulp*, and the audiologos and branded theme songs for RaiNews24 created.

The important joint work and collaboration with Rai Fiction and Rai Cinema and, consequently, with the most important Italian television and cinema production companies was confirmed, even though activity slowed down in the first part of the year due to the interruption to productions.

In relation to television productions, the production of important titles broadcast in 2020 is worth noting, such as *La Vita Promessa 2*, *L'Allieva 3*, *Nero a Metà 2*, *Vite in Fuga*, *Liberi Tutti*, *I Topi 2*, *Illuminate 3*, *Il Paradiso delle Signore 3* (160 daily episodes), *Rocco Schiavone 4*, *Volevo fare la Rock Star*, *Cuori Coraggiosi*, *I Bastardi di Pizzofalcone 3* and docu-series *Il Segno delle Donne* for Rai Storia. Music projects were also undertaken for TV movies *Rita Levi Montalcini* and *Tutto il giorno Davanti* and for the documentary series *Passaggio a Nord Ovest*, *Superquark* and *Ullisse*.

Film projects notably included *Guida romantica a posti perduti*, directed by Giorgia Farina and presented at the Venice Film Festival.

The Edizioni di Musica Contemporanea, in which live performances play a vital role, were strongly affected by the theatre closures as a result of the pandemic, with 57 of the 157 originally scheduled performances, being cancelled or rescheduled, resulting, in most cases, in them being streamed without an audience.

Teche archive and production services

The sale of Rai's archive material continued to attract the interest of national and international broadcasters, despite the slowdown due to the interruption of cinema and drama productions and the difficulties associated with delivering the material, particularly in the first part of the year. Activity relating to the transfer of production services suffered particularly because of the pandemic due to the postponement or cancellation of almost all events. With regard to indirect revenue management, the *L'Amica Geniale* series performed exceptionally well.

Licensing and Home video

Direct newsstand distribution activities in collaboration with the main market players such as Arnoldo Mondadori Editore, GEDI Gruppo Editoriale and RCS Media Group, and the series dedicated to *Il Commissario Montalbano* and *DOC - Nelle tue mani* achieved good results, as did magazine programme *Reazione a Catena* and the children's magazine dedicated to *PJ Mask*.

With regard to normal trade distribution, good results were achieved in the latter part of the year, thanks in part to the launch of certain initiatives such as the special edition of *I Medici*.

Patents and Cultural Heritage

The commercial exploitation of DVB-T2 patents continued.

The *Opera Omnia* project saw the postponement of most of its international programming due to the worldwide closure of museums and cultural venues.

Sales relating to the Sanremo 2020 box office were also good.

Digital Rights

The EST/TVOD market is growing strongly thanks to agreements with the main transactional platforms operating in Italy (iTunes, Google, Chili, etc.), the emergence of new platforms on the market (Amazon) and the continuous increase in the number of rights in the Rai Com portfolio, which now has access to a library of over 1,500 titles.

SVOD rights, which focused mainly on cinema products in 2020, also benefited from the consolidation of commercial relations with all of the platforms operating on the national and international markets.

Rai Libri

Rai Libri identifies and enhances the most authoritative resources and voices on the Rai schedule and on the Italian cultural scene.

The most significant titles published over the course of the year were *Kalipè, il cammino della semplicità*, by Massimiliano Ossini, the volume celebrating the 70th anniversary of the Sanremo Festival, and *Trappole d'amore*, by Federica Sciarelli, dedicated to the most significant and touching Italian cases of romantic fraud. July saw the publication of *Bellissime*, by Bruno Vespa, confirming the network's collaboration with the most successful Italian essayist on the national publishing market.

In the second half of the year, Rita dalla Chiesa's autobiographical story *Il mio valzer con papà*, the book of recipes marking the return of the queen of television cooking Antonella Clerici's *È Sempre Mezzogiorno* and *Un ora e mezzo per salvare di mondo* by Mario Tozzi and Lorenzo Baglioni, dedicated to the highly

topical issue of climate change, stood out for their editorial success and public appreciation.

Audio Video Content

Six episodes of the fifth edition of *Italiana* were produced, in keeping with a new editorial look and entirely in 4K. Furthermore, recovered footage made it possible to produce a documentary

on the Viareggio Carnival, while the agreement with the Autonomous Province of Bolzano included the production of a docufiction in two languages entitled *Riparare il Tempo*, looking at the issue of sustainability through one researcher's journey to her homeland to discover how small Alpine communities are now pioneering large-scale solutions for safeguarding the planet.

Other activities

Public utility

Weather and traffic

Rai manages and coordinates weather and mobility services and products exclusively to networks and media outlets across all corporate platforms on the basis of cooperation agreements with various institutions and bodies (e.g. the Ministry of Transport, the Ministry of the Interior, ASPI, Anas, the Italian Air Force, etc.) for the acquisition and distribution of content.

Over the course of 2020, *Green Meteo* was produced and broadcast on Rai Gulp every Friday and Saturday. The programme, inspired by the 17 principles of sustainability and enriched with special innovative graphics, provides weather forecasts in a language that is suitable for children, along with lots of useful data and news to help promote a more sustainable environment.

Accessibility

There is a constant and growing commitment to increasing the number of hours of accessible programming, including on the web, through the use of subtitles, audio descriptions and sign language.

In particular, over 17,000 hours of subtitled products were produced in 2020 for distribution on generalist channels (around 90% of programming from 6am to midnight). Every day, in fact, 14 editions of national news programmes, 12 journalistic reports and 3 editions of *Tg Parlamento*, as well as sporting and religious events, films, dramas, documentaries and prime-time, political and cultural programmes, are subtitled. In addition to this, some 1,000 hours of English subtitling are also completed each year. Furthermore, the gradual subtitling of regional news programmes began (with 11 daily editions now in operation), along with a number of Rai Premium and Rai Ragazzi products.

There were over 1,500 hours of subtitled programmes online, representing an increase of around 20% on the previous year and 50% over the past two years. There was notably a considerable increase in subtitling on RaiPlay with regard to programmes aimed at schools (*La Banda dei Fuoriclasse* and *La scuola in Tivù*) and children, with the *Pimpa* cartoons.

As for accessibility to the visually impaired, over 1,700 hours of audio-described products help ensure that the visually impaired are able to enjoy around 90% of the prime-time films and dramas broadcast on the generalist channels, in addition to over 2,300 hours of audio-descriptions on Rai Premium and Rai Movie, representing an increase of around 15% on the previous year.

Over the course of 2020, in addition to the audio descriptions

of recorded audiovisual products there were also some for the youngest of audiences, including audio descriptions of cartoon *La Pimpa* and various operas, and live audio descriptions for various types of products, from the 5 evenings of the *Sanremo Festival*, to the *Assisi* and *Vasco Rossi* concerts, to the opening and closing ceremonies of the *Venice Film Festival*, to the *Disability Pride* programme.

As far as sign language programming was concerned, in addition to a daily edition of Tg1, Tg2 and Tg3, ensuring that all time slots were covered, structural allowance was made to ensure the delivery of a news programme in sign language within the *Buongiorno Regione* programme for the regions of Tuscany and Basilicata, a daily ad hoc edition of the Rai News 24 news programme, including the weather forecast, and a further daily 10-minute in-depth news broadcast, also on Rai News 24, in the early morning hours.

Sign language translation was provided for institutional appointments (such as speeches by the President of the Republic, press conferences by the Prime Minister, electoral and referendum forums, Question Time and information from the House and Senate), the most important liturgical moments (from Easter Mass to the religious functions celebrated by the Holy Father) and offerings for children and young people (cartoon *La Pimpa*, the songs of *Lo Zecchino d'Oro* and the lessons of *La Banda dei Fuori Classe*).

Sign language translation was also provided for entertainment products on the RaiPlay digital platform, starting with *Sanremo 2020 Live LIS*, followed by the *1 May Concert*, concerts by Laura Pausini, Fiorella Mannoia and Vasco Rossi, the *Con il cuore nel nome di Francesco* programme, the theatrical transposition of Benigni's *I 10 Comandamenti*, the opening and closing ceremonies of the *Venice Film Festival*, *Disability Pride*, art and psychology snippets and opera *Rigoletto*.

Last but not least, sign language accessibility also covered conferences and events such as the *Prix Italia*, *Handimatica* and the *Accessibility Days*.

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 by means of a Braille bar and speech synthesis and is designed and implemented based on the provisions of Law 4/2004 'Provisions to facilitate disabled access to IT tools'. The site features multimedia works aimed at improving the computer literacy of adults and children, as well as meeting the multiple visualisation needs for the various types of vision disorders. Rai Easy Web also hosts the section dedicated to simultaneous audio descriptions of films and dramas published on RaiPlay.

The Rai Accessibilità Facebook page was also active as of April 2020, offering news and information content, Rai products and

2020 Weather and Transport News

Television

Weather

- over **20** editions a week in the Rai 1, Rai 2, Rai 3, Rai News and Rai Ragazzi schedules
- **10** weekly editions as part of *Unomattina* on Rai 1
- **280** editions per week for TgR
- **60** weekly editions of the forecast from *Buongiorno Regione*
- 5 weekly editions in *Buongiorno Italia*

Mobility

- Approximately 20 editions per week with slots on Rai 1, Rai 2, Rai 3 and Rai News 24.

Radio

Meteo Radio

- **119** editions per week of weather bulletins in the schedules of the 3 generalist channels
- **7** editions per week of *Meteo Europa* on Rai Radio3
- **4** editions per week of *Bolmont* in the schedules of the 3 generalist channels
- **2** editions per week of *Bolneve* on Rai Radio1
- **2** editions per week of *Bolmare* on Rai Radio1 and on digital radio
- **84** editions per week as part of the Isoradio channel's schedule
- Further weather forecasts for regional radio news in Abruzzo, Basilicata, Calabria, Campania, Liguria, Molise, Piemonte, Puglia, Umbria, Sardinia and Sicily.

Onda Verde

- over **200** editions per week throughout the schedules of the three generalist networks

programmes, awareness campaigns on the environment and sustainability, social commercials, promotions and summaries of accessible products with subtitles and audio description and in sign language, as well as hosting original productions such as an informative series on Covid-19 and good practices to adopt in this respect. The page had around 8,000 followers to date.

A production lasting over 2 hours was also streamed live on RaiPlay in 2020, replacing the street event that could not take place due to health reasons relating to Covid-19, complete with subtitles, sign language and audio descriptions, dedicated to the world of disabilities.

Focus Accessibility

- **Over 17,000 hours** of subtitled products, available on generalist channels
- **1,000 hours** of English subtitling
- **Over 1,500 hours** of subtitled programmes on the web
- **Over 1,700 hours** of audio-described products on generalist networks
- **2,300 hours** of audio-described products on specialised stations

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. Also available in web version, Televideo is still one of the most usable products and support for people's daily lives. From only 300 pages of 1984, the offering has progressively grown and now includes 15,000 pages per day on National Televideo and the 21 Regional Televideo sites. Currently, the Televideo offer has sections on the *environment, social inclusion, health, digital literacy, books, culture* and *Italy*. The closure of cultural locations and spaces open to the public over the course of 2020 due to the pandemic resulted in a 4% reduction in the *Culture* offering and a 13% reduction in the *Nature and the Environment* offering in relation to the previous year.

Televideo Services 2020

National Televideo published:

- **Environment: 1,500** pages spread across *Renewable Energies, Reduce-Reuse-Recycle, Environmental Sustainability, Green Agenda, Sustainable Mobility, Green Economy* sections
- **Social:**
 - **7,800** pages across the *Audio descriptions, Fundraising and Services for Visual and Hearing Impaired Accessibility* sections
 - **2,750** information pages on *Work, Health and Digital Literacy*
- **Culture: 2,150** pages across the *Pagine da Leggere, All'Ordine del Giorno, Scaffale, La Rai da Leggere, Un libro, Accadde oggi* and *Parma Capitale della Cultura 2020* sections

For the 21 regional sites, Televideo published:

- **Environment:** about 2,650 pages for the *Agenda Verde* and *Parchi naturali* sections
- **Culture:** 4,400 pages for the section: *Borghi da Gustare*, the particular cultural interest content having been taken up in the digital station programming for *Rai Radio Live* and *Radiocorriere TV*
- **Social:** 700 pages of useful information and guidance on how to help fight the spread of Covid-19

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.

Along with other European public services, Rai played a unique and central role during the emergency period triggered by the gradual spread of the Covid-19 pandemic. Thanks to a historically unprecedented commitment, extraordinary results were achieved in a very short period of time with the sole purpose of continuing to offer citizens a full range of news, culture, cinema, entertainment and distance learning services, including live broadcasts, that were fully compliant with the new health regulations. In this emergency situation, RAI promptly and responsibly updated its editorial strategy, including by directly inspiring and instigating a series of initiatives designed to support the population with the aim of narrating, explaining and supporting change and in doing so providing practical support. Never before had the founding values of the public service, such as the objectives of social cohesion and community support, appeared to find such a clear place in the concessionaire's programming.

This being the case, corporate communication sought to maintain the company's image and reputation by enhancing Rai's characteristics of quality and excellence in the face of the changes imposed by environmental conditions and the rigidity of the regulations. Furthermore, since the company played a central role in community relations during the emergency period, communication was restructured based on new priorities and a positioning that was more in line with the new perceptions and sentiments of the people and of all other stakeholders.

Within this context, more strategic emphasis was placed on certain communication projects that also gained widespread support not only within but also outside of the company. These included communication projects relating to the offerings aimed at schools, the social sphere, the cultural sector, children, vulnerable groups and the third sector. That said, there was also no lack of tributes to leading figures who died over the course of the year, such as Gigi Proietti and Ennio Morricone, or anniversaries that were celebrated through special lighting on the General Management building on Rome's Viale Mazzini.

Considerable efforts were made to reinforce corporate transparency, seek increasingly innovative ways of communicating and promoting Rai and its brand and consolidate dialogue with the public. The restrictions imposed by the pandemic had a great impact on the organisation of national and international festivals, but 2020 was nevertheless a good year for Rai, which managed to win 60 awards.

Corporate communication also included the publication of information and content available on the institutional website and aimed at making Rai even more transparent with regard to its users, with content tailored to the needs of the various strategic targets that come into contact with the company in search of information and services.

Of the various projects implemented in 2020 (a total of 23 communication plans were developed over the course of the year), the following three initiatives stand out as being particularly complex both in terms of the wealth of initiatives implemented and the large number of stakeholders involved from conception right through to implementation:

- *#lascuolanonsiferma*, designed to enhance the school offering across all Rai networks in collaboration with the Ministry of Education, started immediately following the closure of schools in the first phase of the health emergency (before resuming in the autumn);
- *Progress Sociale*, the new reporting tool instigated by the 'Tavolo tecnico per il Sociale', which is a tool for boosting the visibility of all of the social issues covered by Rai's programming and activities;
- the *Comunicare il Servizio Pubblico* campaign, which, from July to December, brought some of the founding values of Rai's mission, such as memory and territory, cultural impact, innovation, social cohesion and the socio-economic impact of the public service, to the attention of public opinion, thanks in part to a massive campaign of five commercials.

Rai organises various kinds of initiatives where communication projects foresee a need to improve product content and enhance the Rai brand through the organisation of events. As of March 2020, the reduction in territorial and internal initiatives as a result of the health emergency led to the outright cancellation of several major planned events or to them being adapted or reduced from 'on-site events' to 'online events'.

2020 events				
Category	Event	Date	Place	Location
Drama preview	<i>La Guerra è Finita</i>	11 January	Rome	Il Pitigliani-Italian Jewish Centre
Press conference / Event	<i>L'Amica Geniale 2</i>	21 January	Rai Roma	Sala Arazzi
Sponsorship	<i>70th Sanremo Festival</i>	4-8 February	Sanremo	Teatro Ariston
Press conference / Event	<i>Shortlist David di Donatello awards</i>	18 February	Rai Roma	Sala Arazzi
Press conference / Event	<i>'Use less light' initiative</i>	3 March	Rai Roma	Sala Arazzi
Lighting	<i>World Autism Awareness Day</i>	2 April	Rai Roma	Palazzo Viale Mazzini
Press conference	<i>Week of Legality</i>	6 May	Rai Roma	Sala Arazzi
Lighting	<i>Republic Day</i>	2 June	Rai Roma	Palazzo Viale Mazzini
Lighting and Projection	<i>Tribute to Ennio Morricone</i>	7 July	Rai Roma	Palazzo Viale Mazzini
Press conference	<i>Asvis</i>	17 September	Rai Roma	Sala A Asiago
Event	<i>Rome Film Festival</i>	15-25 October	Rome	Auditorium Parco della Musica
Lighting and Projection	<i>Impunity of Violence against Journalists Day</i>	2 November	Rai Roma	Palazzo Viale Mazzini
Lighting and Projection	<i>Gigi Proietti tribute</i>	2 November	Rai Roma	Palazzo Viale Mazzini
Lighting	<i>Armed Forces Day</i>	4 November	Rai Roma	Palazzo Viale Mazzini
Lighting and Projection	<i>Equal Ops Committee-Day Against Violence Towards Women</i>	25 November	Rai Roma	Palazzo Viale Mazzini
Streaming	<i>Greetings from the Board</i>	18 December	Rai Roma	Sala A Asiago

The promotion of Rai products also included advertising spaces outside radio, television and multimedia. Despite the health emergency and the problems it created, advertising plans for 25 Rai products were produced in 2020 by means of dynamic and digital billboards, daily and periodical press, the web and cinema. These notably related to drama programmes such as *L'amica geniale - Storia del nuovo cognome*, the second season of *Il Commissario Montalbano* and *Il Cacciatore, Doc - Nelle tue mani, lo ti cercherò* and *Natale in casa Cupiello*, and to promoting the Rai Ragazzi offering. Furthermore, green graffiti, an innovative form of communication that transforms pavements and squares into unconventional advertising spaces that attract attention and spark curiosity and media coverage, was used to promote Rai Radio2, which has, for all intents and purposes, become a video channel on RaiPlay. The application of green graffiti is, in itself, an engaging moment, capturing the attention just like a work of street art, and the yoghurt-based food mixture of which the graffiti is made has a very low environmental impact, meaning that it can be removed with a simple jet of warm water, without the need for additives or chemical solvents.

The company has also been enhancing its brand and promoting its productions and co-productions through a continuous and constant presence at small festivals, as well as major international events. The restrictions imposed by the pandemic since March have had a major impact on the organisation of festivals, with many events being cancelled or rescheduled, even online. Nevertheless, Rai managed to enter its programmes in 108 festivals and awards programmes in 2020, chalking up a total of 450 entries; 136 applications were received and 60 prizes and awards won (as opposed to 57 in 2019), including 20 at international level and at prestigious festivals.

Also in 2020, Rai was included among the 20 best companies according to the Diversity Brand Index, which measures consumers' perception of brand inclusiveness. Similar recognition was achieved in the Diversity Media Awards, where *La Compagnia del Cigno* (Best TV Series), *Berry Bees* (Best Kids Series), *Mio Fratello rincorre i Dinosauri* (Best Film) and Tg1 were recognised for their ability to promote inclusion

Awards won in 2020 - Festivals in Italy

Festival	Country	Award	Winning programme	Publisher
Caponnetto Prize	Italy	Anti-Mafia Award 2020	<i>Report</i>	Rai 3
Diversity Brand Summit	Italy	Rai in the top 20	Rai	Rai
Festival del Cinema Città di Spello ed i Borghi Umbri	Italy	Premio speciale	<i>La Stella di Andra e Tati</i>	Rai Ragazzi
Festival del Cinema Città di Spello e i Borghi Umbri	Italy	Experimental Cinematography Centre Award	<i>Che ci faccio qui - Siamo tutti matti</i>	Rai 3
Premio Giornalistico Raccontami l'Umbria	Italy	Video section award	<i>Geo - Le trame del lago</i>	Rai 3
Prix Italia	Italy	Best web series	<i>La mia jungla</i>	RaiPlay
Prix Italia	Italy	Special mention Signis Award	<i>Petrolio - Senza Respiro</i>	Rai Documentaries
Religion Today Filmfestival	Italy	Premio Religions through Women's Eyes	TG1 special - <i>Figlie di un Dio minore</i>	Tg1
Matera Film Festival	Italy	Best director	<i>Un battito di ciglia</i>	Rai Parlamento
International Archaeological Film Festival	Italy	Special mention Archeoblogger	<i>Italia. Viaggio nella bellezza - Nella terra dei faraoni. L'avventura dell'egittologia</i>	Rai Cultura
International Archaeological Film Festival	Italy	City of Rovereto Award	<i>Italia. Viaggio nella bellezza - La scuola di Atene. L'archeologia italiana</i>	Rai Cultura
Milano International FICTS Fest	Italy	Guirlande d'Honneur	<i>Shaul Ladany</i>	Rai Sport
Milano International FICTS Fest	Italy	Guirlande d'Honneur	<i>Giro d'Italia 2020</i>	Creative Direction
Milano International FICTS Fest	Italy	Mention d'Honneur	<i>Il campionato fa 90</i>	Rai 2
Fed Award	Italy	Award in the OTT and streaming product section	RaiPlay	RaiPlay
Gala Cinema Fiction	Italy	Best drama	<i>Vivi e lascia vivere</i>	Rai Fiction
Diversity Media Awards	Italy	Best Italian TV Series	<i>La Compagnia del Cigno</i>	Rai Fiction
Diversity Media Awards	Italy	Best Kids Series	<i>Berry Bees</i>	Rai Ragazzi
Diversity Media Awards	Italy	Best Italian Film	<i>Mio fratello rincorre i dinosauri</i>	Rai Cinema
Diversity Media Awards	Italy	Best TV News Programme	Tg1 service of 5 April 2019 by Paolo Sommaruga	Tg1
Salerno International Film Festival	Italy	Plaque for the Educational Documentaries section	<i>Clausura 4.0</i>	Rai Vaticano
Cartoons on the Bay	Italy	Pulcinella Award Best Preschool TV Series	<i>Lupin's Tale</i>	Rai Ragazzi
Cartoons on the Bay	Italy	Pulcinella Award Best Upper Preschool TV Series	<i>Topo Gigio</i>	Rai Ragazzi
Cartoons on the Bay	Italy	Unicef Award	<i>Lampadino e Caramella nel MagiRegno degli Zampa</i>	Rai Ragazzi
Cube Cine Award	Italy	Best Film	<i>Permette? Alberto Sordi</i>	Rai Fiction
Franco Giustolisi Award Justice and Truth	Italy	5 special mentions for TV reporters reporting on the virus	Rai Tg3 Lombardia, Rai News 24, Tg2 and Tg1	Rai
La Pellicola D'Oro	Italy	Various categories	<i>Il nome della rosa (7 awards); Pezzi unici; Ognuno è</i>	Rai

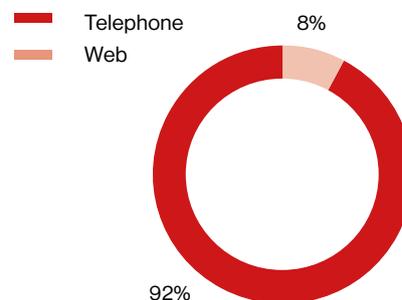
Awards won in 2020 - International festivals

Festival	Country	Award	Winning programme	Publisher
Promax Bda	Spain (2020 online edition)	Gold: Leisure & Lifestyle Programme Spots	spot <i>Easter Fashion Week</i>	Creative Direction
Promax Bda	Spain (2020 online edition)	Silver: Theatrical Films/ Movies Shown on Television Spots	spot <i>Far East Film Festival</i>	Creative Direction
Promax Bda	Spain (2020 online edition)	Silver: Something for Nothing	spot <i>Easter Fashion Week</i>	Creative Direction
Ebu Eurovision Connect	Sweden (2020 online edition)	Gold: Best Fictional Promotion	spot <i>Far East Film Festival</i>	Creative Direction
Ebu Eurovision Connect	Sweden (2020 online edition)	Silver: Best Promotion for Children Under 13	<i>Rai Sanremo Young</i>	Creative Direction
Ebu Eurovision Connect	Sweden (2020 online edition)	Gold: Best Conceptual Idea For A Low Budget Promotion	spot <i>Easter Fashion Week</i>	Creative Direction
WorldMediaFestivals Television & Corporate Media	Germany (2020 online edition)	Intermedia-globe Gold for the category "Education: Pre-School, Kindergarten"	<i>44 Gatti</i>	Rai Ragazzi
Shanghai TV Festival	Shanghai	Best Foreign Drama	<i>L'amica geniale. Storia del nuovo cognome</i>	Rai 1/ Rai Fiction
Content Innovation Awards	France (2020 online edition)	Innovation & Ingenuity Award	<i>Amore in quarantena</i>	Rai 1
Content Innovation Awards	France (2020 online edition)	Best Animated Kids Programme	<i>44 Gatti</i>	Rai Ragazzi
Fiat/Ifta	Ireland (2020 online edition)	Preservation & Migration Award 2020	Xclope project	Rai Teche
International Tourfilm Festival	Croatia (2020 online edition)	Best film in the category of travel documentaries lasting up to 60 minutes	<i>Geo -Artigiani del centro storico di Roma</i>	Rai 3
International Tourfilm Festival	Croatia (2020 online edition)	Best Director Work	<i>#Generazione Bellezza - La rinascita del rione Sanità a Napoli</i>	Rai 3
Urti International Grand Prix for Author's Documentary	France (2020 online edition)	Bronze medal	<i>Non far rumore</i>	Rai 3
Zoom Festival	Spain (2020 online edition)	Best drama	<i>Permette? Alberto Sordi</i>	Rai Fiction
Zoom Festival	Spain (2020 online edition)	Special mention	<i>Petrolio - Senza Respiro</i>	Rai Documentaries
Holidays 365 International Film Festival	USA	Jury Prize, Best Screenplay, Best Sound Design	<i>Hanukkah. La festa delle luci</i>	Rai Ragazzi
Ondas Award	Spain (2020 online edition)	International television Ondas award	<i>L'amica geniale. Storia del nuovo cognome</i>	Rai 1 / Rai Fiction
Primed	France (2020 online edition)	France 3 Corse Via Stella Prix à la Diffusion	<i>La passione di Anna Magnani</i>	Rai Com
Abu Prize	Edition (2020 online)	Best TV Drama	<i>Ognuno è Perfetto</i>	Rai Fiction

Rai maintains a direct channel of communication with its audience via its contact centre, which can be reached on freephone 800 93 83 62, and via the web, using the ScriveR@i service.

A great deal of effort was made over the course of the year to provide assistance to users in the transition to the new digital TV service to take place between 2020 and 2022, and the usual collaboration with the editorial staff of TV programmes continued with regard to receiving bookings for games and telephone prize competitions.

Contact channel



Services (January-December 2020)

	Contacts	(%)
RispondeRai 800 93 83 62		
Telephone channel regarding the licence fee, editorial issues, TV games, RaiPlay	535,611	81%
Prize games and telephone competitions - telephone reservations		
Web channel for games and telephone prize contests	72,216	11%
ScriveR@i		
Web channel to contact Rai	21,334	3%
Prize games and telephone competitions - web reservations		
Web channel for games and telephone prize contests	15,302	2%
GiocheRai - Studio games		
Web channel to apply for participation in studio TV games	10,899	2%
Pronto la Rai		
Web channel to book telephone appointments to discuss licence fee issues	5,816	1%
Total	661,178	100%

As well as preparing the daily press review, the press office is responsible for numerous institutional, product and content promotion activities for the public service that have taken on a central role as a result of the Covid-19 emergency. Over the course of the year, there were a total of 70 press conferences, both remote and in-person, and around 100 photo shoots at the Rai studios in Rome, Milan and Naples. In addition to these, the network shot the most important events (first and foremost the *Sanremo Festival*), sent exit polls when local elections were taking place and produced 50 issues of *News Rai*, the publication that illustrates Rai's products and initiatives when they are presented to the media.

The Rai Porte Aperte project, launched in 2017, has allowed some 50,000 students to visit Rai through educational visits, training internships and special events, getting a personal and unforgettable experience. As of March 2020, due to

the Covid-19 emergency, all in-person initiatives had to be suspended. The initiative therefore continued through the main social channels where – in addition to strengthening presence and communication on the project and networking – a great deal of focus was given to the special programming and initiatives deployed by Rai for the emergency, with particular attention on students, strengthening the corporate communication line.

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.

In the first months of 2020 and as part of the multi-year collaboration with the Osservatorio Permanente Giovani-Editori, Rai organised a series of 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, organised in collaboration with TgR, the regional offices and TV production centres, included meetings and debates with RAI journalists and press journalists on the issues of local news, the differences between TV news and news on the front pages of newspapers, and the relationship between news and the media. Such events also gave students the extraordinary opportunity to go inside the radio, television and news studios, meet and talk to the company's professionals and discover the history of the locations they visited.

To capture the value of Rai's radio and television offering and its commitment and presence in Italy, a series of 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 - *Insieme per ripartire* ('Together to Restart', which conveyed, through images, the enormous cultural potential that the public service makes available to users. Thanks to fast editing and clear and attractive graphics, the videos, called *Highlights del*

mese, are used to communicate the variety and quality of Rai products with a view to corporate positioning inside and outside the Company.

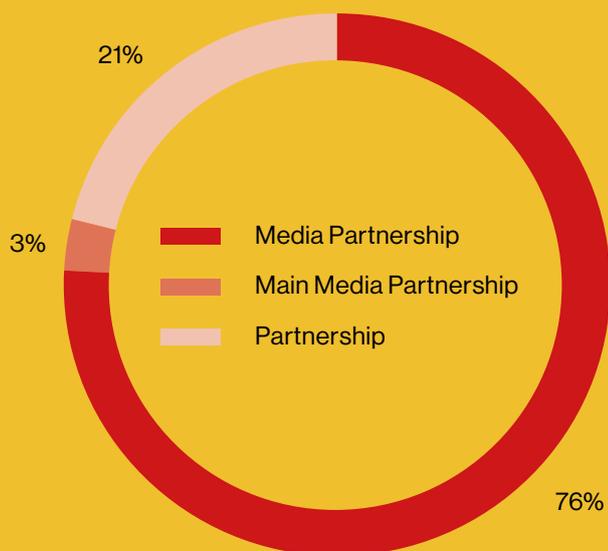
Rai is one of the main communication players in Italy, bringing to the attention of the public thousands of projects, programmes, news, institutional and social initiatives each day, and is therefore the ideal partner for all those who want to convey messages to a large number of people, with different targets, throughout the national territory. All partnership requests granted by Rai must be 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.

Despite the difficulties imposed by the health emergency that resulted in many on-the-ground events being scaled back or cancelled, some 400 partnerships were instigated and defined in 2020, including 290 media partnerships, 12 main media partnerships and 80 sponsorships. Among the major issues at heart of these initiatives were art and culture, music, cinema and social work.

Rai Porte Aperte Project	2020*	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 School-to-work projects received in 2019 and 14 selected and implemented	149 projects received and 42 selected and implemented (1,050 students)
Internship requests received and implemented	342 requests received and 58 internships activated	4,173 requests received and 720 internships activated
Participants in special events throughout Italy	no event	16,630 participants in 39 events
Total students met	2,283	46,900

* All in-person activities have been suspended since March following the Covid-19 outbreak.

Partnerships



Focus

52% 

41% 

7% 

Media partnerships

In **52%** of cases the collaboration provided for the involvement of a radio network and in **41%** that of a television network, the remaining **7%** was followed by the RaiPlay platform

440 initiatives in Italy in 2020

- 12 Main Media Partnerships
- 290 Media Partnerships
- 80 Partnerships

Main publishers

TV

54.0%	Rai Cultura (with Rai 5, Rai Storia, Rai Scuola)
11.8%	Rai Movie
7.9%	Rai 1
7.9%	Rai 3
7.2%	Rai Ragazzi (with Rai Gulp and Rai Yoyo)
4.6%	Rai 2
3.3%	Rai Gold (with Rai 4 and Rai Premium)
3.3%	Rai Italia

Radio

62.0%	Rai Radio3
14.2%	Rai Radio1
8.6%	Rai Radio2
5.1%	Rai Radio Kids
5.1%	Rai Radio Live
1.5%	Rai Radio Tutta Italiana
1.5%	Rai Radio Techete'
1.0%	Isoradio
0.5%	Rai Radio Classica
0.5%	Rai Radio Trst A

Mastheads

56.8%	TgR
18.5%	Rai News24
8.0%	TG1
6.2%	TG3
5.6%	TG2
4.9%	GR

Digital

7.0% **RaiPlay**
Out of the total number of partnerships

* 27% of all agreements involved at least one masthead

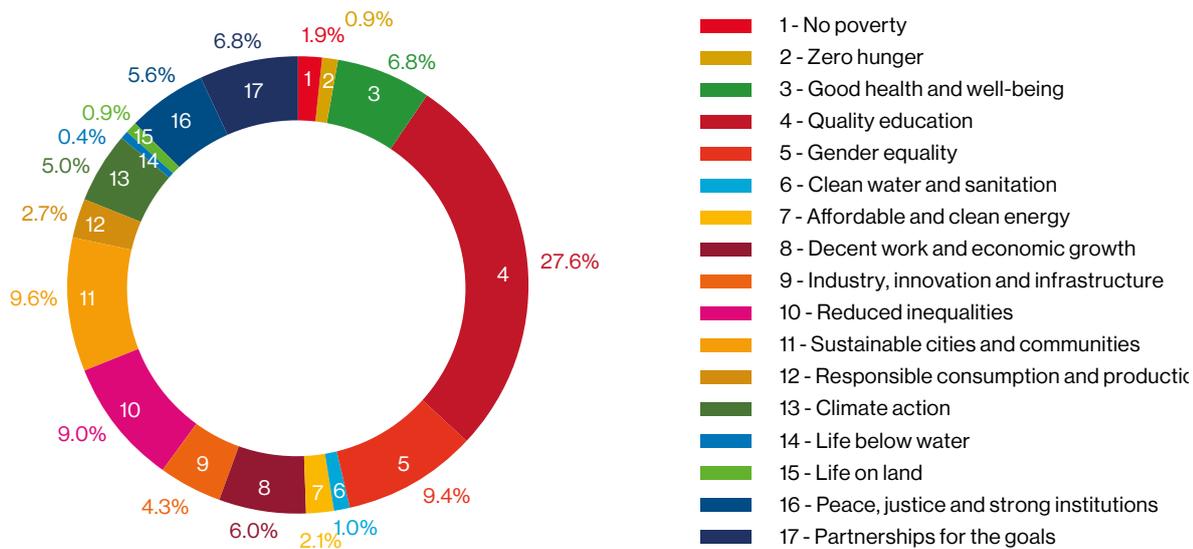
Geographical distribution of partnerships

North	34%
Centre	25%
South and islands**	15%
National territory	5%
Web	21%



** The figure for the South and Islands is lower than for the rest of the country because many events planned in the summer, outdoors, were cancelled due to the Covid-19 epidemic.

Sharing in Rai partnerships of the 17 goals for sustainable development of the UN's 2030 Agenda



Rai for the social sphere

Rai promotes, defines and coordinates the Rai Group's strategies and objectives where social responsibility and cohesion, inclusion and environmental protection are concerned, as well as managing relations with all stakeholders in the institutional and industrial spheres and with associations and international organisations regarding corporate social responsibility. Furthermore, it promotes the highlighting of issues of interest within the editorial product offering, strengthening the coverage of social issues and the various topical environmental aspects thereof, including digital inclusion, gender equality and human rights, within the programming, in accordance with the provisions of the service agreement, and coordinates and monitors initiatives and promotional campaigns.

The network participated in many relevant conferences over the course of 2020, both in person and remotely, including *CSR Salone Innovazione Sociale* (Bocconi), *Terra di tutti film Festival*, *Premio Bisceglia*, *Premio Borsellino*, *Festival Internazionale del film corto Tulipani Di Seta Nera* and *Futura: Lavoro, Ambiente, Innovazione*.

The dissemination of products such as *Disability Pride* (RaiPlay), *Il Paese ritrovato* (Rai Premium) and *Cartone di S. Francesco* (Rai Gulp) through the various Rai channels was also maintained, as well as participation in the organisation of the International Day for the Elimination of Violence against Women, Disability Day and International Volunteer Day.

The commitment to social issues and human rights was expressed through the creation of a virtuous network between the company, the public and various institutions with the aim

of identifying formulas through which Rai could make its own contribution and outline operational proposals, in full compliance with the indications of the service agreement through which the concessionaire is called upon to monitor the protection and respect of these rights.

A number of projects were implemented in this respect, resulting in certain programming choices being made, including from a multi-platform perspective. These included the second season of *O anche No*, the programme looking at the issue of disability through a series of characters telling their stories through their expectations, difficulties and achievements, which continued on Rai 2. The initiative had already received the Nazionale Inclusion 3.0 award from the University of Macerata for the "high social and inclusive value of the docu-reality show" in 2019. On 3 December 2020, marking the International Day of Persons with Disabilities, Rai 2 brought us a late-evening event episode of *O anche no* that began with a message from the President of the Republic and was enhanced with contributions from great leading figures of the entertainment, culture and social sectors.

Multi-platform pilot project *Illuminare le periferie*, broadcast live through social platforms and within the RaiPlay offering to be enjoyed on-demand at a later date, gave us a place for discussing social issues, starting with the presentation of the *Illuminare le periferie - I non luoghi dell'informazione* report, which photographed the challenges facing the world of information in Italy with regard to issues that are often considered marginal. The project, which boasted the collaboration of prestigious bodies such as the Pavia Observatory, the COSPE, the USIGRAI, the FNSI, the Italian Agency for Development Cooperation (AICS), the *Impresa Sociale con i Bambini* and the Community of Sant'Egidio, was presented from a symbolic location, namely

2020 Campaigns

- **44** fundraising campaigns
- **30** awareness campaigns
- *Rai per il Sociale*: **28** spots for a total of 672 TV and radio runs
- **63** institutional campaigns for a total of 15,733 TV and radio runs

the Tor Bella Monaca headquarters of the Community of Sant'Egidio. Further developments are planned for 2021, with new appointments in which we will hear from other authoritative third-sector operators with the aim of illuminating the most disadvantaged and at-risk areas.

There were also many opportunities for inter-company meetings on environmental and sustainability issues, such as Sustainability Day 2020, an opportunity promoted by the ACEA and bringing together representatives of the institutional and research spheres and experts in the sector to share their experiences and strategies in the field of sustainable development, which saw Rai assert and reiterate its role in this field as a public service operator. Moreover, within the framework of corporate social responsibility processes and in line with its strategic framework for sustainability, Rai confirmed to the WWF its willingness to pursue the 'plastic-free' campaign with the aim of eliminating single-use plastic on its premises.

A number of partnerships were also entered into, including one with ASviS for the presentation of the first ASviS report on 'Territories and the Sustainable Development Goals', with the Università Cattolica del Sacro Cuore and Maker Faire Roma 2020.

The fight against the pandemic was not only the dominant issue but also a selection criterion for social media spaces in 2020. Of the many fundraisers that took place, which ranged from the Benessere Italia steering committee to psychologists on the front line, from initiatives designed to fight growing poverty to helping children without access to educational tools, considerable emphasis was placed on the Civil Protection Service's efforts to raise funds to purchase personal protective equipment and medical equipment, which raised a record figure of over €170 million (by way of comparison, the 2016 collections following the earthquakes in central Italy raised no more than 35 million, while the total amount of fundraising on Rai media over the course of 2019 was €15.8 million).

The choice on the part of certain popular Rai 1 programmes to donate to charity the money made from the numerous episodes recorded without a studio audience and involving leading figures from the world of show business instead of ordinary contestants was also significant.

With regard to institutional campaigns, it should be noted that 20 of the advertisements that the Prime Minister's Office requested be aired also concerned the fight against the pandemic.

Rai's social campaigns were also visible on the web and social media: texts, photos and videos of the relevant initiatives were available on the www.responsabilitasociale.rai.it, Rai.it and RaiPlay portals; the Rai per il Sociale Twitter profile maintained a key position with its 48,100 followers, while the Facebook profile reached 14,951 followers.

In terms of inclusion, 2020 was a year in which a large amount of content was made available to different audiences and on different platforms. There was a strong focus not only on digital literacy and innovation culture, but also on social inclusion and sustainability. Work in the age of the digital transformation was one of the central themes of a number of productions, including *Interviste Snack*, the programme featuring leading experts in artificial intelligence, industry 4.0, start-ups and hybrid jobs, and *Che lavoro/i farai da grande?* with Marco Montemagno and The Italian Net, discussing the changing world of work.

Basic literacy was another major issue addressed by *Non è mai troppo tardi... Fatto!?*, a series designed to promote the rapid learning of digital skills, aired on Rai 2 and also available on RaiPlay, as well as in the *Domande Snack* feature on RaiPlay and YouTube, with over 170 responses from experts helping to provide the tools required to develop a critical sense and exercise digital citizenship. Topics included security, fake news, smart working, education 4.0, mobility, the smart city, the cloud, 5G, electronic payments, artificial intelligence, home automation, wearables and digital citizenship.

The year 2020 was also marked by the start of *Web Side Story - Quando la Rete fa la Storia*, a docu-series on Rai 4 looking at events that took place either online or thanks to the Internet and that have remained in the collective memory or are waiting to be rediscovered, to raise awareness of just how much the web has changed the world since it became available to the masses and will continue to do so. There was also, of course, *Prepararsi al Futuro*, the new programme on sustainability born of an idea of Piero Angela, and of the bi-weekly *Smart Life* podcasts on RaiPlay Radio exploring the changes in life and work from the perspectives of inclusion, digital literacy and innovation culture.

Agreements with Central Government

Agreements with the Central Government are managed directly by the Parent Company.

Various new agreements were outlined over the course of 2020, including some linked to the emergence of the pandemic situation and the measures put in place by various ministries, and many existing partnerships were renewed with a view to continuing communication campaigns that had been launched in previous years. The most relevant initiatives involved the following:

Ministry of Education

Following the suspension of teaching activities due to the health emergency, a working group was promptly set up with the Ministry to urgently identify the most appropriate solutions to be put to educational institutions.

From the outset, while waiting for the opportunity to produce *ad hoc* materials, within the framework of the existing memorandum of understanding and the service agreement and in synergy with Rai Cultura, RaiPlay and Rai Ragazzi, the materials available were mapped out and then made available *online*, on the portals and in dedicated programming spaces. Educational content was organically channelled into the *Speciale Scuola 2020* within the Rai Cultura portal.

Significant dedicated programming spaces were created on the Rai Scuola channel, on Rai 3 and on Rai Ragazzi. This joint effort was ratified by the charter of intent dated 24 March, under which a number of Implementing Agreements relating to the following were formalised:

- **Distance learning support activities:** Two implementation agreements for the execution of distance learning support activities for the 2020-2021 academic year were formalised. The most significant initiatives included several cycles of the *Maestri* programme, broadcast on Rai 3 and repeated on Rai Scuola, with two 'lessons' per episode delivered by prominent figures identified in accordance with the Ministry and relating to the main school subjects of the first and second cycles of secondary education (amounting to over 120 episodes over the course of the year). Furthermore, over 800 teaching units were produced and broadcast on Rai Scuola as part of the *La scuola in tivù* programme. In addition to lessons for young people, two cycles of the *La Scuola in Tivù - Istruzione degli adulti* adult education programme (amounting to some 60 lessons) were produced.

For primary and pre-primary school children, meanwhile, *La banda dei FuoriClasse* was created in synergy with Rai Ragazzi and broadcast on Rai Gulp to teach school subjects in a language aimed specifically at the target audience of children. All of these initiatives are still available on the Rai Cultura portals and on RaiPlay. These activities will continue

until June 2021.

- **2020 Maturità Podcast Project:** Production of 75 podcasts on the main subjects covered in the State Final-Year Exam in synergy with Rai Radio3, covering history, science and art history, written by teachers and experts specifically for the radio medium and target audience and made available on the Rai Radio3 and Ministry portals.
- **Filosofi Project - Multimedia Encyclopaedia - Other initiatives:** this project aims to create a hundred 10-minute teaching units on the thinkers and great philosophers of the 20th century, partially produced by and delivered to the Ministry and published on the Rai Teche portal. A further implementation agreement led to renewed collaboration with Rai 1 programme *Tutti a scuola* marking the start of the new school year.
- **Production of an institutional video dedicated to legal expert and politician Vittorio Bachelet.**
- **Dantedi Project:** marking the 700th anniversary of the death of the leading literary figure, Rai Teche produced twenty 1-minute clips of tercets from the Divine Comedy as read by leading actors.

Ministry for Employment and Social Policies - ANPAL

Continuation of communication initiatives relating to labour and social policy issues as part of the *Il Posto Giusto* programme.

Ministry for Employment and Social Policies

Continuation of communication initiatives for a campaign on the issues of safety at work, social inclusion and the fight against poverty, broken down into a plan of initiatives in radio and television programmes in the schedule, as well as the production of an institutional film on emergency income.

Prime Minister's Office.

Production of five institutional videos dedicated to the following: thanking healthcare staff for their efforts during the Covid-19 health emergency; promoting the 114 phone number dedicated to helping children in distress; the dissemination of the Immuni app; promoting the Universal Civil Service; thanking hauliers for their efforts in the fields of transport and logistics during the pandemic.

Ministry of Cultural Heritage and Tourism

- signing of an agreement for the production of new Rai 1 programme *L'Italia non finisce mai*, dedicated to promoting quality tourism (sustainable mobility, original itineraries put together based on historical maps, etc.);
- in addition to the communication campaign for promoting and enhancing Italian cultural heritage, both tangible and intangible, included on the UNESCO lists produced in both 2018 and 2019, Rai and the Ministry have signed a further agreement for the production of 14 new mini-docs lasting around 3 minutes and dedicated to the Italian elements featured on the Representative List of Intangible Cultural Herit-

age in 2021, as well as a 27-minute special dedicated to the UNESCO Convention on the Protection of Underwater Cultural Heritage;

- launch of preparatory stages for the formalisation of a new agreement for the implementation of a project designed to promote Italy abroad and involving the production of the following: 8 episodes of the *Italia Nascosta* programme; 24 short videos to be circulated online; 1 *theatrical* promotional product.

Ministry of Foreign Affairs and International Cooperation

Formalisation of an agreement for the production of an institutional video dedicated entirely to the 700th anniversary of Dante Alighieri's death.

As part of the preparations for defining agreements currently in the process of being formalised, those signed with the **Ministry of Transport - *Albo degli Autotrasporti (Hauliers Register)*** for the definition of a communication campaign on the issues of road safety, which will be implemented through a series of television slots within network programmes such as *Unomattina, Buongiorno Benessere, Mattina in Famiglia, Fatti Vostri*, etc., were of particular note.

Partnership activities included the following:

- the renewal of the Memorandum of Understanding with the Ministry for Employment and Social Policies, which was extended in terms of both scope and the issues it covered and which included ANPAL as a co-contractor (the Implementing Agreements with both the Ministry and ANPAL stem from this Memorandum);
- the renewal of the Memorandum of Understanding with the Italian Paralympic Committee for the dissemination of the values of Paralympic sport, reinforcing a fruitful collaboration and partnership that has been consolidated over the years;
- the signing, on 3 December 2020, of a Memorandum of Understanding with the MID aimed at promoting initiatives designed to encourage the most widespread and inclusive knowledge of digital technologies among the general public.

Changes in the regulatory framework

Assignment of rights of use of frequencies, reforming of the so-called 700 band, and adoption of related deeds

Ministry activities continued, related to: assignment of rights of use of digital terrestrial TV frequencies to local network operators (publication of new calls for tenders and approval of the initial rankings); establishment of rankings of local audiovisual media service providers (with an update of the guidelines explaining the underlying criteria and procedures); operations to shutdown channels 50 and 52 and channels 51 and 53 (migration to different broadcasting frequencies), with particular reference to restricted Area D (Sicilian provinces) and the optional shutdown of the frequencies of network operators in the local area; the right, for local network operators, to release 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 the identification of a new time frame in which it is allowed, see the Decree of the Minister of Economic Development of 15 December 2020, amending the decree of 19 June 2019 concerning the calendar with geographical areas for the release of the 700 MHz band); the definition of the operating methods and procedures for the payment of such indemnities to local network operators. Lastly, the Director's Decree of 13 April 2021 determined the amounts of the indemnities due to local network operators following the compulsory or optional release of frequencies, as set out in the Interministerial Decree of 27 November 2020, or the voluntary release of frequencies in advance of the deadlines laid down in the *roadmap*.

The communication campaign that will accompany users towards the transition to the new DVB-T2 technological standard was also launched and will end in June 2022, involving both the Ministry and the programming on Rai networks (institutional communication audiovisual spot).

Finally, with regard to the "*compensatory measures for the upgrade of systems in favour of network operators for the release of radio links in the 3.6-3.8 GHz bands*", the director's decree of 4 December 2020 concluding the procedure was published, pursuant to the provisions of the decree of the Ministry for Economic Development in agreement with the Ministry for the Economy and Finance of 4 September 2019 implementing Article 1, paragraph 1039, letter a) of Law no. 205 of 27 December 2017.

At the end of the public consultation called by Resolution No. 232/20/CONS, the Authority approved, with Resolution No.

564/20/CONS of 29 October 2020, the procedures for the assignment of the additional available national transmission capacity and terrestrial frequencies, made available by the new National Frequency Assignment Plan in addition to that required for the conversion process of existing networks, pursuant to Article 1, paragraph 1031-bis, of Law No. 205 of 27 December 2017, as introduced by Law No. 145 of 30 December 2018. Once the procedure is completed, no operator may in any case hold more than three DVB-T2 transmission networks in the new system.

In December 2020, the Board of Directors of Rai, which, following the conversion of the rights to use frequencies from DVB-T to DVB-T2 technology, holds rights for 2.5 DVB-T2 multiplexes, approved the Company's participation in the tender for the assignment of further available national broadcasting capacity and terrestrial frequencies (a procedure for reward without competitive bidding that was recently called by the Ministry of Economic Development for the award of half a DVB-T2 multiplex), at the minimum bidding value for each lot in the tender, equal to €7.9 million and at the technical terms and conditions outlined in the related specifications issued by the Ministry of Economic Development.

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. Rai also filed an appeal with the Administrative Court for the annulment of Resolution no. 455/19/CONS, which was then supplemented by a brief with additional grounds, pointing out the unlawfulness of the asymmetry of the obligation to sell imposed on the public service concessionaire compared to the obligation, deemed less onerous, for private operators. The relations between Rai and the independent providers who showed interest in the aforementioned transfer were defined.

LCN approval

With Resolution No. 116/21/CONS, the AGCOM updated (also

as a result of the public consultation called by Resolution No. 17/21) the plan for the automatic numbering of digital terrestrial television channels, the procedures for assigning numbers to audiovisual media service providers authorised to broadcast audiovisual content in digital terrestrial technology, and the relevant terms and conditions of use. The Plan is intended to operate from 2022 and has confirmed the distribution and structure of the numbering ranges as consolidated during the decade of application of the previous Plan. The measure concludes the interventions entrusted to the Authority by the 2018 and 2019 Budget Laws, aimed at providing a certain and stable framework of rules for the orderly management of the reorganisation of the broadcasting system following the so-called refarming of the 700 MHz band.

Public contracts

Regulatory measures

With reference to the changes introduced in the matter of public contracts by Law no. 120 of 2020 published in the Official Gazette no. 228 of 14 September 2020 converting Decree-Law no. 76 of 16 July 2020, containing "*Urgent measures for simplification and digital innovation*" (the so-called "simplification decree-law"), with circular filed under no. AD/0006645 of 23 October 2020 urgent transitional measures were adopted, effective until 31 December 2021, supplementing the Internal Instructions on procurement, necessary to ensure compliance with the new regulations.

Decree no. 132 of the Minister of Economy and Finance of 24 August 2020 on the "*Regulation identifying the causes that may allow the rejection of electronic invoices by public administrations*" included Article 2-bis, entitled "*Causes that allow the recipient administrations to reject electronic invoices*" into Ministerial Decree no. 55 of 3 April 2013, "*Regulations on the issue, transmission and receipt of electronic invoices to be applied to public administrations pursuant to Article 1, paragraphs 209 to 213, of Law no. 244 of 24 December 2007*" and established the technical procedures for communicating such rejection to the supplier/provider. Among the cases of rejection provided for, insofar as it is of greater interest, there is the omission or incorrect indication of the Tender Identification Code (CIG).

Law no. 21 of 26 February 2021, converting into law the so-called "*Milleproroghe 2021*" Decree (Decree-Law no. 183 of 31 December 2020, see also below) on the subject of public contracts, in addition to extending to 31 December 2021 the authorisation to purchase IT and connectivity goods and services through negotiated procedures without prior publication of a call for tenders and by way of derogation from the Public Contracts Code and any other provision of the law governing the procedures for the procurement, award and purchase of goods, supplies, and works: (i) amended

paragraph 1 of Article 207 of Decree-Law no. 34 of 19 May 2020 (the "relaunch decree"), converted with amendments by Law no. 77 of 17 July 2020, in order to extend from 30 June 2021 to 31 December 2021 the deadline by which the tendering procedures governed by Legislative Decree no. 50/2016 (the "Public Contracts Code") must be commenced, for which the amount of the advance payment provided for by Article 35, paragraph 18 of the Public Contracts Code to the contractor may be increased up to 30 percent (Article 13, paragraph 1); (ii) amended the rules - introduced by article 8, paragraph 4, letter a), of Decree-Law no. 76/2020 (the "Simplification Decree-Law") - relating to the adoption of the works progress reports (SALs) in progress, in order to defer the terms provided therein and set a limit for the payment of the SALs (Article 13, paragraph 1-bis); (iii) extended until the year 2021 the simplifications provided by the "construction works jump-start" decree-law (d.l. 32/2019), for the awarding of design contracts and contracts for ordinary and extraordinary maintenance works (Article 13, paragraph 2, letters a) and b)); (iv) postponed to 31 December 2021 the term - expired on 31 December 2020 and established by the so-called "construction works jump-start" decree-law - up to which project aspects that have been subject to prior verification may also be subject to reservation, and the consequent extension of the scope of application of the amicable agreement (Article 13, paragraph 2, letter b-bis); (v) extended to 30 June 2021 the requirement not to exceed the threshold of 40% of the total amount of the contract for works, services or supplies with regard to subcontracting, and to 31 December 2021 the suspension of the obligation to indicate the three subcontractors at the time of tenders for public contracts and concessions (Article 13(2)(c)).

The provisions issued by ANAC

The National Anti-Corruption Authority initiated a number of consultations, approved reports and issued a series of measures, including those related to the health emergency, both in relation to the public contracts sector and with regard to the "transparency and anti-corruption" world in terms of: regulatory impact assessment report on the use of Standard Call for Tender No. 1 (template for tender specifications for the award of services and supplies in ordinary sectors, of an amount equal to or greater than the Community threshold, awarded to the economically most advantageous tender according to the best value for money); maintenance of the qualification certificate in the case of authorisation for the temporary continuation of the operation of the company pursuant to Article 104 of Royal Decree No 267/1942 and the performance of contracts already concluded pursuant to Article 110, paragraph 3, of Legislative Decree No 50/2016; *project financing*; payments to the subcontractor; single reports on contract award procedures; new IT procedure for submitting applications for registration in and variation to *their-houselist*; new procedures for reporting data in selection procedures managed through dynamic acquisition systems; publication of data on the

remuneration of technical incentives referred to in Article 113 of Legislative Decree 50/2016 to employees; standard call for tender containing tender specifications for procedures carried out entirely by IT systems; additional requirements for participation in new tenders, the awarding of subcontracts and the conclusion of related contracts by companies under arrangement with creditors; evaluation on the basis of technical knowledge of the base price; judgement on the anomaly or inconsistency of the offer; automatic exclusion of anomalous bids for public contracts below the thresholds; monitoring by contracting authorities of the economic operator's activity in public-private partnership contracts; non-compliance with the clauses of the integrity pact; concession contracts for the design, construction and management of public works in public-private partnerships; services for the issuing works completion certificates; procedure for remedying deficiencies and possession of requirements; extension to 8 February 2021 of the deadline of 31 January 2021 for the communication via certified e-mail of the publication of the XML file for the requirements set out in Article 1, paragraph 32, of Law no. 190/2012.

Lastly, ANAC decided to launch a public consultation on the draft Guidelines setting out "*Indications on the in-house awarding of contracts for services available on the market on a competitive basis pursuant to Article 192, paragraph 2, of Legislative Decree No. 50 of 18 April 2016, as amended and supplemented*", in order to provide useful guidance to contracting authorities on how to justify the awarding of contracts directly to in-house companies, updated the FAQs Public Contracts - Traceability of Financial Flows and Variations and published notices, inter alia, on the impact of the Covid-19 health emergency on the requirements for participation in award procedures; feasibility assessment procedures for private initiative project financing proposals; issues in the application of Article 106, paragraph 12, of the Code.

Measures issued in relation to the health emergency

Since March 2020, several decree-laws have provided for and regulated measures to address and manage the ongoing health emergency, as well as the economic and social consequences of the adoption of the various restrictive measures.

In particular, with the so-called "Treat Italy Decree", the Government intervened to economically support families, workers and businesses; the so-called "Relaunch Decree", on the other hand, provided for numerous spending measures to support the sectors most affected by the epidemic emergency, while Decree-Law no. 23 of 8 April 2020 introduced measures to ensure business continuity. Subsequent measures provided for and regulated measures aimed at facing and managing the health emergency (such as the so-called August Decree), as

well as the economic and social consequences deriving from the adoption of the various restrictive measures (so-called Aid Decrees and Support Decree).

In particular, the so-called Treat Italy and Relaunch measures, which have been repeatedly amended in recent months, set out the reference legislation on agile work and the protection of fragile workers.

Article 90 of the "Relaunch" Decree recognised, under certain conditions, the right of workers who are most exposed to the risk of infection by the SARS-CoV-2 virus, due to their age or to the risk condition deriving from immunodepression, from the outcome of oncological pathologies or from life-saving therapies or, in any case, from co-morbidities that may characterise a situation of greater risk ascertained by the company doctor, as part of health surveillance, to work in agile mode until the end of the state of emergency. Until the same date, employers must ensure exceptional health surveillance of workers most exposed to the risk of infection, because of their age or risk condition resulting from immunodepression, including Covid-19, or from the outcome of oncological pathologies or from life-saving therapies or, in any case, from co-morbidities that may characterise a greater risk (Article 83 of Treat Italy Decree Law).

Article 15 of the Support Decree confirmed and updated – applicable from 1 March – the measures set out in Article 26, paragraphs 2 and 2-bis of the Treat Italy Decree for employees with a medical certificate attesting to a condition of risk resulting from immunodeficiency, from the outcome of oncological pathologies and relevant life-saving therapies, as well as workers with a recognised serious disability.

These persons are allowed to carry out agile work until 30 June 2021, also through the assignment to a different task included in the same category or area of classification, as set out by the collective agreements in force, or the performance of specific professional training activities, also remotely. Only in the event of inability to perform the service in agile mode, the period of absence from work continues, until 30 June 2021, to be treated as hospitalisation.

Lastly, the Reopening Decree (Decree-Law No. 52 of 22 April 2021) introduced urgent measures for the gradual resumption of economic and social activities while meeting the need to contain the spread of the epidemic. Insofar as it is of interest, the decree, having regard to the resolution of the Council of Ministers of 21 April 2021 which extended the state of emergency until 31 July 2021, extends several deadlines related to the state of emergency, including those provided for in Article 83 of the Relaunch Decree on the issue of health surveillance and Article 90, paragraphs 3 and 4, of the same decree, setting out provisions on agile work.

The company's organisation has complied with the provisions of the aforementioned measures and with the provisions of the decrees of the President of the Council of Ministers that have been issued, at national level, from 4 March 2020 onwards, to establish the different types of containment measures aimed at curbing the spread of the epidemic.

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; the closing of museums and places of culture; the conduct of certain specific tests in competition procedures; the right for employers to use smart working for employees, even in the absence of individual agreements. The aforementioned Prime Ministerial Decrees also provided for measures to contain infections throughout the country, such as the obligation to wear respiratory protection devices if the isolation of non-cohabiting persons cannot be ensured on a continuous basis, interpersonal safety protocols providing for distancing of at least one metre and anti-infection guidelines, as well as information and prevention measures.

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 and 6 April 2021 (see below), 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.

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*"), and referring to the different types of activities and production and also adopted specific measures for the access of visitors and suppliers to company premises.

Workers are given adequate personal protective equipment in all professional and production contexts and extensive training initiatives were implemented for their correct use.

Since 23 February 2020, a Task Force with management and editorial coordination functions regarding the "Coronavirus" emergency was set up at Rai, immediately issuing instructions to all Rai sectors in order to manage the emergency situation.

In September 2020, the temporary "Covid Management" unit was set up within the Safety & Security Department, with the aim of responding effectively and timely to all operational needs of the Coronavirus emergency, including (but not limited to): ad-hoc procedures, personal protective equipment, health

management, tracking, communication, sanitisation, access, etc. For the Task Force, the functions of analysis, strategic guidance and editorial coordination relating to the emergency were confirmed.

In March 2021, the overall operational management of the "Coronavirus" emergency was entrusted to the "Covid Management" Unit, within the Safety & Security Department, with the simultaneous dissolution of the Task Force set up in March 2020, in view of the return of all strategic and editorial coordination activities to the relevant organisational areas.

Lastly, on 6 April 2021, the new Shared Protocol for updating measures to combat and curb the spread of the SARS-CoV-2/Covid-19 virus in the workplace was signed; the main recommendations contained in the protocol concern the following issues: information; access to the place of work; hygiene in the company; common spaces and travel; business organisation; management of a symptomatic person in the company; health surveillance; occupational doctor and Workers' Safety Representative.

On the same day, 6 April, the National Protocol for the implementation of company plans aimed at activating extraordinary points of vaccination against SARS-CoV-2/Covid-19 in the workplace was signed, in order to contribute to the rapid implementation of the vaccine plan against SARS-CoV-2/Covid-19. In a nutshell, the document provides that the costs for the implementation and management of company plans (including the administration costs), are borne entirely by the employer, while the supply of vaccines, devices for administration (syringes/needles) and the provision of training tools and tools for recording the vaccinations performed is borne by the territorially competent Regional Health Services.

On 12 April 2021, the "Instructions for the readmission of employees at work after absence due to Covid-19-related illness" and the "Interim instructions for SARS-CoV-2/Covid-19 vaccination in the workplace" referred to in the National Vaccination Plan were published.

In this regard, Rai accepted the proposal launched in mid-March 2021 by the Extraordinary Commissioner for the Covid-19 emergency, making itself immediately available as an "extraordinary vaccination point" for its own population, with voluntary adhesion by its workers, in view of a public health pathway and according to the priorities set out in the "Interim Recommendations on the target groups of SARS-CoV-2/Covid-19 vaccination" of the Ministry of Health and also participated, in the same period, in the survey of available vaccination spaces in companies, launched by Confindustria, as a support to the national vaccination campaign against Covid-19.

AGCOM copyright protection regulation

Pursuant to the provision set forth in Article 195-bis of Decree Law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020 (the "Relaunch Decree"), containing provisions on the protection of copyright, which granted the Authority the power to order, at the request of the rights holders, providers of information society services that use, even indirectly, national numbering resources to put an end to violations of copyright and related rights, AGCOM has submitted for public consultation the draft amendment to the Regulation on the protection of copyright.

Concept of "group of undertakings"

Legislative Decree No. 147 of 26 October 2020 "Supplementary and corrective provisions pursuant to Article 1, paragraph 1, of Law No. 20 of 8 March 2019, to Legislative Decree No. 14 of 12 January 2019, containing the Company Crisis and Insolvency Code implementing Law No. 155 of 19 October 2017" has, as far as it is of immediate interest, redefined the notion of a group of undertakings, specifying, inter alia, the situations in which it is possible to presume that an undertaking is carrying out management and coordination activities (Article 1). As part of the definition of "group of undertakings", it is clarified that it is the group of companies, undertakings and entities, excluding the State and local authorities, which, pursuant to Articles 2497 and 2545-septies of the Civil Code, exercise or are subject to the management and coordination of a company, an entity or a natural person, based on an obligation to participate link or a contract; for this purpose, it is presumed, unless there is proof to the contrary, that management and coordination activities are carried out: 1) by the undertaking or entity required to consolidate their financial statements; 2) by the undertaking or entity controlling them, directly or indirectly, including in cases of joint control.

Elections and referendums

Rai has taken the appropriate editorial and organisational measures to ensure compliance with the law and regulations on access to the media during electoral campaigns in relation to the referendum on the text of the constitutional law on "Amendments to Articles 56, 57 and 59 of the Constitution on the reduction of the number of members of parliament", which has been revoked and is subject to further regulatory provisions for its holding (in September 2020) in the light of the health emergency. The Supervisory Authorities have taken the appropriate measures.

Integrated communications system

In its Ruling of 3 September 2020, handed down in case C-719/2018 (Vivendi SA v. Italian Government, AGCom, Mediaset SpA), the Court of Justice of the European Union held, inter alia and principally, that Article 43, paragraph 11 of Legislative Decree No. 177 of 31 July 2005 (Consolidated Law on Audiovisual and Radio Broadcasting Media Services, TUSMAR) is incompatible with European Union law (with particular reference to Article 49 TFEU, which protects freedom of establishment), which prohibits companies that hold, including through subsidiaries or associates, a share of more than 40% of the total revenues of the electronic communications sector (TLC), from earning revenues in excess of 10% of the total revenues of the Integrated Communications System (the SIC, consisting of audiovisual media services, TV, radio, print media, cinema, advertising, sponsorship, etc.).

Article 4-bis of Decree-Law no. 125 of 7 October 2020, containing urgent measures connected with the extension of the declaration of a state of epidemiological emergency by Covid-19 and for the operational continuity of the Covid alert system, as well as for the implementation of Directive (EU) 2020/739 of 3 June 2020, converted with amendments by Law no. 159 of 27 November 2020, assigned the AGCom (from the date on which the aforementioned conversion law came into force, and for the following six months) the task of verifying, by means of a special preliminary investigation, the existence of any distorting effects or positions that are in any case detrimental to pluralism in cases where a party operates, at the same time, in the electronic communications markets and in a different market falling within the integrated communications system (SIC), including through equity interests capable of determining significant influence pursuant to Article 2359 of the Italian Civil Code.

In such cases, AGCom is obliged to initiate a preliminary investigation aimed at verifying the existence of the aforementioned distorting effects or positions that are in any event detrimental to pluralism based on previously identified criteria (which must take into account, inter alia: revenues; barriers to entry; level of competition in the markets concerned), at the end of which it may, if necessary, adopt the measures referred to in Article 43, paragraph 5, TUSMAR, necessary to eliminate or prevent the emergence of dominant positions, or in any case positions that are detrimental to pluralism. Where the Authority ascertains that acts or transactions likely to give rise to a prohibited situation have been occurred, it prohibits their continuation and orders the removal of their effects, also by imposing divestments of companies or business units, and indicating in the measure a reasonable deadline (not exceeding twelve months) within which to carry out the divestment. These powers also apply to proceedings already concluded by the Authority pursuant to Article 43, paragraph 11, of the TUSMAR,

which was the subject of the aforementioned judgment of the EU Court of Justice.

Pursuant to these provisions, the Authority adopted resolution no. 640/20/CONS, "*Amendment and integration of the regulation governing the procedures for authorising the transfer of ownership of radio and television companies and the procedures referred to in Article 43 of Legislative Decree no. 177 of 31 July 2005, annexed to Resolution no. 368/14/CONS*", updating the Procedural Regulations annexed to Resolution no. 368/14/CONS in order to include within the scope thereof the case of proceedings introduced by the aforementioned Article 4-bis of Decree Law no. 125 of 7 October 2020, converted with amendments by Law no. 159 of 27 November 2020, and subsequently initiated two preliminary investigations: one aimed at verifying the position of the company Vivendi SA, in the light of the shareholdings held in Telecom Italia SpA (of which the State Council, in judgment no. 7972/2020, ruled out the nature of "de facto control", annulling the Consob decision which had attributed such a legal qualification to the relationship) and in Mediaset SpA, as well as the markets in which those companies operate; one concerning the company Sky Italian Holdings SpA by reason of the activity carried out through directly or indirectly controlled companies.

With Resolution No. 13/21/CONS, the Authority closed the proceeding for the assessment of economic size of the Integrated Communications System (SIC) for the year 2019 (initiated with Resolution No. 319/20/CONS) by specifying that none of the operators achieved, in 2019, revenues in excess of the 20% limit set out in Article 43, paragraph 9, of the TUSMAR. The Authority also initiated two proceedings (Fininvest SpA/Mediaset SpA and Telecom Italia SpA) for the purposes of the checks referred to in article 4-bis, paragraph 1, of Decree Law no. 125 of 7 October 2020, converted with amendments by Law no. 159 of 27 November 2020 (the so-called "anti-takeover law"), which entrusted the AGCom with the task of verifying, by means of a preliminary investigation, the existence of any distorting effects or positions which are in any case detrimental to pluralism in cases where a party operates, at the same time, in the electronic communications markets and in a different market, falling within the integrated communications system, also through equity interests of determining a significant influence pursuant to Article 2359 of the Italian Civil Code, see above).

European Delegation Law 2019-2020

The law contains delegated provisions (including specific criteria and guiding principles) concerning the transposition by legislative decree, inter alia: (i) of Directive (EU) 2018/1808, amending Directive 2010/13/EU (Audiovisual Media Services Directive) in view of changing market realities, providing

in a nutshell for the reorganisation of the provisions of the Consolidated Law on Audiovisual and Radio Media Services (Legislative Decree No. 177 of 31 July 2005, TUSMAR), through the issuance of a new Consolidated Law on Digital Media Services; the provision of measures for the promotion of European works and for the promotion of transparency in the ownership structures of providers of digital audiovisual and radio media services; the provision of measures concerning commercial communications and specific measures to protect minors (Article 3); (ii) of Directive (EU) 2018/1972, establishing the European Electronic Communications Code (Article 4); (iii) of Directive (EU) 2019/789, which lays down rules on the exercise of copyright and related rights applicable to certain online broadcasts by broadcasting organisations and retransmissions of television and radio programmes and amending Directive 93/83/EEC (Article 8); (iv) of Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (Article 9); (v) of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of individuals who report breaches of Union law (Article 23).

Budget Law 2021

Allocation of revenue from television licence fees

Article 1, paragraphs 616-619 of Law no. 178 of 30 December 2020, concerning the "Budget of the State for the financial year 2021 and the multi-year budget for the period 2021-2023", has provided for a new mechanism for allocating the resources deriving from the payment of radio broadcasting licence fees. The aforementioned provisions stipulate that, as from 1 January 2021, the revenue from the payment of the RAI licence fee is to be used:

1. €110 million per year to the Fund for Information Pluralism and Innovation;
2. remaining amount, to the Company, without prejudice to the sums of the licence fee revenue already allocated by the legislation in force for specific purposes (e.g., Accademia di Santa Cecilia), based on the data of the statement of account of the relevant chapter of the State budget revenue of the year preceding the year of credit.

In the light of the new forecasts on the use of the revenue from the fee, the aforementioned provisions, also with effect from 1 January 2021:

- repealed Article 1, paragraphs 160-162 of Law no. 208/2015 (concerning the mechanism for allocating any additional revenue with respect to the amounts already recognised for this purpose in the 2016 budget, the so-called "additional revenue");
- laid down that the amounts not committed in each financial year may be committed in the following year, and that the Minister for the Economy and Finance is authorised to make

the necessary changes to the budget by means of decrees, including in the residual amounts (paragraphs 617 and 618);

- abrogated article 1, paragraph 292, of the 2015 Stability Law (Law 190/2014) which, as is known, had provided, as of 2015, for the 5% reduction of the revenues deriving from the fee to be attributed to the Company, providing that, consequently, article 21, paragraph 4, of Decree Law 66/2014 (converted with amendments into Law 89/2014) will become effective again in the text in force prior to the amendments made to the aforementioned paragraph by article 1, paragraph 292, of Law 190/2014 (paragraph 619).

Other provisions

In addition to the novelties concerning the allocation of television licence fee revenue within the framework of Law no. 178 of 30 December 2020, concerning the "State budget for the financial year 2021 and the multi-year budget for the three-year period 2021-2023", the following should be noted: the allocation of €100 million for 2021 in order to further finance the subsidy for the purchase of television reception equipment referred to in Article 1, paragraph 1039, letter c), of Law no. 205 of 27 December 2017, aimed at the purchase of new television reception equipment as well as at the disposal of obsolete equipment in order to encourage the renewal or replacement of television equipment not suitable for the reception of programmes with the new DVB-T technologies (paragraphs 614 and 615); the increase in the minimum amount of tax revenues to be allocated to the Fund for the development of investments in the cinema and audiovisual sector, the increase to 40% of the maximum rates of the tax credit granted to production companies, distribution companies and Italian executive and post-production companies, the stabilisation of some provisions contained, for 2020, in Law Decree no. 34/2020 (Law no. 77/2020), aimed at introducing greater flexibility in the determination of resources allocated to tax credits, also by way of derogation from the percentages provided for once fully implemented (paragraphs 583-584); the provisions on the Fund for Creative Businesses (paragraphs 109-113); amendments to the single property fee for the permanent occupancy of the municipal territory with cables and ducts for the provision of public utility services (including telecommunications and radio and television services and other network services), in order to specify that the persons liable to pay the fee are, in addition to the holder of the concession, the persons occupying the public land, even indirectly, through the material use of the infrastructure of the holder of the concession based on the number of their points of use, with an indication of the parameters for calculating the amount (new paragraph 848).

Strategic assets (so-called golden power)

The following are effective from 14 January 2021:

- Prime Ministerial Decree No. 180 of 23 December 2020, setting forth "Regulations for the identification of assets of strategic importance in the energy, transport and communications sectors, pursuant to Article 2, paragraph 1, of Decree-Law No. 21 of 15 March 2012, converted, with amendments, by Law No. 56 of 11 May 2012," which provided for the identification and updating of assets and relations of strategic importance for the national interest, inter alia, in the communications sector (Article 3), as well as the types of acts or transactions within the same group to which the regulations under review do not apply (Article 4). For the communications sector (Article 3), in line with the requirements of Presidential Decree 25 March 2014, no. 85 (which ceases to be effective), the assets of strategic importance are identified in the dedicated networks and the public access network to end users in connection with metropolitan networks, service routers and long distance networks, as well as in the facilities used for the provision of access to end users of services falling under the universal service obligations and broadband and ultra-wideband services, and in the related contractual relationships, without prejudice to the provisions of Directive 2009/136/EC and Directive 95/46/EC on security policy for personal data processing. This includes, therefore, dedicated elements, also where the use is not exclusive, for connectivity (voice, data and video), security, control and management relating to fixed location telecommunications access networks;
- Prime Ministerial Decree no. 179 of 18 December 2020, containing "Regulations for the identification of assets and relations of national interest in the sectors referred to in Article 4(1) of Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019, pursuant to Article 2, paragraph 1-ter, of Decree-Law no. 21 of 15 March 2012, converted, with amendments, by Law no. 56 of 11 May 2012", which implements the aforementioned paragraph 1-ter (as included in the Decree-Law by Article 4-bis of Decree-Law 105/2019, enacted, with amendments, as Law no. 133/2019) identifying, also pursuant to Article 15 of Law Decree no. 23/2020, enacted, with amendments, as Law no. 40/2020, further assets and relations of strategic importance for the national interest in the sectors referred to by the EU Regulation (which also include "Freedom and pluralism of the media"), as well as the type of acts or transactions within the same group to which the rules of the aforementioned Article 2, paragraph 1-ter do not apply. As regards Rai more specifically, Article 13 of the Decree addresses assets and relations of strategic importance for the national interest in the sector of freedom and pluralism of the media, that is, "the economic activities of national character and strategic importance (i.e., "the economic activities essential for the maintenance of the vital functions of society, health, security, and the economic and social well-being of the population, as well as for technological progress")

carried out by providers of audiovisual or radio media services, providers of associated interactive services or conditional access services, broadcasters, press agencies, publishers of daily newspapers, periodicals or magazines, and publishers of electronic media, for which the operator is required to be registered in the communications operators register referred to in Article 1, paragraph 6, letter a), no. 5, of the Law no. 249 of 31 July 1997". The companies holding such assets are subject to certain notification obligations, detailed by Article 2 of Decree-Law No. 21/2012 with a view to the possible subsequent exercise of special powers by the Government, applicable - without prejudice to the notification obligations - to the extent that the protection of security and public order, including the protection of the essential interests of the State in the protection of the security and operation of networks and plants and the continuity of supplies, is not adequately guaranteed by the existence of specific sector regulations, including those of a conventional nature, connected to a specific concession relationship.

The notification obligations in question have been affected, most recently, by Article 10-ter, of Decree Law No. 137 of 28 October 2020, enacted, with amendments, by Law No. 176 of 18 December 2020, which provided for the extension until 30 June 2021 of the temporary regime introduced by Article 15 of Decree-Law No. 23 of 8 April 2020, converted, with amendments, by Law No. 40 of 5 June 2020 (the so-called "Liquidity Decree"): in order to counter the epidemiological emergency caused by Covid-19 and to curb its negative effects, this provision had already extended the special powers of the Government, inter alia, in the areas referred to in Article 4(1) of the EU Regulation, (including "Freedom and Pluralism of the Media"), imposing certain notification obligations for relevant transactions, including with respect to the acquisition of certain equity interests by foreign entities (EU and non-EU).

This deadline of 30 June was finally extended until 31 December 2021 by article 4 of Decree-Law no. 56 of 30 April 2021, containing *Urgent provisions on legislative deadlines*.

Milleproroghe

In addition to the prescriptions on the subject of public contracts (see above), Decree-Law No. 183 of 31 December 2020 "Urgent provisions on legislative deadlines, the implementation of digital connections, the implementation of Council Decision (EU, EURATOM) 2020/2053 of 14 December 2020, as well as on the exit of the United Kingdom from the European Union", enacted, with amendments, as Law No. 21 of 26 February 2021, introduced provisions affecting the company mainly on the subject of: extension to shareholders' meetings held by 31 July 2021 of the rules on the conduct of ordinary shareholders' meetings of joint stock companies introduced by Article 106

of Decree Law No 18 of 2020 and specification that the call within 180 days of the end of the financial year is related to the approval of the financial statements (Article 3, paragraph 6); postponement of the application of the provisions contained in Delegated Regulation (EU) 2018/815 on a single European electronic reporting format for companies whose securities are admitted to trading on a regulated European market to financial reports relating to financial years starting from 1 January 2021 (Article 3, paragraph 11-sexies); extension of the extraordinary measures on tax credit in the film and audiovisual sector and acquisition of equity interests in the Istituto Luce Cinecittà by companies directly or indirectly controlled by the Ministry of Economy and Finance (Article 7, paragraphs 4 and 6); extension of the integration of the standards approved by the ITU in the apparatus capable of receiving radio and television services distributed or sold in Italy, as indicated by the AGCOM authority with its own regulation, after consulting the operators in the sector (Article 12, paragraph 8). The annex to the decree sets out, according to Article 19, the provisions subject to extension until the date of the end of the state of emergency and in any case no later than 30 April 2021, including those relating to: health surveillance; protective measures for workers; agile working; simplified signing of contracts and communications.

AGCOM measures and proceedings

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.” All of the above measures (14/19/DCA, 42/19/CONS and 61/20/CONS) were challenged before the Lazio Regional Administrative Court (TAR), which recently did not uphold the appeal filed by Rai against the aforementioned Resolution 61/20/CONS (ruling no. 945/2021 of 25 January 2021). This first instance ruling was challenged by Rai with an appeal to the State Council, served on 15 March 2021.

with Proceedings no. 13/19/DCA – proc. 2732/RC, AGCOM started a preliminary 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 challenged before the Lazio Regional Administrative Court, which was initially suspended due to Court Order no. 2805 of 16 April 2020 and subsequently annulled with Judgement no. 3800/2021 published on 29 March 2021.

Amendments to implementing measures of the so-called Cinema Law

The Prime Ministerial Decree of 11 August 2020 amended the Prime Ministerial Decree of 11 July 2017, containing provisions for the recognition of the Italian nationality of cinematographic and audiovisual works, which were necessary to implement the indications received from the European Commission.

The Prime Ministerial Decree of 21 September 2020 fully amended the Prime Ministerial Decree of 8 January 2018, setting out implementing provisions for the operation of the Public Register of cinematographic and audiovisual works, which implemented Article 32 of Law No. 220 of 14 November 2016 (so-called “Cinema Law”) and established, at the conferring Ministry, the aforementioned Public Register (with the consequent elimination of the special public register for cinematographic and audiovisual works, referred to in Article 103, paragraph 2, of Law No. 633 of 22 April 1941, and the merging of the relevant data in the Register).

The amending decree established the time frame for the operation of the new register, for the transfer of data, information and documentation concerning the public register eliminated by Law No. 220 of 14 November 2016 and merged into the register referred to in the decree in question.

Establishment of the National Day in Remembrance of the Victims of the Coronavirus Epidemic

Law no. 35 of 18 March 2021 established this day, on which a minute's silence dedicated to the victims of the epidemic is observed in all public and private places. Under Article 2 (Support for scientific research), on the occasion of the National Day, in order to commemorate workers who died in the line of duty during the epidemic, private sector workers are also entitled to delegate to their employer the right to make a deduction of an

amount corresponding to their remuneration for one or more hours of work from the Scientific and Technological Research Investment Fund, referred to in Article 1, paragraph 870 of Law No 296 of 27 December 2006, in order to support scientific research. The procedure for applying this provision is left to a decree to be issued by the Minister of Labour and Social Policy. Under Article 5 (Radio, television and multimedia information on the National Day), the concessionaire company of the public radio, television and multimedia service, in accordance with the provisions of the Service Agreement, shall ensure that adequate space is given to topics related to the National Day in national and regional public television programming.

Provisions on assessment, collection, and tax compliance and payments

Several regulatory measures have provided for the measures in question in the light of the current health emergency (see, for example, Article 1-bis, paragraphs 1, 2 and 3, of Decree Law no. 125 of 7 October 2020, enacted, with amendments, as Law no. 159 of 27 November 2020).

Decree Law no. 7 of 30 January 2021, concerning the '*Extension of time limits in matters of tax assessment, collection, tax obligations and payments, as well as the procedures for the execution of penalties as a consequence of the Covid-19 epidemiological emergency*', which repealed Article 1 of Decree Law no. 3 of 15 January 2021, provided, inter alia, for a further extension, from 31 January to 28 February 2021: (i) the terms laid down for the notification of assessments, disputes, imposition of penalties, recovery of tax credits, adjustment and settlement, and the other tax acts listed in Article 157 of Decree Law No 34 of 19 May 2020; (ii) the suspension period (provided for in Article 68, paragraph 1 of Decree Law no. 18 of 17 March 2020) for the payment of all tax and non-tax revenues deriving from tax bills, debit notices and assessment notices entrusted to the Collection Agency, the notification of new bills, and other collection measures; (iii) the term of suspension of provision obligations arising from garnishments carried out by the collection agent and other entitled parties, prior to the date of entry into force of the Relaunch Decree (19 May 2020) and until 31 December 2020, and from the date of entry into force of Decree Law 3/2021 and until 28 February, on salaries, wages, other allowances relating to the employment relationship, as well as pensions and the like: the garnished sums, until 28 February, must not be subject to any unavailability constraint and the garnished third party must make them available to the debtor; this is the case also if assignment has already been ordered by the execution judge.

In addition, the suspension until 28 February 2021 of the assessments for non-compliance with payment obligations

arising from the notification of payment bills that Public Administrations and companies with a majority public shareholding must carry out, pursuant to Article 48-bis of Presidential Decree 602/1973, before making payments - for any reason - of an amount exceeding five thousand euros.

The amendments made during the conversion of the so-called "*Milleproroghe*" Decree (Law no. 21 of 26 February 2021) provided for the repeal of Decree Laws no. 3 of 15 January 2021 and no. 7 of 30 January 2021, without prejudice to their effects. The relevant provisions have been substantially included in Article 22-bis of the converted Decree Law.

Most recently, the so-called "Support Decree" (Decree Law no. no. 41 of 22 March 2021 on urgent measures in support of businesses and economic operators, employment, health and territorial services in connection with the Covid-19 emergency) introduced further provisions on the extension of the suspension of the collection agency's activities and the cancellation of charges, as well as on the provision obligations arising from garnishments on salaries, wages, other compensation relating to labour or employment, as well as pensions and the like (see above). The main purpose of this article is to postpone the aforementioned deadlines to 30 April 2021 and to provide for the automatic cancellation of all debts with a residual amount of up to €5,000 resulting from the individual cases entrusted to the collection agency between 1 January 2000 and 31 December 2010 (Article 4).

On the other hand, Decree-Law No 3 of 15 January 2021, later repealed by the so-called "*Milleproroghe*" Decree Law converted into Law no. 21 of 26 February 2021 (which confirmed the provision in article 22-quater) provided for the extension to 16 March 2021 of the deadline for payments relating to the tax on digital services for 2020 and the extension of the deadline for submitting the relevant statement to 30 April 2021. Article 5, paragraph 15 of the so-called "Support" Decree Law subsequently provided, on first application, for the extension of the deadline for payment of the tax to 16 May 2021, as well as the extension of the deadline for filing of the relevant statement to 30 June 2021. Once in force, it also extended the term for payment from 16 February to 6 May of the calendar year following that in which the revenue from such services is generated, and the deadline for filing the relevant statement from 31 March to 30 June of the same year.

Original Italian audiovisual works

By decree no. 47 of 29 January 2021 of the Minister of Cultural Heritage and Activities and of Tourism, the Regulation on the definition of audiovisual works, wherever produced, of original Italian expression referred to in article 44-sexies of Legislative Decree no. 177 of 31 July 2005, containing the "Consolidated

Law on Audiovisual and Radio Broadcasting Media Services", in force since 23 April 2021, which identifies the characteristics of the types of such works, was adopted; it describes the procedure for the recognition of the qualification, by means of a specific application (self-certification) to the General Directorate for Cinema and Audiovisual of the MIBACT or ex officio; it provides for the inclusion of the works in question in a special list, published on the Directorate's official website, solely for purposes of publicity; it introduces a transitional framework for applications submitted under the previous framework and not yet settled.

Privacy

European Court of Justice: ruling C-311/18 of 16 July 2020 - so-called "Schrems II Ruling"

In this judgment, the Court of Justice ruled that Commission Decision (EU) 2016/1250, better known as the "Privacy Shield" mechanism for transferring personal data from Europe to the US, is invalid.

European Data Protection Supervisor - "Strategy for Union institutions, offices, bodies and agencies to comply with the "Schrems II" Ruling"

On 29 October 2020, the European Data Protection Supervisor (EDPS) published its "Strategy for Union institutions, offices, bodies and agencies to comply with the Schrems II Ruling". The purpose of this measure is to outline a short- and medium-term action plan to ensure and monitor the compliance of the European authorities with the principles established by the Schrems II ruling, with particular regard to the obligation of prior verification by the exporter as to the ability of the country to which the data are to be transferred to effectively ensure in view of its national law or international commitments, a level of protection of fundamental rights and freedoms that is substantially equivalent to that guaranteed within the Union by virtue of EU Regulation 679/2016 (hereinafter the Regulation), in the light of the Charter of Fundamental Rights of the European Union.

Recommendations of the European Data Protection Board on the assessment of the adequacy of the level of data processing protection in the third country for which it is intended

Four months after the "Schrems" ruling, the European Data Protection Board (EDPB), following the European Data Protection Supervisor (EDPS), intervened on the management of data transfers outside the EEA and provided important guidance.

On 10 November 2020, the EDPB issued "Recommendations 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data", supplemented by "Recommendations 02/2020 on the European essential guarantees for surveillance measures", submitting the former to public consultation, while those relating to surveillance measures have already been adopted. These recommendations are intended to help data exporters to assess the adequacy of the level of protection afforded in the third country to which the data are transferred and to outline

possible additional measures to ensure protection equivalent to that in Europe.

With Recommendations 01/2020 and 02/2020, the Board offers guidance on how to address the doubts concerning the transfer of data outside the EU that have arisen since the "Schrems II" ruling.

Brexit - Personal data flows to the UK

On 24 December 2020, the EU and the UK entered into the EU-UK Trade and Cooperation Agreement (TCA). According to the TCA, based on updated comments from the European Data Protection Board (EDPB), until 30 June 2021, any transfer of personal data to the UK will be made under the current framework and will not be considered as a transfer of data to a third country, essentially confirming the transitional period regime. However, at the end of this six-month period, and unless a compromise is found through an "adequacy decision", the UK will be considered a third country in the eyes of Regulation 2016/679 (hereafter the Regulation). Accordingly, all transfers of personal data from the EU to the UK will be subject to the provisions of Chapter V of the Regulation, i.e., such transfers will require adequate safeguards, as well as enforceable rights and effective legal remedies for data subjects.

Guideline 3/2019 on personal data processing by video devices

The European Data Protection Board adopted on 29 January 2020 the "Guidelines 3/2019 on processing of personal data through video devices" in order to provide guidance on the application of the Regulation in relation to the processing of personal data through video devices, including video surveillance.

The European Data Protection Board (EDPB) Guidelines No 5-2020 on Cookies

On 4 May 2020, the European Data Protection Board (EDPB) adopted Guideline No. 5-2020 on cookie consent. In particular, the European Board provided clarifications on two specific topics, namely the validity of the consent given by the data subject when interacting with so-called 'cookie walls'; the possibility of associating the 'scrolling' of the pages of a website with the consent of the user/data subject.

Italian Data Protection Authority - Public consultation on the use of cookies

The Italian Data Protection Authority has launched a public consultation on the rules for the use of cookies by website operators.

The European Privacy Regulation, while not having amended the rules on cookies and other tracking tools, has strengthened people's power of control, focusing both on the 'unambiguous' nature of consent to the processing of personal data, and on the implementation of data protection principles by design and by default (so-called "privacy by design and by default").

The consultation - aimed at entrepreneurs, consumers and operators - aims to obtain comments and proposals on the indications contained in the Guidelines.

Corporate governance

Updating of the "Regulation for the management of inside information and internal dealing, the keeping of the insider list and the list of persons exercising administrative, control or management functions and persons closely associated with them"

At its meeting of 30 October 2020, the Board of Directors updated the Regulation in question, incorporating the effects of the regulatory and organisational changes that have taken place since the approval of the document, also in the light of the changes made to governance by Law 220/2015, and updating the privacy forms due to the regulatory changes that have taken place on the subject.

Regulation for the appointment of the corporate bodies of subsidiaries

Pursuant to the directive of the Minister for the Economy and Finance no. 226/2020 of 14 April 2020, relating to the procedures for identifying the members of the corporate bodies of the Companies directly and indirectly controlled by the Ministry for the Economy and Finance, Rai's governance body approved, at its meeting of 11 November 2020, the "*Regulation for the appointment of the corporate bodies of subsidiaries*", which applies to Rai's subsidiaries.

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. These guidelines were challenged before the Lazio Regional Administrative Court by an audiovisual production company. The ruling is pending the scheduling of the hearing on the merits.

Unlisted subsidiaries - Separation of functions between Supervisory Body and Board of Statutory Auditors

In the meeting of 28 January 2021, Rai's Board of Directors, in the framework of the Group's direction and coordination function, approved a policy document for the Group's unlisted subsidiaries to take the necessary initiatives aimed at separating the functions of the Board of Statutory Auditors from those of the Supervisory Body, hitherto exercised by the former, so as to establish the latter as an autonomous internal control body for the purposes of Legislative Decree 231/01.

Criteria and procedures for recruiting staff and awarding collaboration contracts

In March 2021, the Company updated its criteria and procedures for recruiting personnel and assigning collaboration contracts, by means of a decision of the Chief Executive Officer, subject to the favourable opinion of the Governance Body pursuant to Article 49, paragraph 10, letter f) of Legislative Decree No. 177 of 31 July 2005.

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 between the systems implemented in the various Group companies. The companies have fitted themselves out with their own Internal Control and Risk Management System (SCIGR) that 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 in 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.

During 2020 the main activities on the subject of Internal Control System were:

- the continuation of the Integrated Risk Assessment project, launched in the second half of 2018, with the aim of achieving an overview of corporate risks (compliance and operational), increasing the effectiveness and efficiency of processes and even more adequately combating the phenomena of corruption and illegality, as well as all other possible offences falling within the scope of Legislative Decree 231/2001.

The project has necessarily taken into account, and will continue to take into account, the organisational evolutions underway and the timeframes and methods for implementing the Business Plan, which reflect on both the analyses and the changes in corporate processes and therefore on the identification of sensitive areas and related risks, with the consequent impact and probability assessments. The sensitive areas include environmental, social and governance (ESG) risk.

In addition, it was planned to include an analysis of the new tax offences introduced into Legislative Decree 231/01 by Law 157/2019 and Legislative Decree 75/2020;

- the consolidation of the new integrated reporting management model (also anonymous) for Rai S.p.A. and the Group's subsidiaries (with the exception of listed companies with their own Internal Audit structure), governed by the specific procedure approved in January 2019 by the Board of Directors of Rai S.p.A.

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 and updated e-learning courses on Legislative Decree 231/2001 and

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

Law 190/2012 have been completed and will be rolled out from 2021.

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 pro-

tection 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.

On 14 January 2020, the Parent Company's Board of Directors updated the Code of Ethics, setting out the principles of diligence, fairness, good faith and loyalty to which the addressees must adhere when using digital media. Digital media are defined as systems for publishing and disseminating content accessible to any connected device (such as, but not limited to, websites, blogs, forums, social networks).

As a public broadcaster, Rai needs to be present in the digital media in order to fully play its role within the public service mission. By virtue of this public nature, although web spaces or social networks may be considered pertinent to the personal sphere and per se separate from the role covered in the company, it is inevitable that activities carried out in a personal capacity by employees or collaborators of the public service may have consequences on the image of Rai and the Group Companies as a whole. It was therefore considered useful to specify the principles to be adopted in the use of these devices.

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 S.p.A. 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 2020, activities to update the Organisation, Management and Control Model (MOGC), adopted by Rai S.p.A. 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. The process was then completed with the approval of the Board of Directors on 29 July 2020.

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 Supervisory Body is entrusted with updating the Model and supervises its suitability and effective implementation. The Supervisory Body of Rai S.p.A. 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.

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.

In addition, training initiatives and seminars are promoted for management and employees; In particular, the renewal of e-learning training on the general aspects of Legislative Decree no. 231/2001 was launched in 2020, with the intention of making the course available to employees throughout the Group, and on the specific profiles of the Rai Model to make staff aware of the recently introduced updates. The periodic publication of the "newsletter" specifically intended for communication and updating on "231" issues continued.

Finally, as part of the national health emergency, the Body has strengthened its monitoring of the activities carried out by Rai, on risk control, new procedures and any critical issues. Within the framework of the verification activities, particular emphasis was placed on the risks that the offences are committed for the purposes of the administrative liability of Entities connected with the cases of culpable offences referred to in Article 25 septies of Legislative Decree no. 231/2001 (negligent manslaughter and grievous bodily harm in violation of the rules on the prevention of accidents at work).

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 S.p.A. 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 S.p.A., 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, 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.

In the PTPC published also in English on the official website www.rai.it/trasparenza and to which reference should be made for further details, the process of identification, assessment and management of corruption risk is clearly identified; it analytically lists the possible areas of risk that can be linked and the probability and impact assessment indices, based on the Risk Control Self Assessment carried out in 2015.

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 stimulate 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.

In addition, the training plan already launched in previous years, aimed at covering all Rai employees, continued in 2020. In particular, before the Covid-19 emergency, specific classroom sessions were held for new hires on the PTPC 2020-2022. A new edition of the e-learning Anti-Corruption course has been prepared, divided into two modules, one concerning the reference regulatory framework and one specifically concerning Rai SpA's PTPC.

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 (last updated in July 2020) 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 25 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

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. With this in mind, the company:

- **adopts** strategies for managing and developing the company's human capital, organisational structure, design and operation of the processes in line with the vision, value and culture of the Rai Group;
- **implements** 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;
- **ensures** 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;
- **ensures**, through the Rai Academy, personnel training and research activities as well as the development of the "knowledge hub" and the alignment of skills with company strategies;
- **promotes** an appropriate working environment from the point of view of employee safety and health, taking all necessary measures.

Below, we report specific aspects concerning **staffing levels** and on the **most qualifying elements of the 2020 management**, which was heavily affected by the Covid-19 health emergency that accelerated the implementation of the project for the introduction of agile work at the Company, launched in 2018 on an experimental and gradual basis. In fact, in March, in order to protect the health of workers and maintain production sites which the continuity of the public 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.).

Due to the continuing health emergency, Rai extended remote working by providing for a partial return to the premises, in compliance with the maximum limit of 30-35% of the staff and with a rotation model suitable to ensure social distancing on company premises.

The percent of staff working from home out of the workforce for the period (March-December 2020): (i) was highest in the months at the height of the health emergency (March-June and November-December); (ii) involved the entire company population, in particular administrative staff. The percentage was marginal for journalistic and production area staff, (iii) mainly affected staff and support organisational areas and to a lesser extent the information and product areas.

In addition, for the effective management of the health emergency and agile working, a Task Force was set up in February 2020 with the task of defining and coordinating management actions on all possible levels (health, editorial, production, etc.), progressively adapting to the issuance of the Prime Ministerial Decree and considering the specificities of the Company.

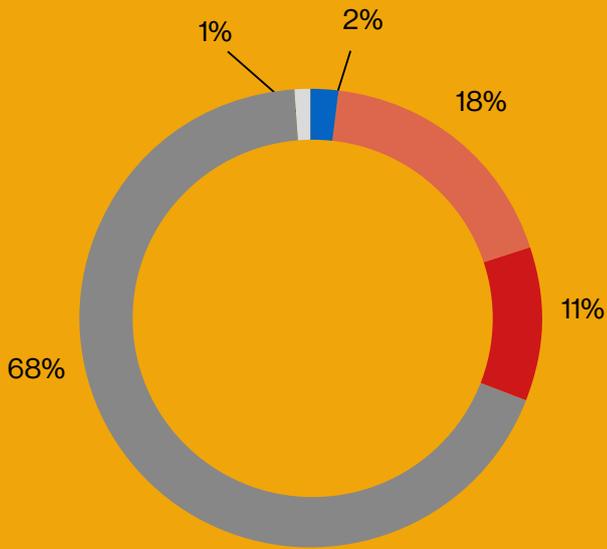
These initiatives ensured the continuity of the public service, as part of the maximum protection of workers' health and, in particular, the continuation of radio, television and multimedia programming, strongly focused on information, entertainment, culture, children's programmes and education for schools.

Workforce and turnover

During 2020, Rai's workforce decreased by 55 units, from 11,666 units (of which 139 with fixed-term employment contracts) at the beginning of the year to 11,611 (of which 161 with fixed-term employment contracts) at year-end.

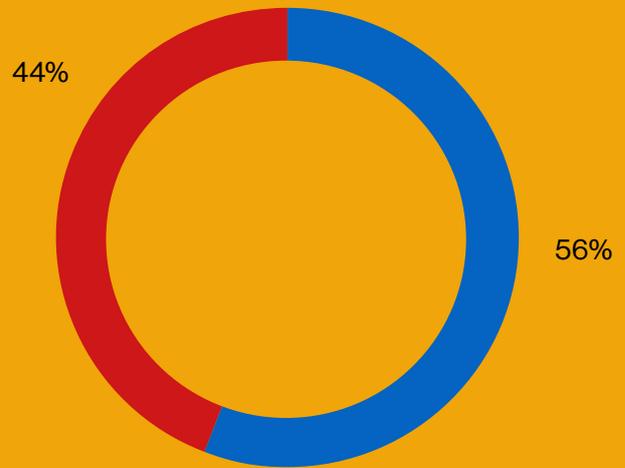
The following graphs show the breakdown of personnel with employment contracts by macro-category and gender.

Breakdown of workforce by macro categories



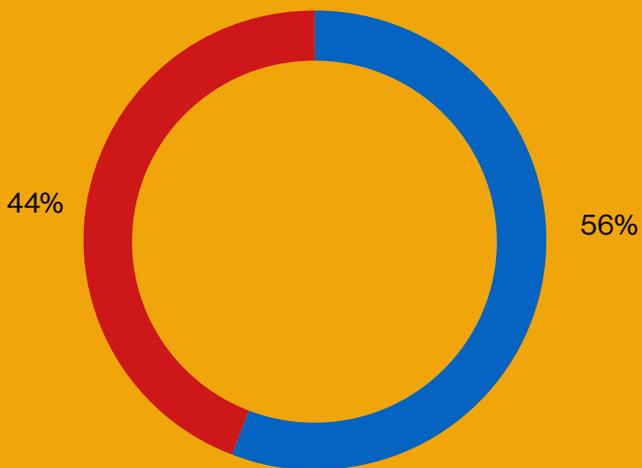
- Managers
- Journalists
- Officers (Middle managers)
- Other personnel
- Orchestra players

Breakdown of workforce by gender



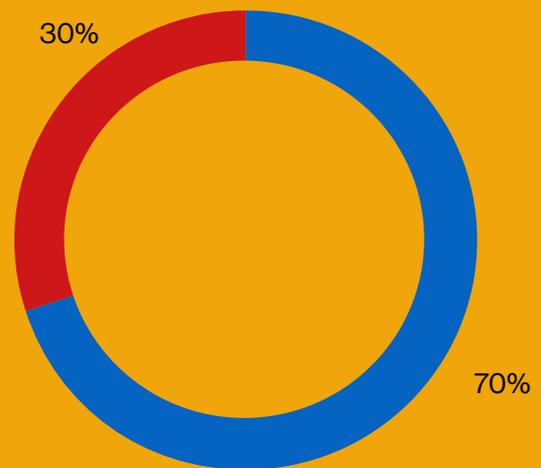
- Men
- Women

Breakdown of hires by gender



- Men
- Women

Breakdown of terminations by gender



- Men
- Women

The permanent employees decreased by 77, from 11,527 at the beginning of the year to 11,450 at year-end.

In particular, 201 people were hired, as detailed below:

- 126 as temporary staff, in compliance with law and trade union agreements (Dignity Decree, Protected Categories, etc.);
- 57 by competition/selection (apprenticeship, symphony orchestra, etc.);
- 18 for other reasons (intra-group mobility, reinstatement following litigation, etc.).

There were 278 terminations, of which:

- 186 for having reached retirement requirements;
- 40 for resignations and consensual termination;
- 29 for incentives;
- 23 for other causes (intra-group mobility, layoffs, etc.).

The graphs show the breakdown of hired and terminated permanent personnel by gender.

With regard to fixed-term personnel, there was a net positive balance of 22 units, from 139 at the beginning of the year to 161 at year-end.

Personnel selection

The activities relating to the search and selection of personnel at Rai are carried out based on a specific operational procedure ("Criteria and procedures for recruiting staff and awarding collaboration contracts") consistent with the "Three-year Corruption Prevention Plan" and the "Corporate Transparency and Communication Plan".

Personnel recruitment is carried out in accordance with the principles of transparency, publicity and impartiality for objective, motivated and tracked needs of the Company. The criteria for selecting and assessing candidates are identified in advance, adequately documented, specific and objective, linked to the Company's actual needs, consistent with the characteristics required for the role to be filled. All stages of the process are justified, documented and tracked, systematically and consistently. Before starting the process of recruiting personnel on the market, a survey the availability of adequate internal resources in terms of quality and quantity to fill the positions sought must be carried out.

Recruitment notices for external candidates are published on the Company's official website and/or other channels or social media. The selection of candidates is managed directly or with the support of specialised external companies, and takes place through the evaluation of qualifications and/or professional experience and/or the administration of tests. The tests consist of tests and/or written papers and/or practical tests and/or professional and/or cognitive and motivational interviews that are appropriate and consistent with the profiles sought.

For the recruitment of management and/or specialised profiles, given their uniqueness and the highly competitive context characterising the radio, television and multimedia sector, Rai, having previously verified the absence of such professional skills within its organisation, may entrust the search for personnel to specialised companies as an alternative to competitive selection procedures, ensuring in any case publicity, transparency and traceability of the selection process.

In this context, with regard to *recruitment* policies, despite the limitations resulting from the rules to be adopted to counter the spread of the Covid-19 virus, during 2020:

- internal verification activities continued to identify and recruit: 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) personnel covered by the collective labour agreement for middle managers, office staff and workers who, in previous years, had a continuous collaboration relationship with Rai (so-called Atypical Personnel);
- a selection process was held for the position of production technician, with the aim of identifying 80 units to be included in the workforce. Due to the Covid-19 emergency and in order to comply with government guidelines for the containment of the virus, recruitment was carried out using – for the first time ever – only "remote" operating procedures;
- the suitability of 68/99 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);
- the Professional Journalist Selection process was launched, in accordance with trade union agreements signed with Usigrai, with the aim of identifying 90 units to be employed at the TgR Regional News, which will be completed in 2021;
- the search for resources for specialist profiles has begun.

With the aim of consolidating the company's image and attracting new talents, in collaboration with the Communication Department, 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, more than 50 curricular internships with leading Italian universities and 14 school-work alternation projects on "Communication and Journalism" and "Television Production and Post Production" were set up and later suspended due to the health emergency.

In general, new resources are hired on a permanent basis, with a professional apprenticeship contract pursuant to article 10 of the RAI Collective Labour Agreement for middle managers, office staff, and workers; the use of fixed-term contracts is predominantly applied to: i) workers belonging to the compulsory employment service, in respect of whom there are recruitment obligations in relation to the staff in service as

well as commitments undertaken under the agreement signed with the Disabled Employment Placement Service of the Lazio Region; (ii) widows and orphans of employees who have died while employed with the company.

Staff training

In the continuing context of the emergency caused by the pandemic, training activities played a key role in mitigating the perception of "displacement", manifested by the sudden change of environment and working tools, providing concrete support to Rai's people. In particular, in support of the new needs arising from the massive use of agile work, specific training programmes have been prepared, on the behaviour to adopt in the workplace during health emergencies, on useful indications for working from home, and on suggestions for organising one's own work activities through collaboration platforms (Skype, Teams etc.).

In order to improve the user experience, the graphics and layout of the Rai Academy portal have been revised, in particular by simplifying the home page, both by highlighting the information band in the foreground, so as to immediately draw attention to the training courses in progress, and by facilitating the exploration of the courses, through a more intuitive access. The initiatives implemented have strongly boosted to the use of the courses: the Rai Academy portal recorded a significant increase in the total number of training hours attended, compared to previous years. By way of comparison, as at 31 December 2020, more than 150,000 hours of training had been provided, i.e., 60% more than the total training hours in 2018, and about 37% more than the total training hours in 2019. In terms of per capita benefit, in 2020, on average, each participant completed at least 5 training courses, compared to around 2 in previous years.

The data shows that the emergency has proved to be a strategic lever for re-gauging training services in an innovative way, drawing on the potential and advantages offered by digital technologies for the delivery of training, with the immediate effect of achieving greater efficiency in the training coverage of large audiences of employees.

In the area that has been historically most closely monitored, relating to mandatory training activities on Compliance and Safety, the revision of existing contracts to change the method of delivery, from classroom to online, has made it possible to maintain seamless control over initiatives relating to sustainability and environmental management, anti-corruption and transparency, privacy legislation, training on the impacts of adopting the 231 Compliance Programme, as well as all topics relating to Health and Safety at Work.

However, 2020 also saw a marked change of pace in the area of journalistic and editorial training. While 2019 was characterised by classroom initiatives in the seminar courses

"Palestra di Narrazione" and "Africa/Afriche/Italia. Raccontare un continente", in 2020 the focus was shifted to distance learning initiatives, both through the launch of the video course series "Social Media", open to all, recognised by the Journalists' Association, and focused on the operational functions of the main social communication platforms (Twitter, Facebook, Instagram) as well as on the cross-checking of online content for journalistic use, and through web conference seminars on topics ranging from international current affairs to the psychological issues caused by the pandemic, in order to enable information operators to convey messages to the public more carefully and mindfully.

Overall view, at 31 December 2020 the Rai Academy Catalogue consisted of 136 courses, 123 of which were already organised for distance learning; of the remaining 13, apart from a few courses being redesigned, most were related to training or education on specific risks, which so far could only be achieved through classroom teaching.

Lastly, 2020 saw the start of an overhaul of the training offer, both in terms of communication methods and with regard to a new approach to the analysis of training needs, to be revised using the keys provided by the newly defined Skills Model, a central tool for the orientation of personnel management, development and training systems.

Personnel management

With reference to personnel management policies, the main initiatives implemented by Rai in 2020 were:

- the stabilisation in service of employees with fixed-term employment contracts in application of current legislation on fixed-term work (the so-called Dignity Decree) and/or existing trade union agreements;
- the signing of contracts, pursuant to specific trade union agreements, of journalistic and non-journalistic resources, identified following an internal assessment (so-called Fair Contract and Irregular Personnel);
- the assignment to company management of specific objectives, both quantitative and qualitative, connected to the remuneration system;
- incentives for internal mobility and the enhancement of the professional skills present in the Company also through the implementation of job posting initiatives aimed at the identification of resources to meet the various corporate needs, with particular reference to the need to implement the workforce of the Departments recently established and/or affected by organisational restructuring;
- the design and implementation of an extraordinary voluntary redundancy incentive plan for middle managers, office workers, workers and journalists, aimed not only at generational turnover but also at containing the growth trend in labour costs in the coming years. In response to this plan, the Board of Directors, at its meeting on 17 December, decided to allo-

cate €15 million to the 2020 financial statements. During the first months of 2021, 433 expressions of interest in the plan were received in fully digital mode, of which 209 were accepted within the financial limits assigned. From the point of view of the economic effects, the plan, modulated to optimise the resources committed to the pool of potential beneficiaries, will have significant positive effects as early as 2021 and in subsequent financial years. The balancing of the operation with respect to the allocated amounts, also taking into account the partial reintegration of the resources receiving incentives, is expected at the beginning of 2022.

With specific reference to staff development and enhancement activities, the following main initiatives should be noted:

- promotion of the “*online curriculum vitae*” tool, in order to ensure that the necessary up-to-date and detailed information is available to support personnel management processes;
- evaluation of workforce resources in order to: i) identify job opportunities in other professional profiles (so-called job changes); ii) contractually recognise, pursuant to specific contractual provisions (Collective Labour Agreement of 28 February 2018), the qualification of employees with a degree functional to the activity carried out (so-called crypto-graduates) and, consequently, the related contractual treatment in terms of economic adjustment and specific career path within predefined time limits;
- completion of the operational phase of the “Skills Project” aimed at developing a system of skills as a support tool for the management of human resources centred on professional know-how. The Rai skills model resulting from the aforementioned Project will allow: (i) acquiring more detailed and targeted information on the existing skills within the company for the professional roles and profiles concerned; (ii) determining the main strategic human resource planning actions (planning, development, training and possibly recruiting); (iii) identifying, in a timely manner, areas for investment in the development of the skills needed to meet the operational needs of both individuals and the organisation;
- the creation, as part of disability management activities, of an anonymous questionnaire for all personnel 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.

Labour, Social Security and Welfare

Rai’s welfare strategy aims at ensuring, with an intergenerational vision, the centrality of individuals and their needs, closeness to local communities and social realities, attention to families and the inclusion of people. In this context, by implementing the collective agreements concluded for the various categories of employees, in 2020 Rai granted its employees a credit that can be spent through the use of a “**Welfare Platform**” that ensures access to a series of services and benefits (refund of “social”

expenses advanced by employees; *services paid with vouchers*; coupons, shopping vouchers and fuel vouchers for use at participating businesses).

This is a wide range of benefits that are added to those that have been traditionally provided at Rai for several decades and that, in a reconstructive perspective and in the light of their underlying aims, can be counted among the welfare benefits in a more modern sense, namely:

1. supplementary pension for different categories of employees, with the aim of ensuring a supplementary pension benefit in addition to that provided by the public social security system. This includes two negotiated funds of the Group companies (CRAIPI for middle managers, office staff, workers and players; FIPDRAI for senior managers) and a national negotiated fund for journalists (Fondo previdenza complementare dei giornalisti italiani);
2. supplementary healthcare for different categories of employees, with the aim of providing additional benefits to those of the public health system. Again, there are two company funds at Rai (FASI for middle managers, office staff, workers and players; FASDIR for senior managers) and a national negotiated fund for journalists (CASAGIT).

Finally, it is worth pointing out the existence of insurance protection that RAI constantly guarantees as required by collective bargaining for the various categories of personnel, in addition to the protection provided by law (insurance pursuant to article 23 of the collective bargaining agreement for occupational and non-occupational accidents for middle managers, office staff, workers and players; insurance as per articles 38 and 39 of the National Collective Bargaining Agreement for journalists (CCNLG); insurance as per article 12 of the National Collective Bargaining Agreement for senior managers (CCNLD).

Labour Relations

The promotion of a constant dialogue with workers’ representatives is an important commitment for the Rai Group to ensure the well-being and protection of workers’ rights, both in ordinary management conditions and in the event of significant organisational changes. The quality of labour relations fosters the creation of a positive corporate climate and enables appropriate solutions to be found on issues that may have a significant impact on the organisation, the business and, in particular, on human capital.

Trade union activity is particularly complex due to the considerable heterogeneity of job profiles at the company, which are covered by four different collective labour agreements: senior managers; journalists; middle managers, office staff and workers; orchestra players.

The various meetings with the trade unions led to the signing of

several agreements. These include those relating to:

- **Guidelines for Phase 2 Health Emergency.** The document confirms the use of working from home, as governed by the emergency provisions, with the provision of a plan for partial return to the workplace, in compliance with the maximum limit of 30-35% of staff and with a rotation model that ensures physical distancing on the company premises and the distribution, among workers, of the advantages of remote working.
- **Use of the backlog of days of leave and time off in lieu,** to be achieved also through solidarity transfer to the "Solidarity Time Bank", in line with the emergency regulations and in order to contain the negative economic impact resulting from the epidemiological situation.

In the last quarter of 2020, negotiations were formally launched for the renewal of the Collective Bargaining Agreement for middle managers, office staff and workers, with the activation of Company/Trade Union technical commissions with exploring specific issues. A particularly important role is played by the "Work/Life Balance" Commission, which will outline the rules for remote working.

Organisation, Processes and Systems

In line with the strategic guidelines outlined in the 2019-2021 Business Plan and in its capacity as exclusive concessionaire of the Public Service, the Rai Group's offer is divided into linear (distributed mainly through TV and radio channels accessible via satellite, digital terrestrial and Rai digital platforms) and non-linear, accessible via PC, mobile devices, Smart TV and via *app*.

The diversity of the radio, television and multimedia offer is ensured by an **organisational structure** which provides for the reporting of the editorial/production sector to the CEO, while staff functions tend to be concentrated under the Corporate General Manager. In 2020, various organisational measures were carried out to apply the Business Plan (setting up of the Gender Departments, rationalisation of the Distribution Department, consolidation of the RaiPlay and Digital Department, start of full operation of the Licence Fee and Artistic Heritage Department following the extension of the competences on artistic heritage established at the end of 2019) and of the evaluations of the senior management (e.g., merging of the social accountability activities under the new Rai for Social Affairs Department). In compliance with the provisions of the Service Agreement, Rai submitted to the Ministry of Economic Development for the relevant decisions the projects concerning the creation of a new English-language channel and a new channel dedicated to institutional issues. Following the Ministry's approval, the necessary activities for the operational definition of the relevant projects were started, the timing of which was adversely affected by the impact of the Covid pandemic.

With regard to **processes**, the framework of the new regulatory model, divided into *policies*, processes and procedures, was set out. This approach enables both establishing a 'value chain' consistent with the principles of the business plan and the public service role, and mapping corporate processes in an organic catalogue. This, in turn, makes it possible to update stratified and at times outdated internal regulatory sources, with tangible benefits, in the long term, in terms of understanding how things work, managing skills, internal control and prioritising IT interventions. Priorities for action are also determined based on the corrective actions defined during audits.

Lastly, with reference to **personnel IT systems**, also considering the organisational and operational repercussions of the epidemiological emergency, Rai has accelerated the process of digitising processes and updating devices to ensure that employees working from home can carry out their operational activities correctly.

In general, the evolutionary action of the IT systems has been directed towards the following main lines: (i) enhancement of self-service management functions by employees, in particular by streamlining secretarial activities for absence management; (ii) digitisation of the remote working management process and automation of recurring activities; (iii) launch of a pilot project for fully digital performance evaluation; (iv) completion of the analysis and design for the complete re-engineering of the applications underlying all personnel systems (Centralised Master Data, Pay Roll (payroll process), Time Management (absence and travel management), Labour Costs and Shift Planning), with the aim of discontinuing applications in the mainframe environment in favour of the use of new IT solutions.

Real estate assets

The management and development of Rai's real estate assets are entrusted to the Real Estate Asset and Services Department, which, in line with the strategic indications of the plan and in compliance with the economic and budget constraints, takes care of both ordinary and extraordinary interventions to bring the properties up to the highest quality and functional standards. Management also provides the facility services necessary for the company's and personnel's activities, ensuring an adequate level of service to user facilities.

The total real estate assets managed amount to approximately 780,000 m², of which 660,000 are owned and the remaining leased, and is distributed throughout 65 municipalities. To this 11 correspondence offices in as many countries are added. They include properties of particular architectural and historical importance, including the General Management building in viale Mazzini and the Radio Directorate building in via Asiago in Rome, the Production

Center in Corso Sempione in Milan, Palazzo Labia in Venice and the regional offices in Florence.

They are divided into offices and editorial offices (37%), television and radio studios (10%), production technical areas (21%), garages, warehouses and other service areas (32%). The main purposes of use are linked to production activities in the four Production Centres in Rome, Turin, Milan and Naples (about 60% of the total), followed by the Regional Offices (21%) and the head offices in Rome and Turin (10% and 9% respectively).

The Covid-19 pandemic that hit the year 2020 has made it necessary, in collaboration with the company's Task Force to take the appropriate measures to ensure that the production and management activities within Rai's facilities can continue, under safe conditions and in compliance with the applicable standards. These included the distribution of protective equipment; taking body temperature at the entrance to company sites, while respecting privacy; the installation of sanitising gel dispensers in all common areas, totalling around 12,000 litres throughout the country; extraordinary sanitisation of work environments, as well as the timely isolation and targeted sanitisation of areas affected by episodes of positive cases, for a total of approximately 1.8 million m³ of treatments carried out at the sites in Rome, Milan, Turin, Naples and at the Regional Offices; signs and devices for respecting social distancing in the areas designated for common services (canteens and bars, entrances, stairs, lifts, etc.).

The provision of services with real-time response, combined with a careful communication strategy on the RaiPlace portal, with summaries and videos of the measures implemented, has minimised possible inconveniences and helped to reassure users, allowing the regular execution of activities and maintaining continuity of service.

This was made possible also thanks to the use of the RAI Real Estate Asset Management database (GPIRai), which

allowed the analytical mapping of all premises and their relative occupancy by staff, monitoring the simultaneous presence of personnel and the use of the canteen service, both during the lockdown period and in the subsequent phases in order to analyse the maximum capacity of both individual premises and the overall sites, and to elaborate the subsequent hypotheses for the repopulation of spaces pursuant to the Guidelines.

As regards the initiatives to optimise and increase the efficiency of Rai's real estate assets, the campaign to rationalise and renegotiate the leases payable continued, also through the disposal of some properties; the lease agreement for the Basilicata Regional Office in Potenza was renewed with a reduction in rented space; the procedure aimed at the disposal of the building in Turin, Via Cernaia 33, formerly the office of the General Management in Turin, continues.

Despite the difficulties caused by the epidemiological emergency, many measures concerning the company's real estate were carried out during 2020. Among these, the programme to adapt the main company sites to fire prevention regulations continued, including the TV Production Centres in Via Teulada in Rome, C.so Sempione in Milan and Via Verdi in Turin. Plans are underway to adapt the Naples Production Centre to new standards and technology.

The seismic risk assessment campaign for company buildings considered relevant and strategic also for Civil Protection purposes, has covered about 50% of the buildings. In particular, the seismic upgrading of buildings E south and I of the Saxa Rubra Centre has been completed.

The study for the reorganisation of the production activities of the Milan Production Centre, currently located at the two sites of Corso Sempione 27 (51,000 m² owned by the company) and Via Mecenate 76 (16,000 m² leased), continued, with the creation of a new site at the Portello complex, owned by the Fiera Milano Foundation.

1. TV Production Centre in Rome - Via Teulada
2. Rai Production Centre in Milan - C.so Sempione
3. General Management Building in Turin - Via Cernaia



With reference to the Building Information Modeling (BIM) development campaign - a working methodology that allows for the shared management of information during all phases of the building process, through the use of three-dimensional models of buildings - the activity continued in 2020, with the verification of the models already created for the entire Saxa Rubra Centre, while at the same time starting the modelling of the remaining buildings of the Rome and Milan Production Centres pursuant to the Rai Guideline for BIM development, already drawn up in collaboration with the Milan Polytechnic.

Safety & Security

During 2020, the Company had to deal with the Covid-19 emergency by harmonising the execution of its public service mission with the overriding objective of ensuring a safe, integrated and sustainable environment for personnel and all third parties involved in the company's activities. The state of emergency, which manifested itself in all its severity at the end of February, continued throughout 2020 and in this context Rai continued to pursue the protection of occupational health and safety.

On 22 February, a Task Force was set up with a communication and coordination role, issuing and revising procedures and operating instructions for workers' health, as well as providing regular updates on the evolution of cases detected at the company and the containment measures adopted.

Aware of the sensitive nature of the context, Rai, through its Task Force, maintained a continuous, direct and supportive dialogue with workers, setting up a specific mailbox that received over 20,000 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 over 10,000 contacts.

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.

In order to increase workers' awareness of the importance of individual behaviour in preventing Covid-19, a section of the corporate portal RaiPlace, *La Rai e il Covid-19*, in which updates, information, rules and protocols, tools made available by the Company, are available, has been created.

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.

Right from the start, all employees were given adequate protective equipment such as surgical masks (made mandatory at facilities), as well as other devices functional to specific technical and editorial activities. In this regard, during 2020, 2 million masks, 1.9 million gloves, 90 thousand additional devices (overalls/coats, bonnets, over-shoes, goggles/face shields, etc.) were purchased and distributed.

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 radio and TV production in the preliminary and broadcasting phases must observe.

1. Saxa Rubra Centre(Rome)
- 2.3. Disinfection of workplaces



Although the Coronavirus emergency led to a major commitment to safety and security, 'more ordinary' activities also continued throughout the year.

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* (therefore, 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.

As part of the travel security activity, for more than a year now the travel operator has been transmitting the data of RAI resources engaged in missions abroad to the *Dove siamo nel mondo* portal of the Italian Ministry of Foreign Affairs and International Cooperation. For the greater protection of personnel and the Company, for missions abroad in critical areas, a four-year contract has been signed with a Security Provider that provides, through an integrated travel security platform, country risk assessment services in the planning phase of the trip, monitoring and assistance during the mission, through IT support and exchange of contextual information with a Control Room (24h/7) and, on request, the possible provision of equipment and local support and assistance services.

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 area, the ordinary activities of the Prevention and Protection Service were carried out, such as the updating of the Risk Assessment Document, mandates, DUVRIs, etc. For the Safety Management System, given the emergency context, internal and third-party audits were carried out remotely on some sites and production centres, allowing certification to be renewed in November, according to the standard BS OHSAS 18001:2007.

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: specifically, the planned internal audits were carried out to lay the foundations for the subsequent certification of the system. In this context, training content was also planned for both the entire company population and technicians responsible for overseeing these issues in the various areas.

As in previous years and for previous editions, the Company

Health Department developed and managed the Healthcare Plan for the Sanremo Music Festival, in cooperation with the local public agency.

A dedicated specialist medical unit was set up for the Coronavirus emergency, to prepare containment actions within the company and protect the health of all workers involved in guaranteeing business continuity. In this regard, comprehensive screening programmes with serological and sequential antigenic tests have been implemented.

The aforementioned unit carried out work contact tracing activities of the index cases and cooperated, sharing the results, with the Hygiene and Public Health Services of the relevant Local Health Authorities throughout the country, to ensure the application of precautionary measures towards the employees involved, ensuring work continuity.

The health protection activities of the Parent Company's and Subsidiaries' personnel were guaranteed, ensuring the continuity of health surveillance with the types of examinations provided for by the specific regulations in force during the Covid-19 emergency, especially for so-called fragile individuals. Emergency medical care was also provided, including clinical monitoring and counselling dedicated to the particular clinical emergency context.

Intercompany Relations

In 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 and associates 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 17.4 "Transactions with Related Parties" in the explanatory notes to the Separate Financial Statements.

In connection with the company Rai Way, please note that its shares, listed on the screen-based Stock Exchange of Borsa Italiana since 19 November 2014 following completion of the Global Offer, recorded a 10.9% drop during 2020 (-7.1% adjusted for distribution of the dividend).

Rai Way closed 2020 with a capitalisation of approximately €1,485 million.

During 2020, the percentage of Rai Way share capital held by Rai SpA remained stable at 64.971%.

Additional information

Related to technical needs connected to the obligation to draw up Consolidated Financial Statements, pursuant to art. 16 paragraph 4 of the Articles of Association, Rai avails itself of the right established in Article 2364 of the Civil Code which allows the ordinary Shareholders' Meeting to be called to approve the Financial Statements within 180 days from the end of the financial year.

Lastly, please note that the Company does not have sub-offices pursuant to Article 2197 of the Italian Civil Code, does not own any treasury stock, not even through trust companies or third parties and that, during the year the Company did not either purchase or sell those shares.

Highlights of subsidiaries

Rai Cinema

(€/million)	31 December 2020	31 December 2019
Revenue	299.1%	302.7
EBIT	32.1	23.0
Profit/(loss) for the year	19.4%	14.8
Total profit/(loss) for the year	19.2	14.4
Shareholders' equity	281.9%	276.7
Net financial position	123.9%	(152.0)
Net financial position excluding operating lease liabilities	117.5%	(151.9)
Investments	200.0%	248.1
Workforce (in units)	150	154
of which fixed-term	1	9

Rai Com

(€/million)	31 December 2020	31 December 2019
Revenue	30.5%	41.3
EBIT	4.9	9.8
Profit/(loss) for the year	3.4	7.2
Total profit/(loss) for the year	3.5	7.1
Shareholders' equity	109.7%	113.4
Net financial position	132.0%	126.1
Net financial position excluding operating lease liabilities	136.3%	126.4
Investments	1.4	0.8
Workforce (in units)	109	107
of which fixed-term	-	1

Rai Corporation in liquidation

(USD/million)	31 December 2020	31 December 2019
Revenue	-	-
EBIT	-	(0.3)
Profit/(loss) for the year	-	(0.3)
Total profit/(loss) for the year	-	(0.3)
Shareholders' equity	(4.9)	(4.9)
Net financial position	3.6	3.8
Net financial position excluding operating lease liabilities	3.6	3.8
Investments	-	-
Workforce (in units)	-	-
of which fixed-term	-	-

Rai Pubblicità

(€/million)	31 December 2020	31 December 2019
Revenue	584.8%	635.7
EBIT	5.9	12.0
Profit/(loss) for the year	3.9	8.0
Total profit/(loss) for the year	3.9	8.0
Shareholders' equity	33.5	37.6
Net financial position	(14.6)	1.0
Net financial position excluding operating lease liabilities	(8.1)	3.9
Investments	1.5	1.1
Workforce (in units)	361	359
of which fixed-term	10	14

Rai Way

(€/million)	31 December 2020	31 December 2019
Revenue	225.0	222.3
EBIT	89.4%	90.1
Profit/(loss) for the year	64.0%	63.4
Total profit/(loss) for the year	63.9%	63.1
Shareholders' equity	164.8%	184.2
Net financial position	46.1%	(9.5)
Net financial position excluding operating lease liabilities	(10.7)	30.0
Investments	60.3%	35.3
Workforce (in units)	604	615
of which fixed-term	14	12

Financial balances of Rai S.p.A. with subsidiaries as at 31 December 2019 and 2020

Subsidiaries (€/’000)	Rai Cinema	Rai Com	Rai Corporation in liquidation	Rai Advertising	Rai Way	Total subsidiaries
Lease rights of use						
As at 31 December 2020	-	-	-	-	444	444
As at 31 December 2019	-	-	-	-	103	103
Non-current financial assets						
As at 31 December 2020	56	-	-	-	-	56
As at 31 December 2019	-	-	-	-	-	-
Current trade receivables						
As at 31 December 2020	1,644	90,204	-	176,003	4,005	271,856
As at 31 December 2019	1,493	87,929	-	180,363	8,394	278,179
Current financial assets						
As at 31 December 2020	122,379	-	-	8,081	-	130,460
As at 31 December 2019	157,785	-	-	-	-	157,785
Other current receivables and assets						
As at 31 December 2020	6,684	-	-	10,637	21,140	38,461
As at 31 December 2019	5,736	2,617	-	7,507	20,670	36,530
Non-current lease liabilities						
As at 31 December 2020	-	-	-	-	(387)	(387)
As at 31 December 2019	-	-	-	-	(74)	(74)
Trade payables						
As at 31 December 2020	(16,311)	(11,124)	-	(144)	(55,607)	(83,186)
As at 31 December 2019	(2,528)	(16,053)	-	(173)	(68,981)	(87,735)
Current financial liabilities						
As at 31 December 2020	(4,943)	(136,252)	(2,954)	-	(450)	(144,599)
As at 31 December 2019	(5,857)	(126,390)	(3,226)	(3,917)	(252)	(139,642)
Current lease liabilities						
As at 31 December 2020	-	-	-	-	(71)	(71)
As at 31 December 2019	-	-	-	-	(32)	(32)
Other current payables and liabilities						
As at 31 December 2020	(1,429)	(1,745)	-	(2,976)	(2,550)	(8,700)
As at 31 December 2019	(445)	(358)	-	(3,535)	(2,477)	(6,815)

Economic balances of Rai S.p.A. with subsidiaries as at 31 December 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 31 December 2020	4	60,154	-	502,182	-	562,340
As at 31 December 2019	12	72,892	-	541,570	-	614,474
Other revenue and income						
As at 31 December 2020	3,473	3,375	-	3,206	10,025	20,079
As at 31 December 2019	3,744	4,354	-	3,351	10,413	21,862
Costs for services						
As at 31 December 2020	(273,840)	(8,661)	-	(661)	(211,506)	(494,668)
As at 31 December 2019	(268,577)	(15,726)	-	399	(209,731)	(493,635)
Other costs						
As at 31 December 2020	-	(332)	-	-	-	(332)
As at 31 December 2019	-	(408)	-	-	-	(408)
HR expenses						
As at 31 December 2020	866	1,808	-	1,637	348	4,659
As at 31 December 2019	980	1,105	-	1,641	342	4,068
Impairment of financial assets						
As at 31 December 2020	-	(101)	-	-	-	(101)
As at 31 December 2019	-	(695)	-	-	-	(695)
Depreciation, amortisation and other write-downs						
As at 31 December 2020	-	-	-	-	(49)	(49)
As at 31 December 2019	-	-	-	-	(32)	(32)
Financial income						
As at 31 December 2020	18,100	7,191	-	8,185	41,158	74,634
As at 31 December 2019	3,452	11,311	-	8,167	38,808	61,738
Financial expense						
As at 31 December 2020	(4)	-	-	-	(4)	(8)
As at 31 December 2019	(53)	(1)	-	-	(1)	(55)

Economic balances of Rai S.p.A. with joint ventures and associates as at 31 December 2019 and 2020

Joint ventures and associates (€/000)	Audiradio in liquidation	Auditel	Euronews	Player Editori Radio	San Marino Rtv	Tavolo Editori Radio	Tivù	Total joint ventures and associates
Revenue from sales and services								
As at 31 December 2020	-	-	-	-	-	-	622	622
As at 31 December 2019	-	-	-	-	-	-	592	592
Other revenue and income								
As at 31 December 2020	-	-	-	-	15	7	4	26
As at 31 December 2019	-	-	-	-	17	7	5	29
Costs for services								
As at 31 December 2020	-	(9,233)	-	(36)	1	(516)	(1,611)	(11,395)
As at 31 December 2019	-	(8,930)	-	(18)	4	(624)	(1,636)	(11,204)
Other costs								
As at 31 December 2020	-	-	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-	-	-
HR expenses								
As at 31 December 2020	-	-	-	19	172	-	-	191
As at 31 December 2019	-	-	-	-	171	-	-	171
Impairment of financial assets								
As at 31 December 2020	-	-	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-	-	-
Depreciation, amortisation and other write-downs								
As at 31 December 2020	-	-	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-	-	-
Financial income								
As at 31 December 2020	-	-	-	-	17	-	-	17
As at 31 December 2019	-	-	-	-	10	-	-	10
Financial expense								
As at 31 December 2020	-	(29)	-	-	-	-	-	(29)
As at 31 December 2019	-	(31)	-	-	-	-	-	(31)

Significant events occurring after 31 December 2020

Special licence fee

At its meeting of 16 February 2021, the Company's Board of Directors approved the postponement, without additional charges or surcharges, of the deadline for renewing the special radio and television licence fee for the year 2021, from 31 January to 31 March 2021, primarily in consideration of the economic repercussions of the current epidemic on the category of special subscribers (especially accommodation facilities and public establishments), which was then further postponed to 31 May 2021 at the meeting of 25 March 2021.

Article 6, paragraph 5 and 6, of Decree-Law No. 41 of 22 March 2021, among the urgent measures in support of businesses and economic operators, labour, health and territorial services, related to the Covid-19 emergency, established that:

- (Paragraph 5) for the year 2021, for accommodation facilities as well as for the supply and consumption of beverages in public establishments or premises open to the public, the radio broadcasting licence fee referred to in Royal Decree-Law No 246 of 21 February 1938, enacted by Law No 880 of 4 June 1938, is reduced by 30 percent;
- (paragraph 6) in relation to the provisions of paragraph 5, for the same year, special account no. 1778 in the name of: "Agenzia delle Entrate - Fondi di bilancio" has been assigned the amount of €25 million to grant a tax credit equal to 30 percent of the possible payment of the licence fee referred to in paragraph 5 prior to the entry into force of the present decree, or to provide for the transfer to Rai of the amounts corresponding to the lower revenue deriving from the present article requested by the aforementioned company.

Outlook of operations

The 2021 scenario is strongly influenced by contingent macroeconomic variables, induced by the Covid-19 pandemic, and structural variables, linked to market and sector dynamics.

The contingent variables consist in a reduction in resources, both typical of Rai and general of the market, and concern a negative trend in the collection of special licence fees, the generalised and significant decrease in advertising investments following the economic contraction and the significant downsizing of some business lines, particularly impacted, at least until today, by the containment measures adopted to face the epidemiological emergency (first of all, theatrical distribution), in addition to the postponement from 2020 of the great sports events, that is, the European Football Championship and the Tokyo Olympics.

The structural phenomena include the further increased

competitive pressure, especially following the development of the OTT offer, the need to implement the transition to the DVB-T2 standard and the need to continue the strengthening of the infrastructural set-up in order to cope with the technological evolution with the correlated greater commitments in terms of investments.

In this complex landscape, in spite of the positive effects deriving, on the revenue side, from the reform of the regulations relating to the allocation of resources deriving from the licence fee, and, on the cost side, from a series of major rationalisation and cost containment measures, the current forecasts expect a loss for the year.



**Separate
Financial
Statements**
as at 31 December 2020

Analysis of the results and performance of economic and financial management of the financial year 2020

Reclassified statements

Income statement

(€/million)	FY 2020	FY 2019	Change
Revenue	2,361.6	2,483.4	(121.8)
External costs	(1,229.3)	(1,352.8)	123.5
HR expenses	(917.2)	(939.0)	21.8
EBITDA	215.1	191.6	23.5
Depreciation, amortisation and write-downs	(308.5)	(301.1)	(7.4)
Provisions	(8.3)	(3.5)	(4.8)
EBIT	(101.7)	(113.0)	11.3
Net financial income (expense)	58.9	45.4	13.5
Earnings from equity investments recognised at equity	1.1	0.3	0.8
Pre-tax profit/(loss)	(41.7)	(67.3)	25.6
Income tax	21.0	32.3	(11.3)
Profit/(loss) for the year	(20.7)	(35.0)	14.3
Other comprehensive income	2.0	(19.6)	21.6
Total profit/(loss) for the year	(18.7)	(54.6)	35.9

Capital structure

(€/million)	31 December 2020	31 December 2019	Change
Fixed assets	2,251.4	2,274.6	(23.2)
Net working capital	(412.3)	(460.9)	48.6
Provisions for risks and charges	(183.3)	(162.9)	(20.4)
Employee benefits	(379.1)	(400.9)	21.8
Net invested capital	1,276.7	1,249.9	26.8
Equity	694.3	713.0	(18.7)
Net financial debt excluding operating lease liabilities	526.5	481.2	45.3
Operating lease liabilities	55.9	55.7	0.2
Net financial debt	582.4	536.9	45.5
Total	1,276.7	1,249.9	26.8

The financial statements for the year ended 31 December 2020 showed a net loss of €20.7 million, an improvement on the result for FY 2019 (a loss of €35.0 million).

Some summary information on the main items of the income statement and capital 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 €2,361.6 million, down by €121.8 million (-4.9%).

Revenue

(€/million)	FY 2020	FY 2019	Change
TV licence fees	1,726.1	1,798.8	(72.7)
Advertising	501.2	540.2	(39.0)
Other revenue	134.3	144.4	(10.1)
Total	2,361.6	2,483.4	(121.8)

TV licence fees

TV licence fees amounted to €1,726.1 million, down by €72.7 million (-4.0%) compared to the previous financial year, as seen in the table below.

TV licence fees

(€/million)	FY 2020	FY 2019	Change
Licence fees for the year – household licences	1,624.8	1,624.3	0.5
Ordinary licence fee exemptions	11.9	9.5	2.4
Licence fees for the year – ordinary	1,636.7	1,633.8	2.9
Licence fees for the year – special licences	60.9	84.9	(24.0)
Special licence fee exemptions	0.2	0.2	0.0
Licence fees for the year – special	61.1	85.1	(24.0)
Licence fees collected by enforcement order - ordinary licence fees collected by the Government in the period	12.1	20.3	(8.2)
Adjustment of past ordinary licences collected by enforcement order – collected by the Government from 2004 to 2015	0.0	41.3	(41.3)
Licence fees collected by enforcement order – special licences	3.3	6.9	(3.6)
Licence fees collected by enforcement order	15.4	68.5	(53.1)
Contingencies on ordinary licence fees	13.2	11.4	1.8
Licence fee refunds	(0.3)	0.0	(0.3)
Total	1,726.1	1,798.8	(72.7)

The decrease in the item was the result of licence fees collected by enforcement order, mainly due to the recognition in the previous year of a lump sum for the higher amounts collected by the Government through rolls in the years between 2004 and 2015 for €41.3 million, and to special licences, down by €24.0 million.

Advertising

The advertising market in 2020 was heavily impacted by the effects of the economic crisis induced by the Covid-19 epidemic, showing a decrease of 15.3% compared to 2019.

All media recorded negative performances: TV recorded a 9.5% drop in investment and radio a 25.0% drop, while the Internet (Digital) was the medium that declined the least, by 0.8% (2.1% including OTT).

In this context, considerably influenced by the effects of the health emergency, Rai's advertising revenues, amounting to €501.2 million, details of which are shown in the table below, fell by €39.0 million compared to 2019 (-7.2%).

Advertising

(€/million)	FY 2020	FY 2019	Change
Television advertising on general-interest channels:			
– commercial	278.9	306.7	(27.8)
– promotions, sponsorships and other initiatives	141.4	144.2	(2.8)
	420.3	450.9	(30.6)
Television advertising on specialist channels	50.3	54.9	(4.6)
Radio advertising	20.9	26.7	(5.8)
Web advertising	10.9	8.9	2.0
Other advertising	0.1	0.2	(0.1)
Share due to third parties	(1.6)	(2.0)	0.4
Contingencies	0.3	0.6	(0.3)
Total	501.2	540.2	(39.0)

Other revenue

This item amounted to €134.3 million, a decrease of €10.1 million (-7.0%) compared to the period under review.

A breakdown of this item is shown in the table below.

Other revenue

(€/million)	FY 2020	FY 2019	Change
Special services under agreement	38.2	37.9	0.3
Fulfilment of service contract obligations and digital programming development - Law 145/2018	38.5	38.5	0.0
Service and other provisions of services to investees	19.0	20.1	(1.1)
Sale of rights	10.2	12.3	(2.1)
Distribution and sale of channels	10.7	11.1	(0.4)
Sale of patents and trademarks	0.9	8.4	(7.5)
Sundry services, mainly for institutional purposes	6.0	6.9	(0.9)
Other	5.2	7.0	(1.8)
Share of sales due to third parties	(0.3)	(0.5)	0.2
Contingencies	5.9	2.7	3.2
Total	134.3	144.4	(10.1)

The decrease is mostly to be referred to the sale of patents and trademarks (-€7.5 million) due to the presence in 2019 of the income due for the licencing of the essential patents for the DVB-T2 standard of which Rai is the holder.

With regard to the trends shown above, other revenue accounted for an increase of 0.7 percentage points compared to 2019, at the expense of advertising (-0.6 p.p.) and other revenue (-0.1 p.p.), as shown in the table below.

Percent of revenue

	FY 2020	FY 2019
TV licence fees	73.1%	72.4%
Advertising	21.2%	21.8%
Other revenue	5.7%	5.8%
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.

The item totalled €2,146.5 million, down by €145.3 million (-6.3%) compared to 2019. The reasons for this are illustrated below.

External costs

This item amounted to €1,229.3 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, detailed in the table below, showed a decrease of €123.5 million (-9.1%) compared to FY2019.

This reduction, which reflects the impact on production activities caused by regulatory measures to contain the Covid-19 pandemic, is detailed in the table below.

External costs

(€/million)	FY 2020	FY 2019	Change
Purchases of materials	10.8	11.0	(0.2)
Costs for services			
Freelance services	112.2	133.6	(21.4)
Services for programme acquisition and production	177.8	197.6	(19.8)
Daily allowances, travel expenses and accessory costs for personnel	17.4	34.9	(17.5)
Signal broadcast and transmission – RAI Way	211.6	210.7	0.9
Maintenance, repairs, transport and similar	32.6	36.2	(3.6)
IT system documentation and assistance services	53.2	52.2	1.0
Other outsourced services (telephone, supply services, cleaning, postal, insurance etc.)	77.2	83.3	(6.1)
Purchase of showings from subsidiaries	273.4	271.6	1.8
Leases and rentals	20.6	25.7	(5.1)
Recording rights (mainly Sports broadcasting rights)	112.7	159.2	(46.5)
Rights of use	101.7	108.2	(6.5)
Recovery of expenses	(2.2)	(3.1)	0.9
Contingencies	(16.7)	(15.3)	(1.4)
	1,171.5	1,294.8	(123.3)
Other costs			
Administrative fees and rights for use of frequencies	10.9	10.9	0.0
Prizes and winnings	4.3	6.6	(2.3)
Fee to control authorities	4.7	4.9	(0.2)
TASI / IMU tax	8.4	8.7	(0.3)
Other indirect taxes and other duties	8.5	8.1	0.4
Newspapers, magazines, books and publications	1.7	1.8	(0.1)
Membership fees	3.4	3.5	(0.1)
Losses on disposals	0.0	0.2	(0.2)
Others	6.4	2.0	4.4
Contingencies	(1.3)	0.3	(1.6)
	47.0	47.0	0.0
Total	1,229.3	1,352.8	(123.5)

Among these, of particular relevance was the decrease in recording rights (-€46.5 million compared to 2019) mainly determined by the Champions League, not acquired for the 2019/2020 season (-€23.1 million) and the lower number of friendly matches, qualifying matches for the 2020 European Championships and Nations League played by the Italian National Team as well as the presence in 2019 of the European Under-21 Championships (-€10.9 million).

HR expenses

This item amounted to €917.2 million, down by €21.8 million (-2.3%) compared to 2019.

HR expenses

(€/million)	FY 2020	FY 2019	Change
Wages, salaries and social security costs	860.0	882.7	(22.7)
Employee severance pay provisions	40.2	40.3	(0.1)
Pensions and similar obligations	12.2	12.2	0.0
Others	8.5	8.5	0.0
	920.9	943.7	(22.8)
Redundancy incentives	16.0	13.4	2.6
Recovery of expenses	(5.6)	(5.4)	(0.2)
Capitalised HR expenses	(12.8)	(13.3)	0.5
Contingencies	(1.3)	0.6	(1.9)
	(3.7)	(4.7)	1.0
Total	917.2	939.0	(21.8)

In detail, there was a decrease of €22.7 million (-2.6%) in wages, salaries and social security costs. This decrease is partly due to the effects of measures to combat the pandemic (remote working, revision of production models, etc.) on overtime and bonuses, and partly to the effects of management measures aimed at containing and rationalising labour cost.

The **average number of employees** in service during the period, including temporary staff, was 11,440, down by 36 compared to 2019; specifically, the number of employees on a temporary contract went down by 142, with the number of employees on a permanent contract going up by 106.

The **workforce** as at 31 December 2020 consisted of 11,450 units in headcount (including, in addition to employees on a permanent contract, 4 units of senior management hired with temporary contracts and 422 units of personnel hired with apprenticeship contracts) and 161 units of employees with a temporary contract. The decrease of 77 units in headcount compared to 31 December 2019 was caused by the exit of 278 units, of whom 29 due to incentives, and by the hiring of 201 units, of whom 126 to stabilise temporary personnel, 47 under new apprenticeship contracts, 8 following lawsuits and 9 for entries from Group companies.

The increase of 22 units in the number of temporary staff is mainly due to the recruitment of 125 journalists under specific trade union agreements (so-called fair contract), partly offset by the reduction caused by stabilised employees.

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €215.1 million, up €23.5 million compared to 31 December 2019.

Depreciation, amortisation and write-downs

The balance of the item amounted to €308.5 million, up €7.4 million (+2.5%) compared to the previous year 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)	FY 2020	FY 2019	Change
Amortisation and depreciation			
Amortisation of programmes			
Drama	136.0	147.0	(11.0)
Cartoons	10.6	8.0	2.6
Others	2.2	2.0	0.2
	148.8	157.0	(8.2)
Of property, plant and equipment			
Buildings	12.5	12.3	0.2
Plant and machinery	49.2	48.9	0.3
Industrial and commercial equipment	2.2	1.8	0.4
Other assets	6.6	6.0	0.6
	70.5	69.0	1.5
Of intangible assets			
Software	9.3	7.4	1.9
Other rights	0.0	0.1	(0.1)
	9.3	7.5	1.8
Lease rights of use			
Land and Buildings	13.4	13.5	(0.1)
Other assets	2.8	2.9	(0.1)
	16.2	16.4	(0.2)
	96.0	92.9	3.1
Total amortisation and depreciation	244.8	249.9	(5.1)
Write-downs (write-backs)			
Of intangible assets			
Programmes under amortisation	50.5	43.5	7.0
Programmes in progress	1.8	5.3	(3.5)
Other	0.0	0.6	(0.6)
	52.3	49.4	2.9
Of investments valued at cost	(0.3)	0.3	(0.6)
Of other non-current assets			
Minimums guaranteed on commercial activities	4.4	0.5	3.9
Other non-current assets	0.1	0.2	(0.1)
	4.5	0.7	3.8
Of trade receivables and other current assets			
Trade receivables	5.4	0.1	5.3
Receivables from subsidiaries	0.1	0.7	(0.6)
Other current receivables and assets	1.7	0.0	1.7
	7.2	0.8	6.4
Total write-downs	63.7	51.2	12.5
Total	308.5	301.1	7.4

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 €8.3 million (negative for €3.5 million in 2019) caused by provisions for €9.1 million and by uses of provisions set aside in previous years and now in excess by €0.8 million.

EBIT

The trends in revenues and costs illustrated above resulted in a negative EBIT of €101.7 million, an improvement of €11.3 million compared to 2019.

Net financial income (expense)

The item, as detailed in the following table, was positive at €58.9 million (€45.4 million in 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 accounting standard IFRS 16.

Financial income and expenses

(€/million)	FY 2020	FY 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 bank interest expense	(0.7)	(0.5)	(0.2)
Net interest income from subsidiaries and associates	4.2	3.4	0.8
Interest expense on lease contracts	(0.8)	(0.8)	0.0
Interest expense on bonds	(10.0)	(6.7)	(3.3)
Interest expense on employee benefit liabilities	(2.4)	(3.7)	1.3
Net exchange rate income	0.4	0.0	0.4
Losses on rate hedging transactions	0.0	(2.6)	2.6
Net financial contingent assets	0.0	0.2	(0.2)
Others	(2.2)	(2.1)	(0.1)
	(11.5)	(12.8)	1.3
Net financial income	58.9	45.4	13.5

The most significant variances compared to the previous year concern:

- increase of €12.2 million in dividends;
- higher interest on bonds for €3.3 million, arising from the simultaneous presence of the new bond issue of 4 December 2019 with the 2015 issue repaid in May 2020, including interest rate hedging costs recognised on a straight-line basis over the five-year life of the bond;
- no charges recorded in 2019 for €2.6 million, arising from the early closure of the Forward Start Interest Rate Swap to hedge the rate of the new bond issue, recognised in that year directly to profit or loss in proportion to the lower issue made compared to the one originally planned (€350 million instead of €300 million).

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 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 showed a gain of €1.1 million (€0.3 million in 2019) brought about by valuation of the associates and joint ventures at net equity.

Income tax

This item presented a positive value of €21.0 million (€32.3 million in 2019) and is due to the balance between current and deferred taxes, as itemised in the following table:

Income tax

(€/million)	FY 2020	FY 2019	Change
IRES	0.0	0.0	0.0
IRAP	0.0	0.0	0.0
Deferred tax liabilities	1.9	2.0	(0.1)
Deferred tax assets	19.4	30.3	(10.9)
Direct taxes of previous years	(0.3)	0.0	(0.3)
Total	21.0	32.3	(11.3)

As in 2019, the economic trends in the year did not result in taxable income for direct taxes.

Deferred tax liabilities had a positive effect on the income statement of €1.9 million due to the re-entry of the temporary differences recognised in the previous years.

Deferred tax assets had a positive economic effect of €19.4 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 amounted to €2,251.4 million, down by €23.2 million compared to 31 December 2019.

A breakdown of this item is shown in the table below:

Fixed assets

(€/million)	31 December 2020	31 December 2019	Change
Property, plant and equipment	899.0	893.9	5.1
Lease rights of use	55.5	54.9	0.6
Assets in programmes	355.8	381.7	(25.9)
Long-term investments	919.3	922.3	(3.0)
Others	21.8	21.8	0.0
Total	2,251.4	2,274.6	(23.2)

Property, plant and equipment, explained in detail in the table below, increased by €5.1 million.

Property, plant and equipment

(€/million)	31 December 2020	31 December 2019	Change
Land	370.1	371.4	(1.3)
Buildings	293.1	300.3	(7.2)
Plant and machinery	149.1	134.7	14.4
Industrial and commercial equipment	6.9	6.2	0.7
Other assets	26.4	23.8	2.6
Assets under construction and payments on account	53.4	57.5	(4.1)
Total	899.0	893.9	5.1

Lease rights of use amounted to €55.5 million, up by €0.6 million compared to 31 December 2019.

Lease rights of use

(€/million)	31 December 2020	31 December 2019	Change
Land and buildings	51.5	50.2	1.3
Other assets	4.0	4.7	(0.7)
Total	55.5	54.9	0.6

Assets in programmes, down by €25.9 million and explained in detail in the table below, are mostly represented by Drama, on which, as shown below, most investments in the half-year period were concentrated.

Assets in programmes

(€/million)	31 December 2020	31 December 2019	Change
Drama	253.6	283.8	(30.2)
Cartoons	43.1	39.3	3.8
Rights of library use	58.9	58.6	0.3
Other	0.2	0.0	0.2
Total	355.8	381.7	(25.9)

Financial fixed assets, consisting of equity investments and other financial assets falling due beyond 12 months, show a decrease of €3.0 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)	31 December 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			
Auditel Srl	1.1	0.9	0.2
Tavolo Editori Radio Srl	0.1	0.1	0.0
Euronews	0.0	0.1	(0.1)
Tivù Srl	2.8	2.9	(0.1)
San Marino RTV SpA	1.5	1.8	(0.3)
	5.5	5.8	(0.3)
Other equity investments	1.0	0.9	0.1
Fixed-income securities	0.0	2.3	(2.3)
Other	0.5	1.0	(0.5)
Total	919.3	922.3	(3.0)

Other fixed assets, detailed in the table below, are unchanged from the previous year.

Other fixed assets

(€/million)	31 December 2020	31 December 2019	Change
Software	21.1	21.1	0.0
Commercial rights with football clubs	0.7	0.7	0.0
Total	21.8	21.8	0.0

Investments for the period amounted to €283.9 million, down €13.1 million (-4.4%) compared to 2019.

In detail:

- lower investments in programmes for €26.3 million (-13.0%) referring to the drama genre;
- increased technical investments of €9.6 million (+11.8%), of which €6.5 million related to property, plant and equipment (mainly for equipment for TV production) and €3.1 million to software;
- increased investments in lease rights of use for €3.6 million due to the renewal of lease agreements, among which the most important were for the Via Novaro and Borgo Sant'Angelo offices in Rome.

Investments

(€/million)	FY 2020	FY 2019	Change
Drama	157.9	184.6	(26.7)
Cartoons	14.5	13.7	0.8
Other	2.9	3.3	(0.4)
Investments in programmes	175.3	201.6	(26.3)
Tangible investments	81.5	75.0	6.5
Software	9.4	6.3	3.1
Technical investments	90.9	81.3	9.6
Investments in lease rights of use	17.7	14.1	3.6
Total investments	283.9	297.0	(13.1)

Net working capital

Net working capital

(€/million)	31 December 2020	31 December 2019	Change
Inventories	0.1	0.1	0.0
Trade receivables	332.9	337.6	(4.7)
Other receivables	259.9	202.6	57.3
Trade payables	(538.2)	(561.8)	23.6
Other payables	(424.7)	(407.1)	(17.6)
Net deferred tax liabilities	(42.3)	(32.3)	(10.0)
Total	(412.3)	(460.9)	48.6

The most significant changes compared to 31 December 2019 regard the following items:

- **Other receivables** up by €57.3 million mainly due to the payment of advances on future sporting events;
- **Trade payables**, down by €23.6 million due to lower payables to suppliers;
- **Other payables**, up by €17.6 million due to advances received on licence fees.

Provisions for risks and charges

Provisions for risks and charges, amounting to €183.3 million, increased by €20.4 million compared to 31 December 2019 mainly due to the provision for the contribution for the rights of use of television digital technology frequencies for the year 2020, allocated pending the issuance of the decree that will determine the amount to be paid and for provisions related to personnel management.

Employee benefits

Employee benefits, amounting to €379.1 million, decreased by €21.8 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)	31 December 2020	31 December 2019	Change
Employee severance pay	(187.0)	(198.3)	11.3
Supplementary company pension provisions	(109.3)	(119.9)	10.6
Provisions in lieu of the former fixed indemnity for journalists	(68.8)	(68.7)	(0.1)
FASDIR assistance provision for the retired	(13.7)	(13.7)	0.0
Other	(0.3)	(0.3)	0.0
Total	(379.1)	(400.9)	21.8

Net financial position

The year recorded a negative net financial position, calculated following the ESMA scheme, for €582.4 million, showing a worsening over 31 December 2019 of €45.5 million, as illustrated in the table below.

Net of liabilities for operating leases, financial debt amounted to €526.5 million, down by €45.3 million compared to 31 December 2019.

Net financial position

(€/million)	31 December 2020	31 December 2019	Change
Liquidity	11.4	164.3	(152.9)
Current financial receivables			
From subsidiaries and associates	131.3	158.0	(26.7)
Financial assets on derivatives	0.0	0.2	(0.2)
Investment securities - current portion	2.3	0.0	2.3
Tied accounts	4.2	4.7	(0.5)
Others	0.5	0.5	0.0
	138.3	163.4	(25.1)
Current financial debt			
Due to banks	(232.1)	(10.0)	(222.1)
Bond issue	0.0	(349.6)	349.6
Financial liabilities on derivatives	(0.2)	0.0	(0.2)
From subsidiaries and associates	(144.7)	(139.7)	(5.0)
Lease liabilities	(15.9)	(21.1)	5.2
	(392.9)	(520.4)	127.5
Non-current financial debt			
Due to banks	0.0	(5.0)	5.0
Bond issue	(299.1)	(298.9)	(0.2)
Financial liabilities on derivatives	(0.1)	0.0	(0.1)
Lease liabilities	(40.0)	(40.3)	0.3
	(339.2)	(344.2)	5.0
Net financial debt	(582.4)	(536.9)	(45.5)
<i>of which:</i>			
- due to subsidiaries/associates	(13.4)	18.3	(31.7)
- due to third parties	(569.0)	(555.2)	(13.8)
	(582.4)	(536.9)	(45.5)
<i>of which operating lease liabilities</i>	(55.9)	(55.7)	(0.2)
Net financial debt excluding operating lease liabilities	(526.5)	(481.2)	(45.3)

The increase in debt was determined by a negative cash flow, though much better compared to the previous year (-€45 million compared to -€195 million); as a result of the pandemic and the resulting lockdown periods, disbursements were significantly reduced (around -€190 million compared to 2019), in particular due to lower operating and personnel expenses (which in 2019 were affected, inter alia, by the voluntary redundancy scheme) and, to a lesser extent, to a reduction in investments in programmes. On the revenue side, the net decrease in overall receipts recorded in the period (limited to approximately €45 million thanks to the collection of prior years' receivables and higher dividends from subsidiaries) is mainly due to the reduction in revenue from licence fees and advertising.

The zeroing of the item current bond is due to the redemption at term, in May 2020, of the €350 million bond issued in 2015; non-current payables include the €300 million bond issue maturing in December 2024.

The average financial position (excluding operating lease liabilities and assets/ liabilities for derivatives) was negative by approximately €260 million (-€192 million in 2019), down by €68 million due to higher debt at the beginning of the year.

On 29 October 2020, Moody's published a rating action that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with negative outlook.

The analysis conducted based on capital and financial structure ratios pointed out that:

- the net invested capital coverage ratio, which is the ratio between net invested capital (net of the licence fee receivables) and equity, was 1.84 (1.75 as at 31 December 2019);
- the financial debt coverage ratio, which is the ratio between net financial debt (net of the licence fee receivables and liabilities resulting from application of IFRS 16 for operating leases) and equity, was 0.76 (0.67 as at 31 December 2019);
- the liquid funds ratio, which is the ratio between current assets (inventories, working capital net of licence fee receivables, cash and cash equivalents and financial receivables) and current liabilities (working capital liabilities and financial payables net of liabilities resulting from application of IFRS 16 for operating leases) was 0.55 (0.59 as at 31 December 2019).

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 separate financial statements, to which the reader is referred.

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Financial statements of Rai SpA

Balance sheet

(Euro)	Note	Year ended	
		31 December 2020	31 December 2019
Property, plant and equipment	11.1	898,970,311	893,886,006
Lease rights of use	11.2	55,502,035	54,876,181
Intangible assets	11.3	377,636,731	403,481,533
Equity investments	11.4	918,831,259	919,026,455
Non-current financial assets	11.5	528,874	3,297,603
Deferred tax assets	11.6	-	-
Other non-current assets	11.7	4,215,150	7,068,006
Total non-current assets		2,255,684,360	2,281,635,784
Inventory	12.1	99,612	90,365
Trade receivables	12.2	332,911,898	337,647,502
Current financial assets	12.3	138,278,519	163,432,046
Current income tax assets	12.4	17,761,879	18,292,481
Other current receivables and assets	12.5	237,951,621	177,216,726
Cash and cash equivalents	12.6	11,389,882	164,263,931
Total current assets		738,393,411	860,943,051
Total assets		2,994,077,771	3,142,578,835
Share capital		242,518,100	242,518,100
Reserves		510,530,405	542,396,109
Retained earnings (losses)		(58,731,291)	(71,887,010)
Total shareholders' equity	13	694,317,214	713,027,199
Non-current financial liabilities	14.1	299,178,301	303,889,889
Non-current lease liabilities	14.2	40,014,408	40,257,070
Employee benefits	14.3	379,134,808	400,924,178
Provisions for non-current risks and charges	14.4	183,288,572	162,863,047
Deferred tax liabilities	14.5	42,340,142	32,289,381
Other non-current payables and liabilities	14.6	1,877,624	549,545
Total non-current liabilities		945,833,855	940,773,110
Trade payables	15.1	538,280,801	561,804,682
Current financial liabilities	15.2	376,915,838	499,270,961
Current lease liabilities	14.2	15,944,267	21,132,677
Current income tax liabilities	15.3	29,084,773	30,737,278
Other current payables and liabilities	15.1	393,701,023	375,832,928
Total current liabilities		1,353,926,702	1,488,778,526
Total liabilities		2,299,760,557	2,429,551,636
Total shareholders' equity and liabilities		2,994,077,771	3,142,578,835

Income statement

(Euro)	Note	Year ended	
		31 December 2020	31 December 2019
Revenue from sales and services	16.1	2,338,364,333	2,457,740,691
Other revenue and income	16.2	23,242,857	25,636,915
Total revenue		2,361,607,195	2,483,377,606
Costs for the purchase of consumables	16.3	(10,841,167)	(11,014,360)
Costs for services	16.3	(1,171,520,756)	(1,294,750,269)
Other costs	16.3	(46,979,762)	(47,028,752)
HR expenses	16.4	(917,168,808)	(938,991,816)
Impairment of financial assets	16.5	(5,481,296)	(805,544)
Depreciation, amortisation and other write-downs	16.6	(302,998,131)	(300,303,430)
Provisions	16.7	(8,306,516)	(3,493,955)
Total costs		(2,463,296,436)	(2,596,388,126)
EBIT		(101,689,241)	(113,010,520)
Financial income	16.8	75,453,723	62,418,535
Financial expense	16.8	(16,596,613)	(16,966,195)
Earnings from equity investments recognised at equity	16.9	1,049,010	285,028
Pre-tax profit/(loss)		(41,783,121)	(67,273,152)
Income tax	16.10	21,078,995	32,245,064
Profit/(loss) for the year		(20,704,126)	(35,028,088)

Statement of comprehensive income

(Euro)

	Year ended	
	31 December 2020	31 December 2019
Profit/(loss) for the year	(20,704,126)	(35,028,088)
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	3,162,384	(10,415,232)
Total	3,162,384	(10,415,232)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	(1,168,243)	(9,130,770)
Total	(1,168,243)	(9,130,770)
Total profit/(loss) for the year	(18,709,985)	(54,574,090)

Statement of Cash Flows

(€/000)	Note	Year ended	
		31 December 2020	31 December 2019
Pre-tax profit		(41,783)	(67,273)
Adjustments for:			
Depreciation, amortisation and write-downs	16.5 16.6	308,479	301,109
Provisions and (issues) of personnel provisions and other provisions		90,201	75,883
Net financial charges (income)	16.8	(58,857)	(45,452)
Earnings from equity investments recognised at equity	16.9	(1,049)	(285)
Other non-monetary items		37	121
Cash flow generated by operating activities before changes in net working capital		297,028	264,103
Change in inventory		(9)	27
Change in trade receivables	12.2	(746)	(53,013)
Change in trade payables	15.1	(23,524)	(29,606)
Change in other assets and liabilities		(14,171)	(32,683)
Use of provisions for risks	14.4	(27,735)	(24,181)
Payment of employee benefits and to external provisions	14.3	(66,510)	(63,659)
Taxes paid		-	-
Net cash flow generated by operating activities		164,333	60,988
Investments in property, plant and equipment	11.1	(81,514)	(75,040)
Disposal of property, plant and equipment	11.1	279	116
Investments in intangible assets	11.3	(184,670)	(208,079)
Disposal of intangible assets	11.3	-	-
Equity investments	11.4	(71)	(1)
Sale of equity investments	11.4	-	5
Dividends collected		72,065	58,594
Interest collected		84	84
Change in financial assets	11.5 12.3	27,525	8,658
Net cash flow generated by investment activity		(166,302)	(215,663)
Long-term loans taken out	14.1	32	299,469
Long-term loan repayments	14.1 15.2	(360,013)	(10,000)
Increase (decrease) in short-term borrowings and other loans	15.2	232,226	(15,438)
Repayments of liabilities for leases	14.2	(16,139)	(6,269)
Net interest paid (*)		(7,011)	(21,406)
Net cash flow generated by financial activities		(150,905)	246,356
Change in cash and cash equivalents		(152,874)	91,681
Cash and cash equivalents at the beginning of the year	12.6	164,264	72,583
Cash and cash equivalents at the end of the year	12.6	11,390	164,264

(*) Referring to financial assets/liabilities

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	-
Profit/(loss) for the year	-	-	-	(35,028)	(35,028)
Statement of comprehensive income components	-	-	(10,415)	(9,131)	(19,546)
Total profit/(loss) for the year	-	-	(10,415)	(44,159)	(54,574)
Balances as at 31 December 2019	242,518	12,042	530,354	(71,887)	713,027
Allocation of profit/loss	-	-	(35,028)	35,028	-
Profit/(loss) for the year	-	-	-	(20,704)	(20,704)
Statement of comprehensive income components	-	-	3,162	(1,168)	1,994
Total profit/(loss) for the year	-	-	3,162	(21,872)	(18,710)
Balances as at 31 December 2020	242,518	12,042	498,488	(58,731)	694,317

Notes to the Separate Financial Statements as at 31 December 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.

The Separate Financial Statements as at 31 December 2020 (hereinafter "Separate Financial Statements"), as described hereinafter, were prepared in compliance with the *International Financial Reporting Standards* ("IFRS").

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 the "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:

- the Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%).

The Separate Financial Statements are subject to auditing by the company 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 of Public Interest Entity.

In view of the provisions of Legislative Decree 38 of 28 February 2005, when preparing its Separate Financial Statements, the Company applies the *International Financial Reporting Standards* (hereinafter "IFRS" or "international accounting standards") issued by the *International Accounting Standards Board* (hereinafter "IASB") and adopted by the European Commission according to the procedure pursuant to Article 6 of (EC) Regulation 1606/2002 of the European Parliament and Council of 19 July 2002. IFRS herein refers to all international accounting standards ("IAS") and all interpretations of the *International Financial Reporting Standard Interpretations Committee* ("IFRIC"), previously called "*Standard Interpretations Committee*" ("SIC"). In preparing these Separate Financial Statements, the Company provided complete information, applying the IFRS consistently to the periods stated in these Separate Financial Statements.

The structure of the Separate Financial Statements that the Company has selected provides for:

- the items in the statement of financial position to be classified as current and non current;
- the items in the income statement to be classified by kind;
- the statement of comprehensive income to be presented separately to the income statement and indicate the economic result integrated with income and expenses which through specific IFRS provisions are recognised directly in shareholders' equity;

1

General
information

2

Drafting
criteria

- the cash flow report to be prepared according to the “indirect method”, rectifying the result (profit/loss before taxes) for the year of non monetary components; and
- the statement of changes to equity to present the total income (expenses) of the year, transactions with Shareholders and changes to equity.

This layout best reflects the elements that led to the earnings for the year, in addition to its financial and capital structure.

The Separate Financial Statements were drawn up applying the historical cost method, taking into account the value adjustments, where appropriate, with the exception of the items that according to the IFRS must be measured at fair value, as indicated in the valuation criteria and without prejudice to those cases where the IFRS provisions allow a different valuation criterion.

The Separate Financial Statements were prepared on a going concern basis since it is not believed that there are financial, operation or other type of ratios that might indicate critical issues regarding the Company’s ability to meet its obligations in the foreseeable future, and more specifically in the next 12 months.

The description of the method applied by the Company to manage financial risks is contented in Note 7 “Management of financial risks”.

The values presented in the tables in the statement of financial position, the income statement and the statement of comprehensive income are in Euro units; whereas the cash flow report, the statement of changes to equity and the Notes to the Separate Financial Statements, considering their importance, are in thousands of euro, unless indicated otherwise.

3

Measurement criteria

The most significant accounting standards and measurement criteria used in the preparation of the Separate Financial Statements, which are unchanged from those used in the preparation of the Separate Financial Statements for the year ended 31 December 2019, are described below.

Assets

Property, plant and equipment

Property, plant and equipment are recognised according to the cost criteria and are entered at their purchase price or at cost of production including all directly allocated accessory charges necessary to make the assets ready for use. Property, plant and equipment cannot be revalued, not even when applying specific laws.

Costs for improvements, modernisation and transformation that increase the property, plant and equipment are recognised to assets when it is probable that they increase the future economic benefits expected from the use or sale of the asset.

Property, plant and equipment are amortised systematically at constant percentages during their useful economic-technical lifespan, intended as the estimate of the period in which the assets will be used by the company, period starting from the month use of the asset starts or could have started. When the property, plant and equipment consists of multiple significant components have different useful lives, depreciation is made for each component. The value to depreciate is represented by the book value reduced by the estimated net exit value at the end of its useful life. Land, even if purchased together with a building, works of art and property, plant and equipment held for sale are not subject to depreciation. Any amendments to the amortisation plan, resulting from a review of the useful life of the tangible asset, of the residual value or the way to obtain economic benefits from the asset, are recognised perspectively.

The estimated useful life of the main property, plant and equipment is the following:

	Useful life in years	
	Min	Max
Buildings	10	50
Plant and machinery	4	8
Industrial and commercial equipment	5.3	5.3
Other assets	4	8.3

Expenses for ordinary maintenance and repairs are recognised in the income statement in the year they are sustained.

Lease rights of use

Lease agreements correspond to contracts that grant the exclusive right to use an identified or identifiable good and which confer the substantive right to obtain all the economic benefits deriving from its use for a certain period of time in exchange for consideration. Contracts or elements of complex contracts that have such characteristics are recognised in the separate financial statements through the recognition in the statement of financial position of a liability consisting of the present value of the lease payments, as set out in the valuation criteria for lease liabilities. At the same time and as an entry balancing the recognition of the liability, the corresponding right of use is recorded under assets, amortised on a straight line basis over the duration of the lease contract or the related economic-technical useful life, if shorter. The lease term is the non-cancellable period for which the counterparty is entitled to use the underlying asset.

The following main types of contracts fall under this accounting method:

- property leases;
- car rentals.

Typically, contracts for the rental of buildings for industrial use provide for tacit renewals on expiry, which can be further renewed for the same term: Consequently, each renewal gives rise to a new right of use representative of the new (albeit tacit) agreement reached between the parties.

At the commencement date of the lease, the cost of the right-of-use asset shall comprise:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date;
- c) any initial direct costs (e.g., mediation costs);
- d) in the presence of current obligations for the dismantling, removal of assets and recovery of sites, the registration value of costs estimated (actualised) to be sustained when the structures are abandoned, recognised as a balancing item to a specific provisions for non-current risks and charges.

The amount under a), recorded as a balancing entry to the lease liability item, recognises:

- fixed lease payments;
- variable lease payments that depend on an index or a rate (e.g., ISTAT adjustment index);
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

If the lease contract provides for the possibility to exercise the purchase option and there is reasonable certainty of exercising it, the right of use is recorded under property, plant and equipment in the corresponding class of assets and is amortised over the useful life of the asset.

The Company has availed itself of the option provided for by IFRS standards to recognise payments due for short-term leases (of no more than 12 months) and for leases for which the underlying asset is of modest value (approximately less than €5,000), as costs for services.

Intangible assets

Intangible assets concern the identifiable assets without physical consistency, controlled by the Company and able to generate future economic benefits, as well as the goodwill when acquired against payment. Iden-

tifiability is defined with reference to the possibility to distinguish the intangible asset acquired from goodwill. This requirement is normally met when:

- the intangible asset can be traced back to a legal or contractual right; or
- the asset is separable, meaning it can be assigned, transferred, rented or traded autonomously or as an integral part of other assets.

The Company's control consists in the right to enjoy future economic benefits arising from the asset and in the possibility to limit its access to others.

Intangible assets are recognised at purchase or production cost, including directly allocated accessory charges necessary to make the assets ready for use. Revaluations cannot be made, not even when applying specific laws.

The intangible assets having a defined useful life are systematically amortised along their useful life meant as the estimate of the period in which the assets will be used by the Company, and are broken down into:

a) Programmes: the costs for acquiring and producing programmes, made up of the external costs directly allocated to each production and the costs of the internal resources used for making single programmes, are represented according to the following criteria:

- 1) Costs referred to television productions with repeated utility are capitalised under intangible assets and, if those productions are ready to be used at year end, they are amortised with constant percentages, starting from the month the right is ready or available, with attention for the duration of presumable future use. If, on the other hand, these productions with repeated usefulness are not yet usable at year-end, their costs are deferred as assets under development and payments on account.

Taking into account the objective difficulties in identifying elements able to guarantee a correct correlation between revenue from advertising and licence fees and the amortisation of the rights, to which the indeterminable nature of the varied methods of exploitation is added, the useful life of the programmes with repeated usefulness is shown in the following table:

	Useful life in years
Drama	3
Documentary works	3
Exploitation rights of football library	4
Cartoons	5

The costs referring to rights under concession for shorter durations are amortised on a straight-line basis corresponding to the period of availability. Should the rights have depleted the contractually available passages, the residual value is fully expensed;

- 2) Costs referred to television productions to be used straight away are attributed to the income statement in a single year, which usually coincides with the one of use. More specifically:
 - News reporting, light entertainment, documentaries, classical music, prose and the entire radio production: the costs are recognised during the year in which they are incurred, which usually coincides with the one in which they are broadcast;
 - sports events: the costs are recognised in the year in which the event takes place.
- b) Software user licences are depreciated in three years starting from the month they become available for use, generally coinciding with the months when use starts.
- c) Trademarks are depreciated in ten years from when they are available for use, generally corresponding to the year in which use starts.

Goodwill and other intangible assets having an indefinite useful life are not amortised; the recoverability of their book value is checked at least once a year and in any case whenever events that lead to an assumption of impairment occur.

Impairment of non-financial assets

The non-financial assets are analysed on every reporting date in order to check whether there are indicators of any impairment. When events occur that lead to assuming a reduction in the value of non-financial assets, their recoverability is checked comparing the recognition value with the relative recoverable value represented by the higher between fair value, net of disposal expenses, and value in use. The value in use is calculated based on reasonable and demonstrable assumptions representing the best estimate

of future economic conditions that will occur in the residual useful life of the asset, giving importance to the information coming from the outside. When the reasons why the write-downs took place no longer exist, the asset's value is restored and the rectification is recognised in the income statement as a revaluation (recovery of value). The impairment loss is reversed at the recoverable value or the book value before the impairment previously made and reduced by the amortisation quotas that would have been allocated if the impairment had not been made, whichever is the least.

Equity investments

Equity investments in subsidiaries are recognised at adjusted cost when there are impairments. These impairments are quantified based on the recoverable value determined with reference to the cash flows that the investee company will be able to prospectively generate. The positive difference, emerging at the time of purchase, between purchase cost and the shareholders' equity share at current values of the investee belonging to the Company is, therefore, included in the carrying amount of the investment. Any write-downs of this positive difference are not restored in the subsequent periods, even if the conditions leading to the write-down cease to exist.

Equity investments in joint ventures and in associates are carried as Equity.

On applying the equity method, equity investments are initially recognised at purchase cost, attributing any difference between cost sustained and the interest share in the fair value of the identifiable net assets of the investee in a similar way to what is set forth in IFRS 3 "*Business Combinations*". The book value is then adjusted to take into account:

- the shareholder's portion of the economic results of the investee made following the date of acquisition; and
- the shareholder's portion of the other Statement of Comprehensive Income components of the investee.

The changes to shareholders' equity of an investee, other than the above, are recognised in the income statement when the substantially represent the effects of the sale of an interest share in the investee. The dividends that the investee distributes are recognised to reduce the book value of the equity investment.

When there is objective evidence of impairment, the recoverability is checked by comparing the book value with the relevant recoverable value calculated adopting the criteria indicated in the section "Impairment of non-financial assets". When the reasons for impairment no longer apply, the equity investments' value is restored within the limits of the impairments applied, attributing the effect to the income statement.

The sale of equity investments that implies a loss of the joint control or the considerable influence on the investee causes recognition in the income statement:

- any capital gain/loss calculated as the difference between the consideration received and the corresponding fraction of the book value of the transferred equity investment;
- of the effect of the revaluation of any residual investment kept to align it with the relative fair value;
- of any values recognised in the other statement of comprehensive income components related to the investee for which reclassification to the income statement is foreseen.

The value of any investment kept, aligned with the relative fair value at the date joint control or considerable influence is lost, represents the new entry value, hence the reference value for the subsequent measurement based on measurement criteria applicable.

After an investment measured applying the equity method, or a share of that investment, is classified as held for sale as it meets the criteria for that classification, the investment, or investment share, is no longer measured by the equity method. Any shares of that investment not classified as held for sale are measured applying the equity method until disposal of the investment share held for sale has been concluded. Any residual share kept after the sale is measured based on the applicable valuation criteria.

The other investments, recognised in non-current assets as they are not held for negotiation, are measured at fair value with balancing entry to the income statement. When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

The shareholder's portion of any losses of the investee exceeding the book value of the equity investment

is recognised in a special provisions to the extent in which the shareholder is committed to fulfilling legal or implicit obligations of the investee, or in any case to covering its losses.

Inventory

The final inventory of technical materials are recognised at purchase cost, calculated using the weighted average cost formula, adjusted in connection with market performance and the estimated non-uses tied to obsolescence and slow turnaround phenomena.

Trade receivables – Financial assets – Other assets

Trade receivables, financial and other assets, considering their contractual characteristics and the business model adopted to manage them, are classified under the following categories: (i) financial assets recognised at amortised cost; (ii) financial assets recognised at fair value with balancing entry in other comprehensive income; (iii) financial assets recognised at fair value with balancing entry in the income statement.

Trade receivables, financial and other assets, if they only generate contractual cash flows representing capital and interest and if managed with a business model whose goal is to hold the asset to collect the aforementioned flows, are initially recognised at fair value rectified by directly attributable transaction costs and then recognised applying the amortised cost criterion based on the effective interest rate method (that is the rate that makes the current value of cash flows expected and the recognition value equal, at the time of initial recognition), suitably rectified to take any impairments into account, by recognition in the provisions for write-down of receivables.

Trade receivables, financial and other assets with the aforementioned contractual characteristics, if managed applying a business model whose goal is both to hold the asset to collect its contractual flows represented by the return of capital and interest accrued and to realise the investment through a sale, are recognised after initial entry, at fair value with balancing entry in the other comprehensive income components.

Financial assets whose contractual cash flows do not represent payment solely of capital and interest, are recognised at fair value with balancing entry in the income statement except for derivative instruments used to hedge financial flows, recognised at fair value with balancing entry in the other comprehensive income statement components.

Trade receivables, financial and other assets are included in current assets, except for those with contractual maturity exceeding twelve months compared to the financial statement date, classified in non-current assets.

Impairment of financial assets

At each financial statement reference date, all financial assets that are not those recognised at fair value with balancing entry in the income statement are analysed to check whether there is objective evidence that an asset or group of financial assets has suffered or could suffer a loss in value based on the expected losses model.

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 this purpose, the Company uses quantitative and qualitative information and analyses, based on historical experience, suitably integrated with forecasts on the expected evolution of circumstances. Losses are measured as the current value of all differences between financial flows due contractually and cash flows the Company expects to receive, at the effective interest rate of the financial asset.

For assets that are not trade receivables (financial assets, other assets, liquid assets and equivalent means), if the credit risk (that is the risk of non compliance along the expected life of the financial instrument) has increased significantly from the date of initial recognition, the Company estimates losses over a time horizon corresponding to the duration of each financial instrument. For financial assets represented by debt securities attributed a low credit risk at the financial statement reference date, losses are estimated over a twelve months time horizon. The Company believes that a debt security has a low credit risk when its rating is equal to or higher than at least one of the following levels: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch.

To calculate whether the credit risk of a financial asset that is not trade receivables has increased considerably following initial recognition, the Company uses all pertinent information, considered reasonable, that is adequately supported and available with no costs or excessive efforts needed.

Impairment losses related to financial assets are presented separately in the income statement.

If the amount of a loss in value of an asset previously recognised drops and that reduction can objectively be connected to an event that occurred after the loss in value was recognised, it is re-credited to the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive the cash flows from the asset has expired;
- the Company has essentially transferred all risks and benefits connected to the asset, transferring its rights to receive cash flows from the asset or taking on a contractual obligation to bestow cash flows received to one or more possible beneficiaries through a contract complying with IFRS 9 requirements (so-called pass through test);
- the Company has neither assigned nor basically retained all the risks and benefits connected with the financial asset, but has transferred control.

In the case of factoring transactions basically involving transfer of the risks and benefits connected with the receivables assigned to the factor (therefore the Company remains exposed to the risk of insolvency and/or delayed payment – so-called non-recourse factoring), the transaction is assimilated to the opening of a loan secured by the credit being assigned. In that circumstance, the receivable transferred is still presented in the statement of financial position until collected by the factor and, as a balancing entry to any advance received from the factor, a financial debt is recognised. The financial cost for factoring transactions is represented by interest on the amounts advanced entered in the income statement on an accrual basis and classified under financial expenses. Commissions accruing on assignments are included among the financial expenses.

The financial liabilities are derecognised when they are extinguished, meaning when the contractual obligation is fulfilled, cancelled or barred.

Offsetting financial assets and financial liabilities

The Company offsets financial assets and liabilities if and only if:

- there is a legally exercisable right to offset the amounts recognised; and
- there is the intention to either offset on a net basis or to realise the asset and adjust the liability at the same time.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and financial assets with maturity originally equal to or less than three months, readily convertible into cash and subject to a negligible risk of change in value. Elements included in cash and cash equivalents are recognised at fair value.

Collection operations are recorded by bank transaction date; the order date is also taken into account for payment transactions.

Liabilities

Financial liabilities - Trade payables - Other payables and liabilities

Loans and payables are recognised when the Company becomes part of the relative contractual clauses and are initially recognised at fair value rectified by the directly attributable transaction costs.

They are afterwards measured with the amortised cost criterion, using the effective interest rate method.

Lease liabilities

They represent the current value of payments due under lease contracts (as set out in the previous paragraph "Lease rights-of-use") and are recognised at the commencement date of the lease contract.

The current value of the payments due is calculated using the implicit lease interest rate or the marginal financing rate of the lessee applicable at the commencement date of the lease if the lease's implicit interest rate cannot be calculated readily. The marginal financing rate corresponds to the interest rate that would have been incurred to obtain a loan with a similar cash profile and the same collateral as the lease contract (so-called Incremental Borrowing Rate).

After the commencement date, the lease liability, measured using the amortised cost method, is increased to take into account the accrued interest expense and decreased as a result of payments made. It may also be restated to take into account any new valuations or changes to the lease agreement. Where the changes relate to the lease term or the valuation of an option to purchase the underlying asset, the lease liability is restated using a revised discount rate at the date of the change.

Provisions for risks and charges

Provisions for risks and charges are those costs and expenses of a certain or probable nature and existence which, at the financial statements closing date are undetermined for amount and/or occurrence date. The allocations to these provisions are recognised when:

- the existence of a current, legal or implicit obligation arising from a past event is likely;
- fulfilment of the obligation being against payment is likely;
- the amount of the obligation can be reliably estimated.

Liabilities related to tax disputes and uncertain income tax treatment are allocated to income tax liabilities.

Provisions are recognised at the value represented the best estimate for the amount that the Company will reasonably pay to settle the obligation or to transfer it to third parties at the financial statements closing date. When the financial effect of time going by is significant and the payment dates for the obligations can be estimated reliably, the allocation is decided actualising expected cash flows considering the risks associated with the obligation. the provisions increase connected to time going by is recognised in the income statement under the items financial income or financial expense.

The costs the Company expects to sustain to implement reorganisation programmes are entered in the year when the program is formally defined and the valid expectation that the reorganisation will take place has emerged in parties involved.

The provisions are periodically updated to reflect the changes in the estimates of costs, execution time and the discount rate; estimates reviewed are attributed to the same income statement item as the previous provisions. Provisions for risks and charges are actualised when it is possible to reasonably estimate when the monetary outflows will take place. When the liability regards property, plant and equipment (e.g. dismantling and restoration of sites), the changes in provisions estimate are recognised as a balancing entry for the asset to which they refer within the limits of the book values; any surplus is recognised in the income statement.

If it is expected that all the expenses (or a part of them) required to settle an obligation are repaid by third parties, the indemnity – when it is virtually certain – is recognised as a separate asset.

For contracts whose non-discretionary costs necessary for fulfilling the obligations undertaken are greater than the economic benefits expected to be obtainable from the contract (onerous contracts), the Company recognises a provisions equal to the cost necessary for the fulfilment and any compensation or sanction arising from non-fulfilment of the contract, whichever is the lesser.

The existence of contingent liabilities, represented by possible but not probable obligations arising from past events whose existence will be confirmed only when one or more uncertain future events not totally under the Company's control occur, or not occur, will not give rise to the recognition of liabilities recorded in the financial statements, but is explained in a specific note contained in the Separate Financial Statements.

Employee benefits

Taking into account their characteristics, benefits following employment are either "defined-contribution" plans or "defined-benefit" plans. In the defined-contribution plans, the Company's obligation limited to paying contributions to the State, to an estate or to a legally distinct entity is determined based on the contributions due. Costs related to those plans are recognised in the income statement based on the contribution made in the year. In the defined-benefit plans, on the other hand, the company's obligation is determined, separately for each plan, based on actuarial assumptions by estimating (in compliance with the projected unit credit method) the amount of the future benefits that the employees have accrued as at the date of reference. More specifically, the current value of the defined-benefits plans is calculated using a rate determined based on market performance as at the reporting date of the bonds of primary companies or, if there is no active market in which they are traded, government bonds. The liability is recognised on an accrual basis during the period the right accrues. The liability is measured by independent actuaries. If the assets servicing the plan exceed the current value of the relevant liability, the surplus is recognised as assets.

Net interest includes the component of return on assets servicing the plan and the cost for interest to be recognised in the income statement. Net interest is determined by applying the discount rate defined for the liabilities to the liabilities, net of any assets servicing the plan; The net interest defined-benefit plans is recognised in the income statement under financial income or financial expense.

Actuarial profits and losses resulting from actuarial recognition of the defined-benefit plans and the return of assets servicing the plan (net of any interest income) are recognised under the other statement of comprehensive income components. For the other long-term benefits, actuarial profits and losses are recognised in the income statement. If a defined-benefits plan should be modified or a new plan introduced, any welfare cost linked to the supply of past labour is recognised in the income statement.

Derivative financial instruments

A derivative is a financial instrument or another contract:

- whose value changes depending on the changes in an underlying parameter, such as interest rate, price of a note or goods, exchange rate in foreign currency, index of prices or rates, rating of a receivable or another variable;
- that requires a net initial investment equal to zero or less than what would be required for contracts with a response similar to the changes in market conditions;
- that is settled at a future date.

Derivatives are classified as financial assets or liabilities based on the positive or negative fair value and are classified as "held for trading" and recognised at fair value in the income statement, except for those designated as effective hedging instruments.

Derivatives are designated as hedging instruments when the ratio between the derivative and the hedged item is formally documented and the hedging effectiveness (periodically checked) is high. When derivatives hedge the risk of a change in cash flows of instruments being hedged (cash flow hedge: e.g. hedging the variability of asset/liability cash flows due to exchange rates fluctuating), the changes in fair value of derivatives considered effective are initially recognised in the equity reserve for the other comprehensive income statement components (cash flow hedge reserve) and then attributed to the income statement consistent with the economic effects produced by the transaction hedged. The changes to the fair value of derivatives that cannot be qualified as hedging are recognised in the income statement.

For currency options, the fair value suspended to the cash flow hedge reserve is formed by the intrinsic value and the time value. The intrinsic value is equal to the amount of the currency optioned (nominal value), multiplied by the difference between the exchange rate of the option exercised and the market exchange rate at the time of measurement (e.g. end of year exchange rate). In cases where the exchange rate of the option exercised is off market – that is exercising it is not advantageous considering market conditions at the time of measurement – the intrinsic value is null. The time value is a value proportionate to option duration and comes from the difference between the option's total fair value and the intrinsic value.

For the forward purchase of currency, the fair value suspended for cash flow hedge reserve is represented by the spot component, that is the amount of the currency purchased by the difference between the spot rate of the forward purchase transaction and the market rate recognised on the measurement day.

Fair value measurement

Fair value measurement is performed and relative disclosure is prepared applying IFRS 13 "Measurement of fair value". Fair value is the price that would be received for the sale of an asset or that would be paid to transfer a liability during an ordinary transaction carried out by market operators, at the measurement date.

The measurement of fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the main market; that is in the market where the most volume and transaction levels for the asset or liability take place. Without a main market, one assumes that the transaction takes place in the most advantageous market to which the Company has access, that is the market susceptible to maximising the results of the transactions to sell the asset or to minimising the amount to pay to transfer the liability.

The fair value of an asset or liability is calculated considering the assumptions that market participants would use to define the price of the asset or liability, in the assumption that they act for the best economic interest. The market participants are informed independent buyers and sellers able to enter into a transaction for the asset or liability and motivated, but neither obliged nor induced, to make the transaction.

When measuring fair value, the Company considers the characteristics of specific assets or liabilities; in particular for the non-financial assets, the ability of a market operator to generate economic benefits by using the asset for its maximum and best use or selling it to another market operator able to use it for its maximum and best use. Fair value measurements for assets and liabilities are performed using techniques suited to the circumstances and for which there is enough data available, maximising use of observable inputs.

Revenue

Revenues are recognised based on the following five steps:

- 1) identification of the contract with the customer;
- 2) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to the customer);
- 3) determination of the transaction price;
- 4) allocation of the transaction price to the performance obligations identified on the basis of the stand alone selling price of each good or service; and
- 5) recognition of the revenue when the relevant performance obligation is met.

When each contract is signed with customers, the Company, related to the goods or services promised, identifies as an obligation each promise to transfer goods, a service, a number of goods or services, or a distinct combination of goods and services to a customer.

Revenues are measured in a way that corresponds to the fair value of the fee due, including any variable components, where it is considered highly probable that they will not spill over into the future.

The Company recognises revenues due for each separate obligation when the control of services supplied, rights granted or goods sold is transferred to the purchaser.

Revenues are entered in the financial statements net of any discounts and rebates, payments made to customers which do not correspond to the purchase of distinct goods or services by the Company, and the estimate to customer returns.

The Company recognises a contractual asset or liability based on the fact that the service has already taken place but the relative fee still has to be received; or a contractual liability when, for fees already received, obligations undertaken still have to be fulfilled.

Here below, please find a brief description of the recognition, measurement and valuation process applied for

each of the main revenue flows identified.

TV licence fees

As described in Note 1 "General information", the Company performs, in order to exercise a Public Service, the activities established in the Contract. The fee for the service performed is represented by:

- ordinary licence fees, paid to the State, mainly by debiting the electricity bill, of the owners of a device that can receive the broadcasting signal and paid by the State, for its share, in ways established in the Contract in force in the months of January, May and September; and
- of special licence fees, paid to the Company directly by managers of a commercial activity that makes use of the Public Service available to the public through a device able to receive the broadcasting signal.

As the Company fulfils its obligation to provide a Public Service over time, the corresponding revenues from licence fees are recognised progressively as the broadcasting offer is transmitted.

Advertising

Contracts with advertisers establish that the Company, for a fee, undertakes to circulate the promotional messages of its customers on its multimedia channels. The Company recognises the advertising revenues when the promotional messages are effectively transmitted also considering the fee reductions deemed highly probable.

Special services under convention.

This type includes revenues calculated by agreements obliging the Company to provide activities established in the contract for the production, distribution and transmission of audio-visual content abroad to add value to the Italian language, culture and companies as well as the production and distribution of radio and TV transmissions, and audiovisual contents, intended for some linguistic minorities, as well as activities connected to the management of broadcasting licence fees.

The type of obligation, normally satisfied over time, means that the Company acknowledges the relative revenues during the period in which the obligation is fulfilled. Moreover, the fee due is normally commensurate to the duration of productions transmitted.

Sale of rights

Contracts selling the rights to exploit audio-visual works normally acknowledge the possibility for customers to use the works granted through different multimedia means, for a limited period of time or for a pre-defined number of passages, in set territorial areas.

User licences normally acknowledge licensees the right to access audio-visual works as they are when the licence is granted; therefore, recognition of the relative revenue takes place when the licensee is able to start exploiting the rights granted; the fee due is calculated as a fixed, nonrefundable amount. However, when contracts foresee an amount calculated based on the results from the distribution of the right, the revenue is recognised when the results are achieved.

When rights sold have shares owned by third parties, the expense resulting from the share due to them is recognised as a reduction of revenues.

Distribution and sale of channels

Contracts for the distribution and sale of channels oblige making the contents of an entire programme available to customers, for a limited period and to be broadcast on platforms and in contractually defined territories.

The type of obligation taken, normally satisfied over time, implies recognition of the relative revenues over the period in which the obligation is fulfilled; regardless of whether the fee could have been quantified as fixed and have been definitely recognised in advance.

Public funding

Public funding, including non-monetary contributions measured at fair value, are recognised when it is reasonably certain they will be received and that the Company will comply with all conditions set for their allocation.

The benefit of a public loan at an interest rate lower than the market rate is treated as public funding. The loan is initially recognised at fair value and the public funding is measured as a difference between the initial book value and the amount received. The loan is afterwards measured in compliance with the provisions established for financial liabilities.

Public funding in the year is recognised as a positive income statement component, under the item other revenue and income.

Public funding received for the purchase, construction or acquisition of fixed assets (tangible or intangible) is recognised to directly reduce the relevant purchase or production cost or is recognised as income in connection with the relevant useful life, based on the amortisation process of the assets subsidised.

Costs

Costs are recognised on an accrual basis when they concern services and goods purchased or consumed during the year or by systematic breakdown, or when their future usefulness cannot be identified.

Short-term lease rentals (lasting less than 12 months) and those whose underlying asset is of low value (approximately less than €5,000) are charged to the income statement over the duration of the contract.

The financial income and expenses are recognised in the income statement during the year in which they are accrued.

Exchange rate differences

Revenues and costs relating to transactions in a currency that is not the functional one are recorded at the current exchange rate of the day on which the transaction is recognised.

Monetary assets and liabilities stated in a currency other than the functional one are converted into the functional one at the current exchange rate at the financial statement reference date and are entered in the income statement. Monetary assets and liabilities stated in a currency other than the functional one recognised at cost are recorded at the initial recognition exchange rate; when measurement is at fair value or at the recoverable or collection value, the current exchange rate at the date that value is calculated is adopted.

Dividends

Dividends are recognised as at the date the General Meeting that establishes the right to receive payment passes the resolution except for when it is reasonably certain that the shares will be sold before the coupon date.

Dividends decided by the Shareholders' Meeting of the Company are entered as an equity movement in the year in which they are approved.

Income tax

Current taxes are recorded as current income tax liabilities net of paid advances or in the item current income tax assets when the net balance is a credit. Current taxes are measured by multiplying the estimated taxable income by the applicable tax rates. Both the estimate of taxable income and the tax rates used are based on tax legislation in force or substantially in force at the reference date.

Current taxes are recognised in the income statement, except for those related to items directly attributable to equity.

The item also includes an estimate of the charges that could burden the Company in relation to outstanding tax disputes or uncertain income tax treatment, recognised as a balancing entry to current or non-current income

tax liabilities if the estimated time to resolve the dispute or the underlying uncertainty is over 12 months.

Deferred income tax assets and liabilities are calculated on the temporary differences between the asset values recognised and the matching values recognised for tax purposes, applying the rate in force as at the date on which the temporary difference will be paid, based on the rates expected as at the reporting date. A deferred tax liability is recorded for all taxable temporary differences, except for goodwill. Deferred tax assets on temporary differences, tax losses and credits not used are recognised if and when their recovery is probable foreseeing that positive taxable amounts can be achieved in future tax periods. When each year closes, a new measurement is made of whether deferred tax assets can be registered.

Deferred tax assets and liabilities are recognised in the income statement, except for those related to items directly attributable to equity.

As a result of applying regulations referring to the same tax authority, the deferred income tax assets and liabilities are offset if there is a legally exercisable right to offset the current tax assets with the current tax liabilities that will be generated at the time of their payment.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at the single tax jurisdiction level if referring to offsettable taxes. The offset balance, if receivable, is entered under deferred tax assets, if payable, under deferred tax liabilities.

Related parties

Related parties are those that share the same parent with Rai, the companies that control it directly or indirectly, are subsidiaries or are subject to joint control and those in which the Company holds an investment that means it exercises a considerable influence. The definition of related parties also includes entities that manage the benefit plans following the end of a working relationship solely for Company employees (indicated specifically in Note 17.4 "Relations with related parties") and key management personnel, that is those with powers and responsibilities, direct or indirect, for the planning, management, control of Company activities, including Directors.

In compliance with IAS 24 "Financial statement information on transactions with related parties", paragraph 26, Rai is exempted of information requirements pursuant to paragraph 18 (according to which the Company has to indicate the kind of relationship with the related party, as well as providing information on those transactions and on existing balances, including commitments, needed for users of financial statements to understand the potential effects of that relationship on the Separate Financial Statements) if relations with another entity that is a related party because the same government entity has control of both the entity drafting the financial statements and the other entity.

Application of the IFRS for drawing up the Separate Financial Statements entails making accounting estimates that are often based on complex and/or subjective assessments and on past experience and assumptions considered reasonable and realistic in connection with the information known at the time of the estimate. The use of these estimates reflects on the book value of the assets and liabilities and on the disclosure concerning the contingent assets and liabilities as at the date of the Financial Statements, and on the amount of the revenues and costs in the accounting period represented. The actual results might differ from those estimated because of the uncertainty characterising the assumptions and conditions on which the estimates are based. Estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

For better understanding of the Separate Financial Statements, the most significant estimates of the process of drafting the Separate Financial Statements because they involve making considerable recourse to subjective opinions, assumptions and estimates related to uncertain matters owing to their nature are provided below. The changes in the conditions at the root of adopted opinions and assumptions might have a large impact on the subsequent results.

4

Use of estimates

Write-downs

Assets are written down when events or circumstances arising after their initial recognition lead one to believe that this value is not recoverable. The decision of whether to proceed with its write-down and quantification depends on assessments made on the basis of reasonable and demonstrable assumptions representing the best estimate of the future economic conditions that will take place in the residual useful life of the asset while giving importance to the information coming from the outside.

The write-down is calculated comparing the registration value with the relative recoverable value, represented by the highest between fair value, net of disposal expenses, and the value in use. The latter is determined by the use of the asset net the disposal charges and quantified in light of the information available at the time of the estimate on the basis of subjective opinions on the trend of future variables (such as prices, costs, demand growth rates).

Recovery of deferred taxes

The Separate Financial Statements include registration of deferred tax assets connected to the recognition of tax losses that can be used in subsequent tax periods, whose amount is subordinate to the recoverability calculated by achieving future taxable incomes that are sufficient to absorb the aforementioned tax losses or up to the deferred tax liability. Management is required to give important opinions in order to determine the amount of the deferred taxes that can be recognised based on the time frame and the amount of the future taxable income. If, in the future, the Company should not be able to fully or partially recover the deferred tax assets recorded in the financial statements, the relative rectification will be attributed to the income statement.

Employee benefits

A part of Company employees are registered with plans allocating benefits after employment has been terminated (such as employee severance pay plus supplementary pension schemes indicated in Note 14.3 "Employee benefits"). Quantification of the costs and liabilities associated with these plans is based on estimates made by actuaries, who use a combination of statistical-actuarial factors, including statistical data relating to past years and forecasts of future costs. Mortality and withdrawal rates, assumptions on the future evolution of discount rates, remuneration growth rates, inflation rates and the analysis of the trending index of healthcare costs are also considered as estimate components. What normally occurs is that when the balance of these liabilities is periodically measured, there are differences arising from, among other things, changes in the actuarial assumptions use, the difference between actuarial assumptions previously adopted and those that actually took place, and the different return on assets servicing the plan compared to what was considered in the net interest calculation. Measurement impacts are recognised in the comprehensive income statement for the defined benefit plans and in the income statement for the defined contribution plans.

Litigation

The Company may be respondent in several disputes concerning administrative, civil, tax and labour law matters. The nature of these disputes makes the final outcome of the matters objectively unforeseeable. Therefore, provisions were created to cover all significant liabilities for cases where it is felt that an unfavourable result is probable and it was possible to process a reasonable estimate of expenses resulting from any loss.

Dismantling and restoration of sites

The Company recognised liabilities regarding the obligations to dismantle property, plant and equipment and to restore several areas under operating lease agreements at the end of the period they are used. Estimating future dismantling and restoration costs is a complex process and requires common sense and judgement in assessing liabilities to sustain many years later, and they are often not fully defined by laws, regulations or contractual clauses. The critical nature of the estimates of dismantling and restoration charges also arises (i) from posting these charges whose current value is initially recorded to increase the right of use to which they refer and as a balancing entry in the provisions for risks; and (ii) from the complexity and subjectivity of the valuation process to perform upon initial recognition and to update at least once a year in order to determine the discount rate to use.

Measuring the fair value of financial instruments

The fair value of listed financial instruments is calculated observing prices identifiable directly on the market, whereas for non-listed ones specific measurement techniques are applied that use the greatest number possible of observable market inputs. In the circumstances in which this is not possible, management estimates the inputs while taking into account characteristics of the instruments being measured. Changes in assumptions made to estimate input data could have effects on the fair value recognised for those instruments in the financial statements.

Accounting standards approved by the European Union but still not mandatorily applicable

- Regulation No. 2020/2097 issued by the European Commission on 15 December 2020 endorsed the document "*Amendments to IFRS 4 "Insurance Contracts" - IFRS 9 Deferral*". The amendments to IFRS 4 are intended to address the temporary accounting consequences of the difference between the effective date of IFRS 9 "*Financial Instruments*" and the effective date of the forthcoming IFRS 17 '*Insurance Contracts*'. Companies whose activities are predominately connected with insurance are permitted to defer the application of IFRS 9 from 1 January 2021 to 1 January 2023.
The Company has assessed that these changes will have no impact on its financial statements.
- Regulation 2021/25 issued by the European Commission on 13 January 2021 endorsed the document "*Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*" to take into account the consequences of effectively replacing existing interest rate benchmarks with alternative benchmark rates. These amendments provide for a specific accounting to allocate over time changes in the value of financial instruments or leases due to the replacement of the benchmark interest rate, thus avoiding immediate effects on profit or loss and unnecessary discontinuance of hedging relationships due to the replacement of the benchmark interest rate.
These amendments apply for annual periods beginning on or after 1 January 2021.
The Company assessed that above changes will have no significant impacts on the Financial Statements.

5

Recently issued
accounting
standards

Accounting principles not yet approved by the European Union

- On 18 May 2017, the IASB issued IFRS 17 *"Insurance Contracts"*, which was subsequently amended by *"Amendments to IFRS 17"* issued on 25 June 2020. The standard addresses the accounting treatment of insurance contracts issued and reinsurance contracts held.
The provisions of IFRS 17 are effective starting from years beginning on or after 1 January 2023.
- On 23 January 2020 and 15 July 2020, respectively, the IASB issued *"Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current"* and the document *"Classification of Liabilities as Current or Non-current - Deferral of Effective Date"* 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 2018-2020"*. 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.

At present, the Company is analysing the principles specified and is assessing whether their adoption will have a significant impact on its financial statements.

6

Information by operating segment

IFRS 8 *"Operating Segments"* identifies the Operating Segment as a component of an entity: (i) that carries out activities able to generate flows of revenue and autonomous costs; (ii) whose operational results are periodically reviewed at the highest operational decision-making level, which coincides with the Company's Board of Directors, with the purpose of taking decisions on allocation of the resources and assessing their results; and (iii) for which separate economic-financial information is prepared. The Company has identified only one operating segment and the management information, prepared and periodically made available to the Board of Directors for the purposes referred to above, considers the activity carried out as an indistinct set; as a result, no information by operating segment is presented in the Separate Financial Statements. The information on the services carried out by the Company, the geographical area (nearly corresponding entirely to the territory of the Italian State) where it carries out its activity and their major users is provided in the pertinent Notes to these Separate Financial Statements to which the reader is therefore referred.

7

Financial
risk
management

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.

7.1 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 the reporting date, 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)	Year ended 31 December 2020	Year ended 31 December 2019
Non-current assets		
Receivables from the subsidiary Rai Cinema for currency-option derivative instruments	56	-
	56	-
Current assets		
Options on currency for Rai Cinema	-	91
Forward purchase of currency for Rai Cinema	-	82
Receivables from the subsidiary Rai Cinema for currency-option derivative instruments	214	-
Receivables from the subsidiary Rai Cinema for forward currency purchase derivative instruments	-	8
	214	181
Non-current liabilities		
Options on currency for Rai Cinema	56	-
	56	-
Current liabilities		
Options on currency for Rai Cinema	214	-
Forward purchase of currency for Rai Cinema	-	8
Payables to the subsidiary Rai Cinema for currency-option derivative instruments	-	91
Payables to the subsidiary Rai Cinema for forward currency purchase derivatives	-	82
	214	181

Based on the policy used, derivatives may be used solely to hedge financial flows; they may not be used speculatively.

Further information on recognition of derivatives in financial statements and on measurement of the relative fair value are provided in Note 3 "Measurement criteria - Liabilities - Financial derivatives", in Note 4 "Use of estimates - Measurement of the fair value of financial instruments" and Note 9 "Measurement of fair value".

As regards exchange rate derivatives, if any, 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.

The following table shows the changes in the cash flow hedge reserve separately by category of financial instrument (in this case entirely related to interest rate hedging transactions):

(€/000)	Cash flow hedge reserve
Balance as at 31 December 2019	(15,544)
Reclassification from OCI to financial expense	3,162
Balance as at 31 December 2020	(12,382)

Control of effectiveness

The effectiveness of hedging is decided when hedging starts and is re-examined periodically to check the economic ratio between the element hedged and the hedging instrument.

Effectiveness is formally proven with qualitative criteria related to the important terms (nominal amount, expiry, underlying, currency and reference rate) of the hedged element, aligned with the hedging instrument. In this situation, the hedging instrument's value evolves in the opposite direction to the element hedged and there is a clear economic ratio between the two.

The possible sources of ineffectiveness are identified in the following elements:

- significant changes in the amount and timing of payment of contracts in USD being hedged;
- significant changes in the credit risk of counterparts (rating).

The ratio between quantity of element hedged and the relative instrument designated to hedge it (hedge ratio) is always 1:1.

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 31 December 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.

The sensitivity analysis was carried out on the unhedged and floating rate financial positions (excluding lease liabilities arising from the application of IFRS16), outstanding at 31 December, considering a shift in the curve of +/- 50 b.p.

(€/000)	Interest rate change	Change in economic result before tax effect
Year ended 31 December 2020	+50 b.p.	(1,126)
	-50 b.p.	1,126
Year ended 31 December 2019	+50 b.p.	936
	-50 b.p.	(936)

Exchange rate risk

During 2020, Rai made payments in USD for approximately 4 million for various contracts (USD 7 million in 2019), in addition to further payments in Swiss Francs and British Pounds for a total value of approximately €5 million. There are also intercompany accounts denominated in USD for approximately 10 million with Rai Cinema and Rai Corporation.

Hedging transactions are not in place as at 31 December 2020 considering the limited commitments in foreign currency.

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 of 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.

The hedging strategies are carried out through derivative instruments - such as forward purchases and optional structures - without a financial speculation nature.

The breakdown of the assets and liabilities in currency other than the Euro is provided below:

(€/000)	Year ended 31 December 2020		Year ended 31 December 2019	
	USD	Other foreign currencies	USD	Other foreign currencies
Trade receivables	-	-	-	-
Trade payables	(1,394)	(966)	(2,142)	(568)
Cash on hand	5,000	177	5,993	84,256
Current financial assets	-	3	-	3
Other non-current assets	7	83	7	78
Other current receivables and assets	-	3	-	9
Non-current lease liabilities	(163)	(337)	-	(502)
Current financial liabilities	(7,897)	-	(8,910)	-
Current lease liabilities	(215)	(161)	(18)	(278)
Other current payables and liabilities	(669)	(7)	(15)	(109)

Sensitivity analysis

As at 31 December 2020 and 31 December 2019 a sensitivity analysis was conducted on credit and debt positions in currency and on the availability of currency of a higher amount, both formed by items in USD. 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.

Effects on the economic result, indicated in the following table, are mainly caused by the debit balance with the subsidiaries Rai Corporation and Rai Cinema, offset by the liquid assets in USD.

(€/000)	Eur/USD exchange rate	Change in Eur/USD exchange rate	Recalculated Eur/USD exchange rate	Change in economic result before tax effect
Year ended 31 December 2020	1,2271	-10%	1.1044	(592)
		+10%	1.3498	485
Year ended 31 December 2019	1.1234	-10%	1.0111	(565)
		+10%	1.2357	462

7.2 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 sending formal dunning letters to debtors. The allocations to the provisions for write-downs are made specifically on the credit positions having peculiar risk elements.

Finally, 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.

The analysis of the receivables by due date (before provisions for write-downs) is provided below:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Invoices to be issued	205,119	185,901
Falling due	125,312	136,273
Expired from 0 to 90 days	1,202	2,744
Expired from 91 to 180 days	28	4,395
Expired over 180 days	17,518	19,371
Invoices issued	144,060	162,783
Total trade receivables	349,179	348,684

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. Only time or demand deposits with bank counterparties having investment grade rating were used during 2020.

7.3 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 €350 million bond issued in 2015, the Company's medium/long-term financial structure as at 31 December mainly consisted of:

- a €300 million bond issued in December 2019 and maturing in December 2024 (for further details, see Note 14.1 "Non-current financial liabilities and current portions of non-current financial liabilities");
- a loan from the European Investment Bank (hereinafter "EIB"), taken out in December 2012, for the digital terrestrial implementation project for a residual €5 million, expiring in June 2021.

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 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, €130 million of which used as at 31 December 2020, requires that the following Consolidated Balance Sheet parameters/ratios 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 .

This ratio was fully met as at the reporting date, posted at 1.38.

The verification of the parameters/ratios of the EIB loan is not relevant in relation to the voluntary early repayment, on 31 March 2021, of the residual amount of €5 million.

The cash situation is constantly monitored with a financial forecasting process that highlights any financial critical issues considerably in advance so that expedient measures can be taken.

The following table includes the analysis by due date of the financial liabilities as at 31 December 2020 and 31 December 2019. The balances presented are non-discounted contractual amounts, except for the currency derivatives, for which the amounts shown are at their fair value since this is indicative of the effect on the cash flows during the specific period.

The various expiry periods are determined based on the period between the financial statements reference date and when the bonds expire.

(€/000)	Year ended 31 December 2020				Year ended 31 December 2019			
	<1 year	2-5 years	>5 years	Total	<1 year	2-5 years	>5 years	Total
Trade payables and other liabilities:								
Trade payables	538,281	-	-	538,281	561,805	-	-	561,805
Other payables and liabilities	393,701	979	899	395,579	375,833	416	134	376,383
Medium/long-term financial liabilities:								
Medium/long-term loans	5,059	13	-	5,072	10,261	5,052	-	15,313
Bonds	4,125	312,375	-	316,500	4,125	316,500	-	320,625
Short-term financial liabilities:								
Bonds	-	-	-	-	355,250	-	-	355,250
Due to banks	227,097	-	-	227,097	-	-	-	-
Due to subsidiaries (negative c/a balances)	144,599	-	-	144,599	139,469	-	-	139,469
Derivative instruments:								
Derivative instruments on exchange rates to third parties	214	56	-	270	8	-	-	8
Derivative instruments on intercompany exchange rates	-	-	-	-	173	-	-	173

With regard to lease liabilities, the breakdown of the value recorded in the balance sheet by maturity date is shown in Note 14.2 "Lease liabilities".

8

Management of capital risk

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 including Shareholders' Equity is seen in the following table:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Shareholders' equity	694,317	713,027
Total shareholders' equity and liabilities	2,994,078	3,142,579
<i>Ratio</i>	<i>23.2%</i>	<i>22.7%</i>

The net financial position of the Company for the periods under review is shown in Note 19.2 "Net financial position".

9

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 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 no. 12.3 "Current financial assets" and 15.2 "Current financial liabilities".

All the instruments present as at 31 December 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.

To complete disclosure on financial risks, the reconciliation between classes of financial assets and liabilities and types of financial assets and liabilities identified based on IFRS 7 requirements is provided below:

(€/000)

	Year ended 31 December 2020				Notes (*)
	Assets and liabilities at amortised cost	Financial assets and liabilities at fair value with balancing entry in profit or loss	Financial assets and liabilities measured at fair value with balancing entry in other comprehensive income	Total financial assets and liabilities	
Assets					
Trade receivables	332,912	-	-	332,912	12.2
Current financial assets	138,279	-	-	138,279	12.3
Cash and cash equivalents	11,390	-	-	11,390	12.6
Non-current financial assets	473	56	-	529	11.5
Equity investments in other companies (**)	-	977	-	977	11.4
Total financial assets	483,054	1,033	-	484,087	
Liabilities					
Trade payables	(538,281)	-	-	(538,281)	15.1
Current financial liabilities	(376,916)	-	-	(376,916)	15.2
Current lease liabilities	(15,944)	-	-	(15,944)	14.2
Non-current financial liabilities	(299,122)	(56)	-	(299,178)	14.1
Non-current lease liabilities	(40,014)	-	-	(40,014)	14.2
Total financial liabilities	(1,270,277)	(56)	-	(1,270,333)	

(*) The figures provided below indicate the paragraphs within the Notes in which the assets and liabilities shown are described in detail.

(**) When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

10

Reconciliation
between the classes
of financial assets
and liabilities and types
of financial assets and
liabilities

(€/000)

Year ended 31 December 2019

	Assets and liabilities at amortised cost	Financial assets and liabilities at fair value with balancing entry in the income statement	Financial assets and liabilities measured at fair value with balancing entry in other comprehensive income	Total financial assets and liabilities	Notes (*)
Assets					
Trade receivables	337,648	-	-	337,648	12.2
Current financial assets	163,259	173	-	163,432	12.3
Cash and cash equivalents	164,264	-	-	164,264	12.6
Non-current financial assets	3,298	-	-	3,298	11.5
Equity investments in other companies (**)	-	906	-	906	11.4
Total financial assets	668,469	1,079	-	669,548	
Liabilities					
Trade payables	(561,805)	-	-	(561,805)	15.1
Current financial liabilities	(499,098)	(173)	-	(499,271)	15.2
Current lease liabilities	(21,133)	-	-	(21,133)	14.2
Non-current financial liabilities	(303,890)	-	-	(303,890)	14.1
Non-current lease liabilities	(40,257)	-	-	(40,257)	14.2
Total financial liabilities	(1,426,183)	(173)	-	(1,426,356)	

(*) The figures provided below indicate the paragraphs within the Notes in which the assets and liabilities shown are described in detail.

(**) When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

11

Non-current
assets

11.1 Property, plant and equipment

Property, plant and equipment, which amounted to €898,970 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	Assets under construction 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 December 2019	371,440	300,271	134,685	6,186	23,820	57,484	893,886
Change in the year							
Increases and capitalisation	-	4,982	28,102	2,196	5,710	40,524	(81,514)
Disposals (1)	(1,309)	(4,635)	(33)	(1)	(25)	(13)	(6,016)
Reclassifications (2)	-	4,927	35,534	711	3,492	(44,664)	-
Transfers (3)	(17)	17	2	(1)	(1)	68	68
Amortisation and depreciation	-	(12,484)	(49,194)	(2,188)	(6,616)	-	(70,482)
Balance as at 31 December 2020	370,114	293,078	149,096	6,903	26,380	53,399	898,970

broken down as follows:

Cost	370,114	487,913	1,516,974	74,922	121,752	53,399	2,625,074
Accumulated depreciation	-	(194,835)	(1,367,878)	(68,019)	(95,372)	-	(1,726,104)

Detail:

(1) Cost	(1,309)	(4,834)	(20,579)	(191)	(3,201)	(13)	(30,127)
Accumulated depreciation	-	199	20,546	190	3,176	-	24,111
	(1,309)	(4,635)	(33)	(1)	(25)	(13)	(6,016)
(2) Cost	-	4,927	35,534	711	3,492	(44,664)	-
Accumulated amortisation	-	-	-	-	-	-	-
	-	4,927	35,534	711	3,492	(44,664)	-
(3) Cost	(17)	17	(17)	17	-	68	68
Accumulated depreciation	-	-	19	(18)	(1)	-	-
	(17)	17	2	(1)	(1)	68	68

Investments in the year amounting to €81,514 thousand (€75,040 thousand in 2019) 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 17.2 "Commitments".

11.2 Lease rights of use

Lease rights of use, which amounted to €55,502 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 amortisation	(11,743)	(2,512)	(14,255)
Balance as at 31 December 2019	50,220	4,656	54,876
Change in the year			
Increases	15,518	2,147	17,665
Reductions (1)	(744)	(55)	(799)
Amortisation and depreciation	(13,461)	(2,779)	(16,240)
Balance as at 31 December 2020	51,533	3,969	55,502
<i>broken down as follows:</i>			
Cost (2)	74,331	8,236	82,567
Accumulated depreciation (2)	(22,798)	(4,267)	(27,065)
Detail:			
(1) Cost	(744)	(62)	(806)
Accumulated depreciation	-	7	7
	(744)	(55)	(799)
(2) Amounts net of totally amortised assets, amounting to:	2,406	1,017	3,423

Investments, amounting to €17,665 thousand (€14,087 thousand in 2019), refer mainly to property rental contracts or contracts for the rental of transport vehicles that entered into effect during the period.

The value of costs for short-term leases and leases of low-value assets is reported in Note 16.3 "Costs for the purchase of consumables, costs for services and other costs".

Income from the subleasing of assets led to the recognition of a right of use indicated in Note 16.2 "Other revenues and income".

During the year, the Company did not benefit from any suspension of payments due in respect of leases granted as a direct consequence of the Covid-19 pandemic and falling within the scope of the amendment to IFRS 16 "Covid-19-Related Rent Concessions".

11.3 Intangible assets

Intangible assets, which amounted to €377,637 thousand (€403,482 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Programmes	Software	Trademarks	Other rights	Assets under construction and payments on account	Total
Cost (1)	654,385	24,929	10	200	200,439	879,963
Accumulated depreciation (1)	(358,783)	(13,208)	(9)	(33)	-	(372,033)
Provisions for write-downs	(70,678)	-	-	(167)	(33,603)	(104,448)
Balance as at 31 December 2019	224,924	11,721	1	-	166,836	403,482
Change in the year						
Increases and capitalisation	97,133	6,030	-	-	81,507	184,670
Disposals / Value recoveries	-	-	-	-	-	-
Reclassifications (2)	86,362	7,314	-	-	(93,676)	-
Transfers	-	-	-	-	(68)	(68)
Write-downs (3)	(50,486)	-	-	-	(1,797)	(52,283)
Use of provisions for write-downs	49,076	-	-	67	-	49,143
Amortisation and depreciation	(197,925)	(9,314)	(1)	(67)	-	(207,307)
Balance as at 31 December 2020	209,084	15,751	-	-	152,802	377,637

broken down as follows:

Cost (4)	648,945	27,580	-	200	186,314	863,039
Accumulated depreciation (4)	(367,465)	(11,829)	-	(100)	-	(379,394)
Provisions for write-downs	(72,396)	-	-	(100)	(33,512)	(106,008)

Detail:

(1) Amounts net of totally amortised assets in the previous period, equal to:	183,586	5,652	44	150	-	189,432
(2) Cost	86,670	7,314	-	-	(93,984)	-
Accumulated amortisation	-	-	-	-	-	-
Provisions for write-downs	(308)	-	-	-	308	-
	86,362	7,314	-	-	(93,676)	-
(3) Cost	-	-	-	-	(1,580)	(1,580)
Accumulated depreciation	(50,486)	-	-	-	(217)	(50,703)
	(50,486)	-	-	-	(1,797)	(52,283)
(4) Amounts net of totally amortised assets, amounting to:	189,243	10,693	10	-	-	199,946

Investments, which amounted to €184,670 thousand (€208,080 thousand in 2019) mainly refer to dramas for €157,827 thousand and cartoons for €14,504 thousand.

The amount of assets under development and payments on account refers to programmes for €146,675 thousand, software for €5,386 thousand and other rights for €741 thousand.

The write-downs recognised during the year amounted to €52,283 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 17.2 "Commitments".

11.4 Equity investments

Equity investments, which amounted to €918,831 thousand (€919,026 thousand as at 31 December 2019), are broken down as follows:

Interests in subsidiaries

(€/000)	Year ended as at 31 December 2019			Change in the year	Year ended 31 December 2020		
	Cost	Write-downs	Carrying amount	Write-downs	Cost	Write-downs	Carrying amount
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
Total equity investments in subsidiaries	915,237	(2,891)	912,346	-	915,237	(2,891)	912,346

(a) The balance sheet deficit of €4,017 thousand is covered by provisions for charges of an equal amount.

- **Rai Cinema SpA** (100% Rai): the share capital, €200,000 thousand, consists of 38,759,690 shares of the nominal value of €5.16 each. The equity investment was recorded at a value of €267,848 thousand. In 2020, a dividend of €14,008 thousand was paid from the 2019 result recorded in financial income.
- **Rai Com SpA** (100% Rai): the share capital, €10,320 thousand, consists of 2,000,000 shares of the nominal value of €5.16 each. The equity investment was recorded at a value of €107,156 thousand. In 2020, a dividend of €7,191 thousand was paid from the 2019 result recorded in financial income.
- **Rai Corporation in liquidation** (100% Rai): the share capital, which is \$500,000.00, consists of 50,000 shares of a unit face value of \$10.00 each. At 31 December 2020, the company's shareholders' equity, at the exchange rate in effect on 31 December 2020, was negative by €4,017 thousand. The balance sheet deficit was allocated to a specific provision for charges.
- **Rai Pubblicità SpA** (100% Rai): the share capital amounts to €10,000 thousand and consists of 100,000 shares of the nominal value of €100.00 each. The equity investment was recorded at a value of €31,082 thousand. In 2020, a dividend of €8,047 thousand was paid from the 2019 result recorded in financial income.
- **Rai Way SpA** (64.971% Rai): the share capital amounts to €70,176 thousand, and is divided into 272,000,000 ordinary shares without indication of face value. The equity investment was recorded at a value of €506,260 thousand. In 2020, a dividend of €63,349 thousand was paid out. The amount due to Rai, amounting to €41,158 thousand, was posted under financial income.

Equity investments in joint ventures and associates

(€/000)	Year ended 31 December 2019			Change in the year		Year ended 31 December 2020		
	Cost	Adjustment to shareholders' equity	Carrying amount	Profit/(loss)	Decrease due to dividends	Cost	Adjustment to shareholders' equity	Carrying amount
Joint venture:								
San Marino RTV SpA	258	1,580	1,838	(342)	-	258	1,238	1,496
Tivù Srl	483	2,396	2,879	1,578	(1,660)	483	2,314	2,797
Associates:								
Audiradio Srl (in liquidation)	1,428	(1,428)	-	-	-	1,428	(1,428)	-
Auditel Srl	10	887	897	212	-	10	1,099	1,109
Euronews SA	850	(755)	95	(95)	-	850	(850)	-
Player Editori Radio Srl	1	4	5	13	-	1	17	18
Tavolo Editori Radio Srl	1	59	60	28	-	1	87	88
Total equity investments in joint ventures and associates	3,031	2,743	5,774	1,394	(1,660)	3,031	2,477	5,508

(a) Valuation relating to the Financial Statements as at 31 December 2019, the latest available.

(b) Rai's balance sheet deficit of €9 thousand is covered by provisions for charges of an equal amount.

(c) Rai's balance sheet deficit of €345 thousand is covered by provisions for charges of an equal amount.

- **Audiradio Srl in liquidation** (27% Rai): the share capital amounts to €258 thousand and consists of 258,000 shares of the nominal value of €1.00 each. The gross value of the equity investment, amounting to €1,428 thousand, was fully written down based on the latest approved financial statements as at 31 December 2019, which showed a negative shareholders' equity of €33 thousand. The portion of the balance sheet deficit amounting to €9 thousand was allocated to a specific provision for charges.
- **Auditel Srl** (33% Rai): the share capital amounts to €300 thousand and consists of 300,000 shares of the nominal value of €1.00 each. The equity investment was recognised for the value of €1,109 thousand, corresponding to the percentage concerning Rai on the shareholders' equity of the company posted in the Financial Statements as at 31 December 2020. Following the profit attained by the company in 2020 which amounted to €643 thousand, the equity investment was revalued for the portion concerning Rai, which came to €212 thousand.
- **Euronews - Société Anonyme** (2.52% Rai): the share capital, €32,860 thousand, consists of 2,190,678 shares of the nominal value of €15.00 each. The gross value of the equity investment, amounting to €850 thousand, was fully written down based on the latest approved financial statements as at 31 December 2020, which showed a negative shareholders' equity of €13,677 thousand. The portion of the balance sheet deficit amounting to €345 thousand was allocated to a specific provision for charges.
- **Player Editori Radio Srl** (13.9% Rai): the share capital, €10 thousand, is divided between national radio publishers (70%, of which Rai 13.9%) and local ones (30%). In relation to the positive result recorded by the company in 2020, equal to €97 thousand, a revaluation was recorded for Rai's share equal to €13 thousand. The equity investment was recognised at a value of €18 thousand, corresponding to Rai's share of the company's shareholders' equity at 31 December 2020.
- **San Marino RTV SpA** (50% Rai): the company, incorporated in 1991 with joint shares of Rai and E.R.A.S. ("Ente di Radiodiffusione Sammarinese") pursuant to Law 99 of 9 April 1990 ratifying the radio and television collaboration agreement between the Italian Republic and the Republic of San Marino, has a share capital of €516 thousand, made up of 1,000 shares of a nominal value of €516.46 each. In relation to the negative result recorded by the company in 2020, equal to €684 thousand, a write-down was recorded for Rai's share equal to €342 thousand. The equity investment was recognised at a value of €1,496 thousand, corresponding to Rai's share of the company's shareholders' equity.

- **Tavolo Editori Radio Srl** (13.9% Rai): the share capital, €160 thousand, is divided between national publishers (70%, of which Rai 13.9%) and local ones (30%). In relation to the positive result recorded by the company in 2020, equal to €203 thousand, a revaluation was recorded for Rai's share equal to €28 thousand. The equity investment was recognised at a value of €88 thousand, corresponding to Rai's share of the company's shareholders' equity at 31 December 2020.
- **Tivù Srl** (48.16% Rai): the share capital of €1,002 thousand was subscribed by Rai and R.T.I. - Reti Televisive Italiane SpA - with equal shares of 48.16% and by other shareholders for the remaining part. In 2020, the distribution of an ordinary dividend of €1,651 thousand and an extraordinary dividend of €1,796 thousand was resolved. The total amount due to Rai, amounting to €1,660 thousand, was recorded as a reduction in the book value of the equity investment. In relation to the positive result recorded by the company in 2020, equal to €3,276 thousand, the equity investment was revalued for Rai's share in the amount of €1,578 thousand. The equity investment was recognised at a value of €2,797 thousand, corresponding to Rai's share of the company's shareholders' equity.

Equity investments in others companies

(€/000)	Year ended as at 31 December 2019			Change in the year Acquisitions	Year ended 31 December 2020		
	Cost	Write-downs	Carrying amount		Cost	Write-downs	Carrying amount
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 equity investments in other companies	1,090	(184)	906	71	1,161	(184)	977

- **Almaviva – The Italian Innovation Company SpA** (0.83% Rai): the book value of the equity investment, €324 thousand, remained unchanged compared to the previous year. The share capital, which is €154,899 thousand, is represented by 107,567,301 ordinary shares and by 47,331,761 special shares, both of the face value of €1.00 each.
- **Banca di Credito Cooperativo di Roma Scpa** (company with variable capital, with the percentage held by Rai insignificant): was recognised for a value of €1 thousand, i.e., the amount paid for the acquisition of 100 shares.
- **International Multimedia University Umbria Srl in bankruptcy proceedings** (1.533% Rai): the book value of the equity investment was totally written down since there is no longer certainty of recovering the amounts paid in.
- **Istituto della Enciclopedia Italiana Treccani SpA** (0.89% Rai): the equity investment was recognised for a gross value of €784 thousand, written down for €132 thousand as a result of the losses incurred by the company in previous years. The Extraordinary Shareholders' Meeting of the company, held on 30 April 2020, resolved to increase the share capital by €8 million by issuing 8 million ordinary shares with a nominal value of €1.00 each, with the same characteristics as those in circulation, to be offered as an option to the company's shareholders. The capital increase was subscribed by Rai for its entire share, equal to €71 thousand, thus maintaining the ownership percentage of 0.89%. Share capital is now represented by 70,724,105 shares of a nominal value of €1.00 each.

11.5 Non-current financial assets

Non-current financial assets, which amounted to €529 thousand (€3,298 thousand as at 31 December 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Securities	-	2,342
Other financial assets (non-current deferrals)	421	897
Receivables from the subsidiary Rai Cinema for derivative instruments	56	-
Financial receivables from employees	52	238
- Provisions for write-down of non-current financial assets	-	(179)
Total non-current financial assets	529	3,298

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 under convention with the Government, as also indicated in Note 12.3 "Current financial assets".

Other non-current financial assets of €421 thousand (€897 thousand as at 31 December 2019) refer to the deferral of the non-current portion of commission relating to a five-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:

(€/000)	Year ended 31 December 2020			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - c/a transactions	130,245	-	-	130,245
Receivables from joint ventures - c/a San Marino RTV SpA	801	-	-	801
Tied current accounts	4,218	-	-	4,218
Securities	2,261	-	-	2,261
Receivables from the subsidiary Rai Cinema for derivative instruments	214	56	-	270
Financial receivables from employees	50	52	-	102
Other financial assets	490	421	-	911
Total financial assets	138,279	529	-	138,808

(€/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
Receivables from joint ventures - c/a San Marino RTV SpA	183	-	-	183
Tied current accounts	4,749	-	-	4,749
Securities	-	2,342	-	2,342
Receivables from the subsidiary Rai Cinema for derivative instruments	8	-	-	8
Receivables for derivatives taken out for Rai Cinema	173	-	-	173
Financial receivables from employees	51	59	-	110
Other financial assets	491	897	-	1,388
Total financial assets	163,432	3,298	-	166,730

The short-term portion of the financial assets, which amounted to €138,279 thousand, is included in the current components described in Note 12.3 "Current financial assets".

Information on risks hedged and on hedging policies is disclosed in Note 7.1 "Market risk".

11.6 Deferred tax assets

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Deferred tax assets eligible for offset	115,224	127,165
Deferred tax liabilities eligible for offset	(157,564)	(159,454)
Net deferred tax liabilities	(42,340)	(32,289)

As at 31 December 2020 and 31 December 2019, the net balance of Deferred tax assets and Deferred tax liabilities shows a negative amount, so is posted in the liabilities of the Financial Position. Please refer to Note 14.5 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 16.10 "Income tax".

11.7 Other non-current assets

Other non-current assets, which amounted to €4,215 thousand (€7,068 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Advances for trade initiatives	8,555	8,139
Advances for sports events	7,251	6,291
Amounts committed to cautionary deposit with third parties	1,635	1,578
Receivables from personnel	823	691
– Provisions for write-down of other non-current assets	(14,049)	(9,631)
Total other non-current assets	4,215	7,068

The items above basically regard non-current portions of assets described in Note 12.5 "Other current receivables and assets" to which reference is made.

The provisions for write-down of other non-current assets, which amounted to €14,049 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 31 December 2020
Provisions for write-down of advances for sports events	(6,149)	(80)	100	(6,129)
Provisions for write-down of advances for trade initiatives	(3,332)	(4,438)	-	(7,770)
Provisions for write-down of other non-current assets	(150)	-	-	(150)
Total provisions for write-down of other non-current assets	(9,631)	(4,518)	100	(14,049)

12.1 Inventory

Inventory, net of its provisions for write-downs, amounted to €100 thousand (€90 thousand as at 31 December 2019), and is broken down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Inventory	11,882	12,144
– Provisions for write-down of inventory	(11,782)	(12,054)
Total inventory	100	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.

12.2 Trade receivables

Trade receivables, which amounted to €332,912 thousand (€337,648 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Trade:		
Government for performance of service contract obligations - Law 145/2018	38,462	38,462
Italian Tax Revenue Office for services under agreement	20,000	12,000
Other receivables	17,115	18,441
– Provisions for write-downs of trade receivables	(14,728)	(9,598)
Subsidiaries:		
Receivables	273,394	279,618
– Provisions for write-downs for the subsidiary Rai Com SpA	(1,539)	(1,438)
Joint ventures and associates	208	163
Total trade receivables	332,912	337,648

Receivables, excluding the provisions for write-downs, from subsidiaries and from joint ventures and associates refer to:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	1,644	1,493
Rai Com SpA	90,204	87,929
Rai Pubblicità SpA	176,003	180,363
Rai Way SpA	4,004	8,395
Receivables from subsidiaries	271,855	278,180
Joint ventures and associates:		
San Marino RTV SpA	60	55
Tivù Srl	148	108
Receivables from joint ventures and associates	208	163

The breakdown of trade receivables by geographical area shows the predominance of the domestic market.

12

Current
assets

Receivables from the Italian Tax Revenue Office for services under agreement amounted to €20,000 thousand for the management of ordinary license fees, of which €8,000 thousand for the periods 2020 and 2019 (€4,000 thousand for each period) and €12,000 thousand (€6,000 thousand for each period) for the years 2017 and 2018.

The other receivables are recognised for a nominal value of €17,115 thousand and are for the sale of rights and for services of other kinds.

Receivables from related parties are specified in Note 17.4 "Transactions with Related Parties".

Trade receivables are shown net of the provisions for write-downs of €16,267 thousand (€11,036 thousand as at 31 December 2019) as detailed below:

(€/000)	Balances as at 31 December 2019	Provisions	Drawdowns	Balances as at 31 December 2020
Provision for write-downs of trade receivables	(9,598)	(5,380)	250	(14,728)
Provisions for write-downs of trade receivables from subsidiary Rai Com	(1,438)	(101)	-	(1,539)
Total bad debt provisions - trade	(11,036)	(5,481)	250	(16,267)

As at 31 December 2019, there were no receivables in a currency other than the Euro, as specified in Note 7.1 "Market risk".

12.3 Current financial assets

Current financial assets amounted to €138,279 thousand (€163,432 thousand at 31 December 2019). The breakdown of the item and the comparison with the previous year are shown below:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Receivables from subsidiaries - c/a transactions	130,245	157,777
Tied current accounts	4,218	4,749
Securities	2,261	-
Receivables from joint ventures - c/a San Marino RTV	801	183
Receivables from the subsidiary Rai Cinema for derivative instruments	214	8
Financial receivables from employees	50	51
Assets for derivatives taken out on behalf of Rai Cinema	-	173
Other current financial assets	490	491
Total current financial assets	138,279	163,432

The receivables from subsidiaries - c/a transactions break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Receivables from subsidiaries - c/a transactions:		
Rai Cinema SpA	122,164	157,777
Rai Pubblicità SpA	8,081	-
Receivables from subsidiaries - c/a transactions	130,245	157,777

Tied current accounts, which came to €4,218 thousand (€4,749 thousand as at 31 December 2019) refer to amounts seized on current accounts due to litigation in progress.

The item Securities, equal to €2,261 thousand (zero as at 31 December 2019), was entirely made up of government bonds maturing in May 2021, securing the Service Agreement and the special services agreement with the Government.

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 9 "Fair value measurement".

Derivative instruments recognised at fair value, are broken down below as regards their assets component, including the current and non-current portions:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Assets for derivatives taken out on behalf of Rai Cinema	-	173
Receivables from the subsidiary Rai Cinema for derivative instruments	214	8
Total derivative financial instruments – current portion	214	181
Receivables from the subsidiary Rai Cinema for derivative instruments	56	-
Total derivative financial instruments – non-current portion	56	-
Total derivative financial instruments	270	181

Financial derivative assets, recorded at fair value, as at 31 December 2020 related to the current portion of receivables from the subsidiary Rai Cinema, equal to €214 thousand (€8 thousand as at 31 December 2019) refers to the current portion of the hedging instruments (with negative fair value) taken out by Rai under the mandate received from Rai Cinema, whose effects transit from the intercompany accounts. The non-current portion amounts to €56 thousand (zero as at 31 December 2019).

Information on risks hedged and on hedging policies is disclosed in Note 7.1 "Market risk".

12.4 Current income tax assets

Current income tax receivables, which totalled €17,762 thousand (€18,292 thousand as at 31 December 2019), are specified as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
IRES requested as refund for IRAP deductibility for employee expense and similar	16,824	16,905
Deductions on assignments to foreign companies	2,032	1,755
– Provisions for write-downs of current income tax assets	(1,094)	(728)
IRES receivable	17,762	17,932
IRAP receivable	-	360
Total current income tax assets	17,762	18,292

Current income tax assets are shown net of the provisions for write-downs of €1,094 thousand (728 thousand as at 31 December 2019) related to withheld taxes on income risking recoverability.

(€/000)	Balances as at 31 December 2019	Provisions	Balances as at 31 December 2020
Provisions for write-downs of current income tax assets	(728)	(366)	(1,094)

The taxes are commented in Note 16.10 "Income taxes".

12.5 Other current receivables and assets

Other current receivables and assets, which totalled €237,951 thousand (€177,217 thousand as at 31 December 2019) break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Receivables from subsidiaries	38,462	36,529
Advances for sports events	123,888	63,397
Advances to suppliers, collaborators and agents	20,159	22,214
Receivables from entities, companies, bodies and others	11,797	11,116
Receivables from personnel	8,510	9,135
Receivables from social security and welfare institutions	3,112	2,829
Other tax receivables	506	1,529
Receivables for subsidies and grants from the Government, EU and other public entities	415	427
Other receivables (current deferrals)	35,231	33,176
– Provision for write-downs of other current receivables and assets	(4,129)	(3,135)
Total other current receivables and assets	237,951	177,217

The breakdown of receivables from subsidiaries is as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Receivables from subsidiaries:		
Rai Cinema SpA	6,685	5,736
Rai Com SpA	-	2,617
Rai Pubblicità SpA	10,637	7,507
Rai Way SpA	21,140	20,669
Receivables from subsidiaries	38,462	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 17.4 “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)	Year ended 31 December 2020	Year ended 31 December 2019
Travel expenses	1,709	3,528
Labour disputes	2,538	2,621
Production expense advances	1,376	1,831
Others	2,887	1,155
Receivables from personnel	8,510	9,135

- other tax receivables break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
VAT refund requested	382	1,333
Other tax refunds requested	-	159
Other tax receivables	124	37
Total other tax receivables	506	1,529

The provisions for write-down of other current receivables and assets, which amounted to €4,129 thousand (€3,135 thousand as at 31 December 2019), is broken down below:

(€/000)	Balances as at 31 December 2019	Provisions	Uses and other assets g/c	Absorption in income statement	Balances as at 31 December 2020
Provision for write-downs of other current receivables and assets	(3,135)	(1,302)	288	20	(4,129)

Considering the short period of time elapsing between when the receivable arises and its due date, it is estimated that there are no significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

12.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to €11,390 thousand (€164,264 thousand as at 31 December 2019), are broken down into the following items:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Bank and postal deposits	11,158	163,969
Cash and securities in hand	232	295
Total cash and cash equivalents	11,390	164,264

Bank and postal deposits amounted to €11,158 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 €232 thousand (€295 thousand as at 31 December 2019) and include the liquidity represented by cash in the company's coffers as at 31 December 2020.

The Company's cash on hand is shown in the following table by currency as at 31 December 2020 and as at 31 December 2019:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Cash on hand in Euro	6,213	158,187
Cash on hand in USD	5,000	5,993
Cash on hand in other currencies	177	84
Total cash and cash equivalents	11,390	164,264

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Shareholders' equity

Here below is the breakdown of shareholders' equity:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Share capital	242,518	242,518
Legal reserve	12,042	12,042
IFRS first-time adoption reserve – restricted	458,155	462,706
IFRS first-time adoption reserve – free	52,715	83,192
Cash flow hedge reserve	(12,382)	(15,544)
Total other reserves	498,488	530,354
Actuarial reserves for employee benefits	(34,689)	(33,521)
Losses carried forward	(3,338)	(3,338)
Profit (Loss) for the year	(20,704)	(35,028)
Total retained earnings (losses carried forward)	(58,731)	(71,887)
Total shareholders' equity	694,317	713,027

Shareholders' equity – Possibilities for distribution

(€/000)	Amount	Possible uses (*)	Free amount	Distributions in the last three years	
				To cover losses	For other reasons
Share capital	242,518				
Legal reserve	12,042	2	12,042		
IFRS first-time adoption reserve – restricted	458,155	1-4	458,155		
IFRS first-time adoption reserve – free	52,715	1-2-3	52,715	59,576	-
Cash flow hedge reserve	(12,382)		(12,382)		
Restricted valuation reserve for equity investments	-	1-2	-	319	-
Free valuation reserve for equity investments	-	1-2-3	-	1,237	-
Others	-	1-2-3	-	7,749	-
Total other reserves	498,488				
Actuarial reserves for employee benefits	(34,689)		(34,689)		
Losses carried forward	(3,338)		(3,338)		
Loss in the year	(20,704)		(20,704)		
Total shareholders' equity	694,317		451,799	68,881	-
Restricted amount:					
Legal reserve			(12,042)		
IFRS first-time adoption reserve – restricted			(458,155)		
Total free reserves			-		

(*) Legend:

- 1 for capital increase;
- 2 to cover losses
- 3 for distribution to shareholders;
- 4 to cover losses – in which case, profits may not be distributed until losses are fully covered, unless a corresponding capital reduction is approved by resolution adopted by the Extraordinary Shareholders' Meeting – Article 7(6) of Legislative Decree 38 of 28.02.2005.

Share capital

As at 31 December 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 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 €498,488 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 €458,155 thousand;
 - IFRS first-time adoption reserve – free, totalling €52,715 thousand;
- the cash flow hedge reserve recognised as a reduction of shareholders' equity, for €12,382 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 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 (without considering the tax component) through comprehensive income.

Losses carried forward, for €58,731 thousand (€71,887 thousand as at 31 December 2019), including the loss for the year, break down as follows:

- losses from actuarial reserves for employee benefits, recognised for €34,689 thousand; the change compared to 31 December 2019 (€33,521 thousand) had negative effects on the comprehensive income statement for €1,168 thousand;
- losses carried forward, registered in the year 2019 related to first adoption of the standards IFRS 9 and 15, amount to €3,338 thousand;
- loss for the year totalling €20,704 thousand.

14

Non-current liabilities

14.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, totalled €304,184 thousand (€663,510 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	299,109	-	299,109	298,890	349,620	648,510
M/L-term payables to banks	13	5,006	5,019	5,000	10,000	15,000
Liabilities for foreign exchange hedging derivatives for Rai Cinema	56	-	56	-	-	-
Total	299,178	5,006	304,184	303,890	359,620	663,510

Non-current financial liabilities, including the current portion, decreased by €359,326 thousand compared to 31 December 2019, mainly due to the repayment of the bond issue in May 2020 for a nominal €350,000 thousand (see also Note 7.3 "Liquidity risk") and the repayment of two instalments of the EIB loan totalling €10,000 thousand.

Medium/long-term payables as at 31 December 2020 therefore mainly consisted of a bond issue for a notional amount of €300 million, maturing in December 2024; the current portion related to an EIB amortising loan maturing in June 2021, which was repaid early on 31 March 2021. In January 2020, a subsidised loan of insignificant amount was also granted, following participation in a public tender issued by the then Ministry of Education, University and Research - MIUR.

The €300,000 thousand *senior unsecured* bond issued by Rai in December 2019 and listed on the Dublin Stock Exchange, was subscribed to by Italian 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;
- 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 Economy and Finance ceases to hold the majority of voting rights exercisable at Ordinary and Extraordinary Shareholders' Meetings of Rai.

On 29 October 2020, Moody's published a rating action that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with negative outlook.

The final due date of financial liabilities held (current and non-current) is shown in the following table:

(€/000)	Year ended 31 December 2020			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	299,109	-	299,109
Payables to subsidiaries – current account positions	144,599	-	-	144,599
M/L-term payables to banks	5,006	13	-	5,019
Short-term payables to banks	227,097	-	-	227,097
Liabilities for derivatives taken out on behalf of Rai Cinema	214	56	-	270
Total	376,916	299,178	-	676,094

(€/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
Payables to the subsidiary Rai Cinema for derivative instruments	173	-	-	173
M/L-term payables to banks	10,000	5,000	-	15,000
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 December 2024: the fair value as at 31 December 2020 is measured at the market price, including accrued interest, at that date, which was equal to 103,217;
- EIB Loan: the fair value measured as at 31 December 2020 is equal to the voluntary prepayment value paid to the counterparty on 31 March 2021.

(€/000)	Year ended 31 December 2020		Year ended 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Bond issue €350 million - maturity 28/05/2020	-	-	349,620	355,025
Bond issue €300 million - maturity 04/12/2024	299,109	309,651	298,890	301,012
EIB Loan	5,000	5,054	15,000	15,305

14.2 Lease liabilities

Non-current financial liabilities, including current portions, totalled €55,958 thousand (€61,390 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 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
Operating lease liabilities	40,014	15,944	55,958	40,257	15,433	55,690
Total	40,014	15,944	55,958	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 the purchase of consumables, costs for services and other costs.

The value of cash outflows from leases in the year was €16,346 thousand, plus interest of €540 thousand.

Interest expense accrued on lease liabilities is detailed in Note 16.8 "Financial income and expenses," to which reference should be made.

Finance lease liabilities, amounting to €5,700 thousand, present as at 31 December 2019, referred only to the option right, exercised in 2018, for the purchase of a building used as regional headquarters, which was waived during the year as part of a settlement agreement signed to close legal disputes.

The due dates lease liabilities (current and non-current) are shown below:

(€/000)	Year ended 31 December 2020			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Operating lease liabilities	15,944	35,622	4,392	55,958
Total	15,944	35,622	4,392	55,958

(€/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

14.3 Employee benefits

Employee benefits, which amounted to €379,135 thousand (€400,924 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Provisions for employee severance pay	187,027	198,289
Provisions for supplementary pension benefits	109,284	119,851
Provisions in lieu of the former fixed indemnity for journalists	68,758	68,721
Health insurance fund for Rai senior managers (FASDIR)	13,728	13,699
Others	338	364
Total employee benefits	379,135	400,924

The provisions for employee severance pay, governed by Article 2120 of the Italian Civil Code, shows the liability, as estimated using actuarial techniques, for benefits payable to employees upon the termination of their employment. The termination benefit is calculated on the basis of the remuneration paid for service under the employment contract, revalued until the time of termination. As a result of legislative changes introduced starting from 1 January 2007, the accruing employee severance pay is allocated, according to the choice made by each employee, to pension funds or to the treasury fund established at INPS. This implies that the liability related to the employee severance pay accrued before 1 January 2007 continues to represent a defined benefit plan to be measured according to actuarial techniques, while a portion of the accruing severance pay is classified as a defined contribution plan since the Company's obligation ends with the payment of contributions to the pension fund or to INPS.

The provisions for supplementary pension benefits shows the estimated liability held by the Company for

supplementary pension benefits payable to former employees who, upon termination of employment, opted for the supplementary pension scheme envisaged under trade union agreements previously in place. More specifically, former employees and their family members are entitled to supplementary pension benefits with respect to those paid through the mandatory general pension scheme. Those supplementary pensions are in turn paid directly by the funds, delegated management of the supplementary pensions of Rai personnel since 1989, C.RAI.PI. (Supplementary Pension Scheme of Rai employees, hereinafter "Craipi") for former middle managers, office staff and workers, and F.I.P.D. RAI (supplementary pension provisions of Rai managers, hereinafter "Fipdrai") for former senior managers. In brief, the main terms and conditions of the supplementary pension benefits are: (i) supplementary pension benefits may be paid as a survivor's pension, at the applicable rates for claimants provided by laws in force governing mandatory pension schemes; (ii) supplementary pension benefits will be subject to variations on the basis of changes in the beneficiary's family, applied at the same rates applicable to pension benefits paid under the mandatory general pension scheme; (iii) supplementary pension benefits paid will not be reduced in the event of increases in the pension benefits paid under the mandatory general pension scheme; (iv) the amount of the benefits due to beneficiaries will be revalued annually on the basis of INPS coefficients.

The provisions replacing the former fixed indemnity for journalists includes the estimate of the sum to be paid to employee journalists who, as at 31 December 2018 have at least 15 years seniority for severance indemnity purposes, when the working relationship ceases for: (i) dismissal for having reached pension requirement levels; (ii) resignation after at least 15 years in the Company; (iii) termination through death of the journalist when survivors have the right to a pension. That sum, calculated in compliance with the R.A.L. in force at the time of termination, with a maximum level of €85 thousand absorbs, for all purposes, indemnity in lieu of notice. The provisions also includes the estimate of the sum to be paid as at 31 December 2018 to journalists with severance indemnity in the company of between 10 and 15 years, when the working relationship is terminated for resignation, excluding resignation pursuant to articles 8, 22, 24 and 32 of CNLG, for having reached age limits and for demise. That sum, unlike the former, will be paid in addition to the indemnity in lieu of notice established by law.

The health insurance fund for Rai senior managers ("Fasdir") was established in 1980 to provide supplementary health insurance to all senior managers in service, retired senior managers and the survivors of former senior managers, as entitled and registered with Fasdir as members, as well as their family members. FASDIR is funded by annual membership fees charged to members and by contributions paid by the Company (annual per capita contribution for each senior manager in service and a supplementary annual contribution covering all retired senior managers). Historically, the annual supplementary contribution paid in to FASDIR by Rai for retired senior managers was used by the fund to cover the deficit that formed each year. However, given that there is no legal duty, but only a constructive obligation, for Rai to cover any future deficits in the fund, and that the Company does not have access to all the information, owned by the fund, necessary to measure, using actuarial techniques, the potential liability towards Fasdir, it was decided to estimate the liability considering the average annual contributions paid in to the fund, multiplied by the average residual life of the retired senior managers at the valuation date, which as at 31 December 2020 was found to be 12 years.

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/’000)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Present value of the liability at the start of the year	198,289	119,851	68,721	13,699	364	204,217	124,871	68,669	14,587	550
Current cost of defined benefit plans	-	-	-	-	1	-	-	-	-	(44)
Current cost of defined contribution plans	40,173	-	-	1,040	-	40,282	-	-	50	-
Interest expense	1,195	776	344	82	-	1,926	1,193	440	172	-
Actuarial gains/(losses) resulting from changes in demographic assumptions	-	-	-	-	-	(2,343)	-	-	-	-
Actuarial gains/losses resulting from changes in financial assumptions	1,676	1,136	2,763	-	-	8,828	4,927	2,738	-	-
Actuarial gains/(losses) from past experience	(1,966)	(2,368)	(73)	-	-	(4,388)	(467)	(164)	-	-
Cost of past benefits and (gains)/losses on settlement	-	-	(177)	-	-	-	-	(1,414)	-	-
Benefits paid	(12,193)	(10,111)	(2,820)	(1,093)	(27)	(10,200)	(10,673)	(1,548)	(1,110)	(142)
Transfers to external funds for defined contribution plans	(40,291)	-	-	-	-	(40,234)	-	-	-	-
Other movements	144	-	-	-	-	201	-	-	-	-
Present value of the liability at the end of the year	187,027	109,284	68,758	13,728	338	198,289	119,851	68,721	13,699	364

Costs for employee benefits, as measured using actuarial assumptions and recognised in the income statement, break down as follows:

(€/000)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Current cost of defined benefit plans	-	-	-	-	(1)	-	-	-	-	44
Current cost of defined contribution plans	(40,173)	-	-	(1,040)	-	(40,282)	-	-	(50)	-
Cost of past benefits and gains/(losses) on settlement	-	-	177	-	-	-	-	1,414	-	-
Interest expense on the liability	(1,195)	(776)	(344)	(82)	-	(1,926)	(1,193)	(440)	(172)	-
Total	(41,368)	(776)	(167)	(1,122)	(1)	(42,208)	(1,193)	974	(222)	44
of which recognised as labour cost	(40,173)	-	177	(1,040)	(1)	(40,282)	-	1,414	(50)	44
of which recognised in financial expense	(1,195)	(776)	(344)	(82)	-	(1,926)	(1,193)	(440)	(172)	-

Costs for defined benefit plans recognised in other comprehensive income components break down as follows:

(€/000)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	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	-	-	-	-	-	2,343	-	-	-	-
- Actuarial gains/(losses) resulting from changes in financial assumptions	(1,676)	(1,136)	(2,763)	-	-	(8,828)	(4,927)	(2,738)	-	-
- Actuarial gains/(losses) from past experience	1,966	2,368	73	-	-	4,388	467	164	-	-
Total	290	1,232	(2,690)	-	-	(2,097)	(4,460)	(2,574)	-	-

The main actuarial assumptions adopted are reported below:

(€/’000)	Year ended 31 December 2020	Year ended 31 December 2019
Financial assumptions:		
Average discount rate (1):		
– Provisions for employee severance pay	0.17%	0.62%
– Provisions for supplementary pension benefits for former employees	0.23%	0.66%
– Provisions for supplementary pension benefits for former senior managers	0.27%	0.70%
– Provisions in lieu of the former fixed indemnity for journalists	0.07%	0.50%
Inflation rate:		
– Provisions for employee severance pay	0.80%	1.20%
– Provisions for supplementary pension benefits	0.80%	1.20%
– Provisions in lieu of the former fixed indemnity for journalists	0.80%	1.20%
Expected rate of growth in remuneration/benefits (2):		
– Provisions for employee severance pay	2.10%	2.40%
– Provisions for supplementary pension benefits	0.64%	0.96%
– Provisions in lieu of the former fixed indemnity for journalists	2.30%	2.70%
Demographic assumptions		
Maximum retirement age:		
– Provisions for employee severance pay	As per law	As per law
– Provisions for supplementary pension benefits	-	-
– Provisions in lieu of the former fixed indemnity for journalists	As per law	As per law
Mortality tables:		
– Provisions for employee severance pay	SI 2016 revised	SI 2016 revised
– Provisions for supplementary pension benefits	AS62	AS62
– Provisions in lieu of the former fixed indemnity for journalists	SI 2016 revised	SI 2016 revised
Disability tables:		
– Provisions for employee severance pay	INPS tables by age and gender	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	8.70%	6.60%
– Provisions for supplementary pension benefits	-	-
– Provisions in lieu of the former fixed indemnity for journalists	8.50%	6.00%
Annual probability of advance requests:		
– Provisions for employee severance pay	1.50%	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 December 2020 interest rate curve for 31 December 2020 and Eur Composite AA 2019 for 31 December 2019.

(2) Including inflation.

The effects of a reasonably possible change in the discount rate for the year as at 31 December 2020 and as at 31 December 2019 are shown below:

Provisions for employee severance pay - sensitivity analysis

(€/000)	Sensitivity	Year ended 31 December 2020	Year ended 31 December 2019
Discount rate	+0.50%	182,840	192,633
	-0.50%	189,376	204,353

Provisions for supplementary pension benefits - sensitivity analysis

(€/000)	Sensitivity	Year ended 31 December 2020	Year ended 31 December 2019
Discount rate	+0.50%	104,856	114,913
	-0.50%	114,073	125,194

Provisions in lieu of the former fixed indemnity for journalists - sensitivity analysis

(€/000)	Sensitivity	Year ended 31 December 2020	Year ended 31 December 2019
Discount rate	+0.50%	65,979	67,563
	-0.50%	71,537	69,909

Expected future payments under defined benefit plans for employees are as follows:

(€/000)	Provisions in lieu of former fixed indemnity for journalists	Employee severance pay	Provisions for supplementary pension benefits	
			Former employees	Former senior managers
Expected payments as at 31.12.2021	6,260	55,929	5,582	4,039
Expected payments as at 31.12.2022	5,451	8,183	5,301	3,808
Expected payments as at 31.12.2023	5,262	7,403	5,016	3,577
Expected payments as at 31.12.2024	6,241	7,464	4,729	3,347
Expected payments as at 31.12.2025	6,220	7,824	4,437	3,122
Payments planned from 01.01.2026 and subsequent years	39,290	102,706	38,807	29,901

14.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges, which amounted to €183,289 thousand (€162,863 thousand as at 31 December 2019), are broken down as follows:

(€/000)	Balances as at 31 December 2019	Provisions	Drawdowns	Reversals	Other movements	Balances as at 31 December 2020
Provisions for legal disputes	52,700	9,447	(8,447)	-	3,000	56,700
Provisions for building renovation and refurbishment	28,000	-	(554)	(3,446)	-	24,000
Provisions for accrued remuneration costs	27,152	23,271	(16,294)	(152)	-	33,977
Provision for user rights to digital television frequencies contributions	-	10,210	-	-	-	10,210
Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com	7,436	-	(1,805)	(206)	-	5,425
Provision for write-downs of surplus investments	4,382	344	-	(355)	-	4,371
Provisions for dismantling and restoration costs	3,990	210	-	-	-	4,200
Provisions for disputes with social security institutions	3,000	-	-	-	(3,000)	-
ISC and ICM provisions Agents	773	40	(20)	(84)	-	709
Other provisions	35,430	10,707	(615)	(620)	(1,205)	43,697
Total provisions for risks and charges	162,863	54,229	(27,735)	(4,863)	(1,205)	183,289

Provisions for legal disputes, totalling €56,700 thousand, show the prudential, forecasted estimate of charges for pending lawsuits in which the Company is involved in various ways. Specifically, the figure includes €32,500 thousand in provisions for civil, administrative and criminal litigation (including legal costs) and €24,200 thousand in provisions for labour law disputes.

The provision for social security disputes, which included allocations made to take into account possible charges arising from disputes introduced by Social Security Institutions, until last year shown separately, has been reclassified within the provision for legal disputes, as this type of litigation, which was numerous in the past and exposed Rai to potentially significant economic charges, has been considerably reduced, therefore no longer warranting two separate provisions.

Provisions for building renovation and refurbishment, totalling €24,000 thousand, include 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 buildings is connected with Company's expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions. The change during the year reflects the release of the amount set aside in the previous year for the building in Turin, Via Cernaia, and the adjustment of the amount set aside for the renovation of the building in Rome, Viale Mazzini.

Provisions for accrued remuneration costs, totalling €33,977 thousand, include the overall costs estimated in relation to employment contracts in place.

The provision for user rights to digital television frequencies contributions, amounting to €10,210 thousand, was set aside pending the issue of the decree that will determine the amount to be paid for the year 2020.

Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com, totalling €5,425 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 provisions for write-down of the surplus investment refers almost all to the capital deficit recognised in the financial statements of Rai Corporation in liquidation as at 31 December 2020, as illustrated in Note 11.4

"Investments", to be referred to.

Provisions for dismantling and restoration costs, totalling €4,200 thousand, include 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).

ISC (supplementary customer indemnities) and ICM (meritocratic customer indemnities) provisions for agents, totalling €709 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 volumes with customers already in portfolio.

Other provisions comprise numerous provisions, set aside to cover specific liabilities related to existing situations whose existence is certain, whose amount or date of occurrence is uncertain, or whose occurrence is contingent on future events whose occurrence is considered probable.

14.5 Deferred tax liabilities

Deferred tax liabilities of €42,340 thousand are shown net of deferred tax assets eligible for offset amounting to €115,224 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 31 December 2020
		Income statement	Balance sheet	
Statutory/tax differences on property, plant and equipment	(152,759)	1,893	-	(150,866)
Neutralisation currency valuations	-	(6)	-	(6)
Taxable difference equity investments	(6,695)	3	-	(6,692)
Deferred tax liabilities eligible for offset	(159,454)	1,890	-	(157,564)
Negative taxable income	127,165	19,429	(31,370)	115,224
Deferred tax assets eligible for offset	127,165	19,429	(31,370)	115,224
Net deferred tax liabilities	(32,289)	21,319	(31,370)	(42,340)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Deferred tax assets on tax losses carried forward totalled €115,224 thousand. 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 income statement.

14.6 Other non-current payables and liabilities

Other non-current payables and liabilities, entirely relating to items denominated in Euros, amounted to €1,878 thousand (€550 thousand as at 31 December 2019), referred entirely to deferred income related to the contribution recognised as an economic measure of a compensatory nature for the release of radio links in the 3.6-3.8 GHz bands. Please refer to note no. 15.1 "Trade payables and other current payables and liabilities" for further information regarding this contribution.

Payables to related parties are reported in Note 17.4 "Transactions with related parties".

15

Current liabilities

15.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities amounted to a total €931,982 thousand (€937,638 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Trade payables	454,340	472,609
Trade payables to subsidiaries	83,185	87,736
Trade payables from joint ventures and associates	756	1,460
Total trade payables	538,281	561,805
Payables to personnel	171,614	176,408
Payables to social security and welfare institutions	73,120	74,060
Other tax payables	40,835	36,817
Other payables from subsidiaries	5,757	4,050
Other payables accruing for assessments	5,306	4,377
Other payables	4,950	4,834
Advances:		
– Ordinary licence fees	87,181	66,148
– Other advances	1,210	1,653
Accruals for fees and interest	329	3,456
Deferrals:		
– Adjustment to advertising revenues	1,848	2,407
– Licence fees	621	651
– Grants for the switch-over to digital terrestrial	549	610
– Grants for release of radio links	312	-
Other deferrals	69	362
Total other current payables and liabilities	393,701	375,833
Total trade payables and other current payables and liabilities	931,982	937,638

The breakdown of trade payables and other payables to subsidiaries, joint ventures and associates is shown in the following tables:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	16,311	2,528
Rai Com SpA	11,124	16,053
Rai Pubblicità SpA	143	173
Rai Way SpA	55,607	68,982
Trade payables to subsidiaries	83,185	87,736

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Joint ventures and associates:		
Auditel Srl	353	1,051
Tivù Srl	403	409
Trade payables from joint ventures and associates	756	1,460

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Subsidiaries:		
Rai Cinema SpA	1,429	445
Rai Com SpA	650	-
Rai Pubblicità SpA	1,128	1,128
Rai Way SpA	2,550	2,477
Other payables from subsidiaries	5,757	4,050

Payables to personnel totalled €171,614 thousand (€176,408 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Untaken paid annual leave	60,268	63,881
Untaken time in lieu	47,261	52,489
Wage and salary assessment	46,422	47,420
Redundancy incentives	16,064	10,673
Others	1,599	1,945
Payables to personnel	171,614	176,408

Payables to social security and welfare institutions totalled €73,120 thousand (€74,060 thousand as at 31 December 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Payables to supplementary pension funds for personnel	24,345	24,076
Payables to INPGI	13,902	13,848
Payables to INPS	24,416	25,155
Payables to CASAGIT	1,489	1,459
Contributions on assessed wages and salaries	8,636	9,161
Other payables	332	361
Payables to social security and welfare institutions	73,120	74,060

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

(€/’000)	Year ended 31 December 2020	Year ended 31 December 2019
Group VAT payables	7,768	3,121
Suspended VAT payables	998	1,003
Withholding tax on wages and salaries for employees and contractors, substitution tax and other withholdings	32,069	32,693
Total other tax payables	40,835	36,817

Deferrals include

- the grants for the switch-over to digital terrestrial, in the amount of €549 thousand, related to the grant from the then Ministry of Communications from 2007 to 2011 to support the initiatives to expedite the transition process to digital terrestrial technology. These initiatives consisted in works on systems and infrastructure adjustments of sites for the extension of the areas with digital coverage and the improvement of reception homogeneity and of the quality of service to users. The task of carrying out these types of investments has been entrusted to the subsidiary Rai Way, which is responsible, inter alia, for the design, installation, maintenance, implementation, development and management of telecommunications networks. The grant was recognised in the income statement for each year in which a depreciation charge would have been recognised if the investment had been made by Rai, considering the ratio between the amount of the grant received and investments made to complete the relative projects;
- the grant for the release of radiolinks, recognised for €312 thousand, related to the economic compensation measure granted to Rai in 2020, pursuant to the MISE-MEF interministerial decree of 4 September 2019, for the investment expenses made by the subsidiary Rai Way, remunerated under the service agreement, for the release of radio links in the 3.6-3.8 GHz bands. The grant was recognised in profit or loss of each financial year in relation to the portion of amortisation that would have been recorded if the investment had been made by Rai, taking as reference the amortisation plan provided by Rai Way.

Total payables due in currencies other than the euro are reported in Note 7.1 “Market risk”.

Payables to related parties are reported in Note 17.4 “Transactions with related parties”.

15.2 Current financial liabilities

Current financial liabilities totalled €376,916 thousand (€499,271 thousand as at 31 December 2019). The breakdown is shown in the table below:

(€/’000)	Year ended 31 December 2020	Year ended 31 December 2019
Bonds	-	349,620
Short-term payables to banks	227,097	-
Payables to subsidiaries – current account positions	144,599	139,470
M/L-term payables to banks (current portion)	5,006	10,000
Liabilities for derivatives taken out on behalf of Rai Cinema	214	8
Payables to the subsidiary Rai Cinema for derivative instruments	-	173
Total current financial liabilities	376,916	499,271

The zeroing of the bonds is due to the repayment at maturity in May of the €350 million bond issued in 2015.

Short-term payables to banks amounted to €227,097 thousand (zero as at 31 December 2019) and consisted of €130,000 thousand for the drawdowns of the revolving line and the remainder of uncommitted bank loans.

The breakdown by company of payables to subsidiaries - current account positions is shown in the following table:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Rai Cinema SpA	4,943	5,683
Rai Com SpA	136,252	126,391
Rai Corporation in liquidation	2,954	3,227
Rai Pubblicità SpA	-	3,917
Rai Way SpA	450	252
Payables to subsidiaries – current account positions	144,599	139,470

The current portion of non-current financial liabilities is reported and explained in Note 14.1 “Non-current financial liabilities and current positions of non-current financial liabilities”.

Derivative instruments recognised at fair value, are broken down below in the liability component, including the current and non-current portions:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Liabilities for derivatives taken out on behalf of Rai Cinema	214	8
Payables to the subsidiary Rai Cinema for derivative instruments	-	173
Total derivative financial instruments – current portion	214	181
Liabilities for derivatives taken out on behalf of Rai Cinema	56	-
Total derivative financial instruments – non-current portion	56	-
Total derivative financial instruments	270	181

Financial derivative liabilities, recognised at fair value, as at 31 December 2020 related to the current portion of derivatives taken out under the mandate granted by Rai Cinema, amounted to €214 thousand (€8 thousand at 31 December 2019), reflected through intercompany accounts in the financial receivable from the subsidiary, as illustrated in note no. 12.3 “Current financial assets”. The non-current portion amounts to €56 thousand (zero as at 31 December 2019);

Information on risks hedged and on hedging policies is disclosed in Note 7.1 “Market risk”.

15.3 Current income tax liabilities

Current income tax liabilities totalled €29,085 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 17.4 “Transactions with related parties - Tax consolidation”.

Income taxes are reported in Note 16.10 “Income tax”.

16

Income
statement

16.1 Revenue from sales and services

The main items are analysed below:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
TV licence fees	1,726,085	1,798,788
Advertising	501,189	540,213
Other revenue	111,090	118,740
Total revenue from sales and services	2,338,364	2,457,741

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

Licence fees, amounting to €1,726,085 thousand (€1,798,788 thousand in 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Licence fees for the year – household licences	1,636,728	1,633,777
Licence fees for the year – special licences	61,010	85,116
Licence fees collected by enforcement order	15,447	68,522
Contingencies on ordinary licence fees	13,223	11,373
Licence fee refunds	(323)	-
Total TV licence fees	1,726,085	1,798,788

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the collection method in place were used, considering Law 190 of 23 December 2014 (art. 1, paragraph 293). This established a reduction of 5 percent, from 2015, of sums to be paid to Rai to cover the cost of the Public Service being supplied.

The current 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 Consolidated Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The aforementioned 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 government budget forecasts (the additional revenue) are to be transferred to Rai as follows: 67% for the year 2016, and 50% for the years 2017 and 2018.

Law no. 145 of 30 December 2018 confirmed €90 as the final amount due as the Rai TV licence fee for private use and allocated 50% of the extra revenue to Rai.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees, levied under an enforcement order addressed to households with overdue payments; these include the adjustment in 2019 for higher amounts collected by the State through roles in the years between 2004 and 2015 of €41,344 thousand;

- previous year licences – households are related to 2019 licence fees that became known in financial year 2020 in so far as they were paid to the State during the year.

The separate annual accounts, designed to ensure proportionality between the costs incurred by Rai for the performance of the Public Service activities entrusted to it and the resources from licence fees and certified by an auditor chosen on the basis of a public procedure supervised by the Regulatory Authority, show a lack of public funding for the period 2005-2019 amounting to approximately €2.5 billion.

Advertising

Advertising revenues, for €501,189 thousand (€540,213 thousand in 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Television advertising on general-interest channels:		
– commercial	278,919	306,701
– promotions, sponsorships and special initiatives	135,904	138,279
– product placement and branded content	5,514	5,937
Television advertising on specialist channels	50,279	54,873
Radio advertising	20,883	26,738
Web advertising	10,963	8,892
Other advertising	63	161
Share due to third parties	(1,601)	(1,974)
Contingencies	265	606
Total advertising	501,189	540,213

Other revenue

Other revenue from sales and services, for €111,090 thousand (€118,740 thousand in 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Grant for the development of digital programming under article 1 (para. 101) of Law 145/18	38,462	38,462
Special services under agreement	38,202	37,883
Sale of rights	10,016	12,098
Distribution and sale of channels	10,731	11,111
Transfer of patent rights of use	884	8,376
Sundry services, mainly for institutional purposes	5,997	6,868
Production and facility services	65	536
Home video distribution	150	229
Agreements with telephone service providers	105	69
Other	1,008	1,246
Share due to third parties	(337)	(496)
Contingencies	5,807	2,358
Total other revenue	111,090	118,740

16.2 Other revenue and income

Other revenue and income, for €23,243 thousand (€25,637 thousand in 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Other income from investees	17,378	18,367
Income from operating subleasing from Group companies	1,781	1,768
Operating grants	1,182	1,077
Cost recoveries and expense refunds	559	695
Compensation for damages	271	561
Income from real estate investments	235	239
Other	1,761	2,655
Contingencies	76	275
Total other revenue and income	23,243	25,637

The breakdown of other income from investees by counterparty is shown in the table below. As reported in Note 17.4 "Transactions with related parties", such income is connected with agreements for the provisions of services by Rai.

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Rai Cinema SpA	3,322	3,598
Rai Com SpA	2,394	2,651
Rai Pubblicità SpA	1,979	1,959
Rai Way SpA	9,676	10,152
Tavolo Editori Radio Srl	7	7
Total other income from investees	17,378	18,367

16.3 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 €1,229,341 thousand (€1,352,794 thousand in 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Purchases of consumables	10,841	11,014
Costs for services	1,171,520	1,294,750
Other costs	46,980	47,030
Total costs for the purchase of consumables, services and other costs	1,229,341	1,352,794

Purchases of consumables totalled €10,841 thousand (€11,014 thousand in 2019). The breakdown is shown in the table below:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Sundry production materials	3,058	4,006
Purchase of fuel and oil	1,467	2,238
Sundry non-production materials	3,545	2,043
Technical inventories	351	420
Changes in inventory	(9)	27
Other materials	2,443	2,358
Contingencies	(14)	(78)
Purchases of consumables	10,841	11,014

The breakdown of costs for services is shown in the table below. The item totalled €1,171,520 thousand (€1,294,750 thousand in 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 €909 thousand, and to Statutory Auditors, for a total of €153 thousand.

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Purchase of showings	273,414	271,611
Signal broadcast and transmission – Rai Way	211,577	210,699
Programme production services	177,830	197,606
Recording rights	112,720	159,241
Freelance services	112,216	133,612
Rights of use	101,685	108,180
IT system documentation and assistance services	53,185	52,163
Rentals, leases and service component of lease contracts	20,601	25,683
Maintenance, repairs, transport and similar	32,553	36,179
Daily allowances, travel expenses and accessory costs for personnel	17,407	34,923
Other outsourced services	77,176	83,315
Recovery of expenses	2,187	(3,074)
Contingencies	16,657	(15,388)
Costs for services	1,171,520	1,294,750

In accordance with Article 2427, no. 16-*bis*, of the Civil Code, please note that fees accruing to the period ended 31 December 2020 for services provided by the Independent Auditor 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 €168 thousand, €24 thousand and €18 thousand, respectively.

Other costs amounted to €46,980 thousand (€47,030 thousand in 2019) and break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
User rights to digital television frequencies and other fees and contributions	10,853	10,854
Other indirect taxes and other duties	8,507	8,126
IMU/TASI	8,356	8,701
Contributions to control authorities	4,738	4,842
Prizes and winnings	4,310	6,591
Membership fees	3,351	3,545
Newspapers, magazines, books and publications	1,673	1,846
Losses on disposals	37	214
Others	6,465	2,016
Contingencies	(1,310)	295
Other costs	46,980	47,030

16.4 HR expenses

HR expenses, which amounted to €917,169 thousand (€938,992 thousand in 2019), break down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Wages, salaries and social security costs	859,987	881,359
Employee severance pay	40,173	40,282
Pensions and similar obligations	12,153	12,234
Others	8,488	9,768
HR expenses	920,801	943,643
Costs for redundancy incentives	16,064	13,394
Recovery of expenses	(5,612)	(5,350)
Capitalised HR expenses	(12,826)	(13,326)
Other HR expenses	(2,374)	(5,282)
Contingencies and releases of provisions	(1,258)	631
Total HR expenses	917,169	938,992

The item includes €41,214 thousand of charges for defined contribution plans and €177 thousand of income from defined benefit plans, net of past benefits, as reported in Note 14.3 "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 Agreement 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 1/1/2019-31/12/2023 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:

	Year ended 31 December 2020			Year ended 31 December 2019		
	Permanent employees (average no.) (1)	Temporary employees (average no.)	Total	Permanent employees (average no.) (1)	Temporary employees (average no.)	Total
Senior managers (2)	254	-	254	272	-	272
Middle managers	1,326	-	1,326	1,188	-	1,188
Journalists(3)	1,848	52	1,900	1,780	83	1,863
Office staff (4)	6,940	40	6,980	7,006	140	7,146
Workers	861	3	864	884	10	894
Orchestra players	115	1	116	108	5	113
Total	11,344	96	11,440	11,238	238	11,476

(1) Of which apprentices

394

345

(2) Of which senior staff with temporary contracts

4

4

(3) Including executive staff

(4) Administrative, technical, editorial and production personnel; this category includes outpatient 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.

16.5 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 €5,481 thousand (€806 thousand in 2019) refers to the provisions detailed below, already illustrated in Note 12.2 "Trade receivables", to which reference should be made.

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Trade receivables	5,380	111
Receivables from the subsidiary Rai Com SpA	101	695
Total impairment of financial assets	5,481	806

16.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs totalled €302,998 thousand (€300,303 thousand in 2019). The figure breaks down as follow:

(€/’000)	Year ended 31 December 2020	Year ended 31 December 2019
Amortisation and depreciation		
Property, plant and equipment		
Buildings	12,484	12,264
Plant and machinery	49,193	48,934
Industrial and commercial equipment	2,189	1,844
Other assets	6,616	5,961
Total depreciation of property, plant and equipment	70,482	69,003
Lease rights of use		
Buildings	13,461	13,536
Other assets	2,779	2,890
Total amortisation and depreciation of lease rights of use	16,240	16,426
Intangible assets		
Programmes	148,849	157,018
Software	9,314	7,431
Trademarks	1	5
Other rights	-	25
Total amortisation of intangible assets	158,164	164,479
Total amortisation and depreciation	244,886	249,908
Other write-downs		
Programmes under amortisation	50,486	43,454
Programmes in progress	1,797	5,324
Other intangible assets	-	550
Equity investments recognised at cost	(355)	345
Other non-current receivables and assets	4,518	668
Current income tax receivables	366	-
Other current receivables and assets	1,300	54
Total other write-downs	58,112	50,395
Total depreciation, amortisation and other write-downs	302,998	300,303

16.7 Provisions

The item, recognising provisions for risks and charges and any risks not classifiable under specific income statement items, shows net provisions for €8,307 thousand (€3,494 thousand in 2019), caused by provisions for €9,100 thousand, offset by releases for €793 thousand.

16.8 Financial income and expenses

Net financial income, which amounted to €58,857 thousand (€45,453 thousand in 2019), breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Financial income		
Dividends	70,404	58,240
Interest income from subsidiaries	4,230	3,497
Foreign exchange gains realised	550	163
Gains from currency valuation	201	73
Interest income from joint ventures – San Marino RTV	17	10
Interest income from banks	16	98
Interest on securities	3	3
Gains on equity investments	-	2
Others	33	333
Total financial income	75,454	62,419
Financial expense		
Interest expense on bonds	(10,003)	(6,725)
Interest on employee benefit liabilities	(2,397)	(3,732)
Interest expense on lease contracts	(787)	(763)
Interest expense due to banks	(707)	(596)
Foreign exchange losses realised	(255)	(186)
Foreign exchange losses	(175)	(112)
Interest expense due to subsidiaries	(4)	(53)
Charges on derivatives - interest rates	-	(2,631)
Others	(2,269)	(2,168)
Total financial expense	(16,597)	(16,966)
Net financial income (expense)	58,857	45,453

Breakdown of dividends:

(€/000)	Year ended 31 December 2020	Year ended 31 December 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

16.9 Earnings from investments recognised at equity

Earnings from equity investments recognised at equity amounted to a positive €1,049 thousand (€285 thousand in 2019). The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Auditel Srl	212	171
Euronews SA	(440)	(499)
Player Editori Radio Srl	13	4
San Marino RTV SpA	(342)	(223)
Tavolo Editori Radio Srl	28	37
Tivù Srl	1,578	795
Total effect of recognition under the equity method	1,049	285

The breakdown of the change in equity investments recognised under the equity method is reported in Note 11.4 "Equity investments".

16.10 Income tax

Income taxes payable totalled a positive €21,079 thousand (€32,245 thousand in 2019) due to the effect of deferred tax assets and liabilities. The figure breaks down as follows:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
IRES	-	-
IRAP	-	-
Total current taxes	-	-
Deferred tax liabilities	1,890	1,961
Deferred tax assets	19,429	30,284
Total deferred taxes	21,319	32,245
Direct taxes from previous years	(240)	-
Total income taxes	21,079	32,245

The difference between the theoretical tax rate and the effective tax rate is shown below:

(€/000)	Year ended 31 December 2020	Year ended 31 December 2019
Loss before tax	(41,783)	(67,273)
IRES tax rate	24.00%	24.00%
Theoretical tax gain	10,028	16,146
Tax differences	11,051	16,099
IRAP	-	-
Total income taxes	21,079	32,245

The item tax differences shows the difference between the IRES tax expense booked and the theoretical expense resulting from the application of the current IRES tax rate (24%) to earnings before tax.

That difference is the result of the application of the corporate income tax rules contained in the Italian Income Tax Code, which produces differences in declared profits of both a permanent nature (such as: IMU property tax, vehicle costs and participation exemptions on dividends carried in the income statement) and of temporary nature (such as: depreciation and amortisation charges, write-downs of intangible assets, employee benefits, allocations and drawdowns/releases of provisions).

17.1 Guarantees

Other guarantees given, which amounted to €20,502 thousand (€37,658 thousand as at 31 December 2019), break down as follows:

(€/000)	Year ended 31 December 2020		
	Personal guarantees Sureties	Collateral	Total
Subsidiaries	18,268	-	18,268
Others	-	2,234	2,234
Total	18,268	2,234	20,502

(€/000)	Year ended 31 December 2019		
	Personal guarantees Sureties	Collateral	Total
Subsidiaries	32,842	-	32,842
Joint ventures and associates	2,582	-	2,582
Others	-	2,234	2,234
Total	35,424	2,234	37,658

Guarantees given included the assumption of payment obligations to the Tax Authorities, as security for the early repayment of the VAT surplus of €17,157 thousand (€31,563 thousand as at 31 December 2019) in favour of subsidiaries.

The Company has also recognised €296,846 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 the 2020 European football Championships and for the qualifications to the 2022 Football World Cup.

17.2 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)	Year ended 31 December 2020	Year ended 31 December 2019
Sports broadcasting rights	122.3	254.4
Investments in drama and cartoons	127.6	108.5
Rights and services for the production of programmes	34.8	42.7
Technical investments	56.9	27.8
Total commitments	341.6	433.4

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17.3 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 related to defamation and infringement of personality rights and violation of copyright law. As part of administrative proceedings, damages are usually claimed in procurement disputes where, however, the claim for damages in kind is only made in the alternative, the main claim being for the annulment of the tender documents and in some cases the taking over of the contract.

In relation to labour law and social security matters, the Company is a party to a certain 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.

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;
- and the amount of the liability can be reasonably estimated, considering the petition made by the applicant,

then a relative liability is recognised through the allocation of provisions for legal disputes.

Note 14.4 “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.

17.4 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 “*Disclosures on transactions with related parties*” for the years ended 31 December 2020 and 31 December 2019.

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 11.4 “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 16.3 “Costs for the purchase of consumables, costs for services and other costs”.

The following table details the balance sheet totals as at 31 December 2020 and as at 31 December 2019 of the transactions between the Company and related parties in the years ended 31 December 2020 and 31 December 2019:

(€/’000)	Subsidiaries	Senior Management	Other related parties	Total
Lease rights of use				
As at 31 December 2020	444	-	-	444
As at 31 December 2019	103	-	-	103
Non-current financial assets				
As at 31 December 2020	56	-	-	56
As at 31 December 2019	-	-	-	-
Current financial assets				
As at 31 December 2020	130,460	-	801	131,261
As at 31 December 2019	157,785	-	183	157,968
Trade receivables				
As at 31 December 2020	271,856	-	209	272,065
As at 31 December 2019	278,179	-	164	278,343
Other current receivables and assets				
As at 31 December 2020	38,461	-	-	38,461
As at 31 December 2019	36,530	-	-	36,530
Non-current lease liabilities				
As at 31 December 2020	(387)	-	-	(387)
As at 31 December 2019	(74)	-	-	(74)
Employee benefits				
As at 31 December 2020	-	(4,354)	(13,728)	(18,082)
As at 31 December 2019	-	(4,118)	(13,699)	(17,817)
Current financial liabilities				
As at 31 December 2020	(144,599)	-	-	(144,599)
As at 31 December 2019	(139,642)	-	-	(139,642)
Current lease liabilities				
As at 31 December 2020	(71)	-	-	(71)
As at 31 December 2019	(32)	-	-	(32)
Trade payables				
As at 31 December 2020	(83,186)	-	(756)	(83,942)
As at 31 December 2019	(87,735)	-	(1,460)	(89,195)
Other current payables and liabilities				
As at 31 December 2020	(8,700)	(6,630)	(15,407)	(30,737)
As at 31 December 2019	(6,815)	(7,872)	(15,128)	(29,815)

The following table details the income effects of transactions between the Company and related parties conducted in the years ended 31 December 2020 and 31 December 2019:

(€/’000)	Subsidiaries	Senior Management	Other related parties	Total
Revenue from sales and services				
As at 31 December 2020	562,340	-	622	562,962
As at 31 December 2019	614,474	-	592	615,066
Other revenue and income				
As at 31 December 2020	20,079	-	26	20,105
As at 31 December 2019	21,862	-	29	21,891
Costs for services				
As at 31 December 2020	(494,668)	(1,085)	(11,395)	(507,148)
As at 31 December 2019	(493,635)	(1,231)	(11,204)	(506,070)
Other costs				
As at 31 December 2020	(332)	-	-	(332)
As at 31 December 2019	(408)	-	-	(408)
HR expenses				
As at 31 December 2020	4,659	(17,900)	(11,786)	(25,027)
As at 31 December 2019	4,068	(16,841)	(10,991)	(23,764)
Impairment of financial assets				
As at 31 December 2020	(101)	-	-	(101)
As at 31 December 2019	(695)	-	-	(695)
Depreciation, amortisation and other write-downs				
As at 31 December 2020	(49)	-	-	(49)
As at 31 December 2019	(32)	-	-	(32)
Financial income				
As at 31 December 2020	74,634	-	17	74,651
As at 31 December 2019	61,738	-	10	61,748
Financial expense				
As at 31 December 2020	(8)	-	(29)	(37)
As at 31 December 2019	(55)	-	(31)	(86)

Reported below is a description of the main agreements in place between Rai and the subsidiaries, associates and joint ventures identified above.

Agreements for the provisions of services to Rai

Rai Pubblicità

Rai has an advertising concession agreement in place with Rai Pubblicità, under which the latter has an exclusive concession for the sale of advertising space on radio and general-interest television channels, on free-to-air specialist digital and satellite channels, on the teletext service, on the Rai domain and on other minor media.

Rai Com

Rai has granted a mandate without power of representation to Rai Com for:

- the sale of user licenses for television, radio and cinema use, for audiovisual use (meaning for example licences for use on home video and commercial video), and for multimedia use, including interactive multimedia, and derivative rights;
- the management of negotiations for framework agreements and/or conventions with central and local, national and international, public and private bodies and institutions;
- the acquisition and/or production of musical and theatre pieces, including: classical music, prose works and music editions;
- the management of ticketing services and the implementation and/or management of interactive telephone initiatives and/or other interactive initiatives;
- the ideation, development, outlining, stipulation and/or management of projects enabling Rai to participate in Italian and European calls for tenders to receive funding grants or facilitated loans;
- the negotiation, outlining, formalisation and/or management of sports library contracts, including therein the implementation and/or management of all commercial initiatives contemplated by such contracts;
- the provision of technical facilities and the execution of commercial agreements designed to raise the value of non-production premises available to Rai (Palazzo Labia);
- the negotiation, outlining, formalisation and/or management of other partnership agreements with third-party enterprises of a commercial nature and for commercial purposes; and
- operations for the international sale of Rai channels.

Rai Cinema

A specific agreement is in place with Rai Cinema under which the latter has committed to providing Rai with exclusive access to a catalogue of free-to-air showings of audiovisual works acquired in any way by Rai Cinema, whereas Rai has the obligation to purchase exclusively from Rai Cinema the broadcasting rights to showings of free-to-air audiovisual works.

Rai Way

A Service Agreement is in place between Rai Way and Rai, under which Rai has outsourced to Rai Way, on an exclusive basis, a series of services that enable Rai to:

- control transmission and broadcasting, in Italy and around the world, over the MUX assigned to it under applicable law; and
- control the fulfilment of its Public Service obligations.

The service agreement also envisages, and governs, the possibility for the parties to negotiate in the future, in the event of new needs for Rai, the provisions of additional services, including services for the development of new electronic communications and telecommunications networks, as well as new broadcasting standards and technologies.

Agreements of a financial nature

With the exception of Rai Way, which following its public listing became fully independent financially, a centralised treasury management agreement is in place between Rai and its subsidiaries, involving a bank cash-pooling programme aimed at ensuring coverage of cash needs and the optimisation of cash flow.

In order to hedge the currency risk to which the subsidiary Rai Cinema is exposed, the latter has granted a mandate to Rai to trade foreign currency and financial instruments on its account, in accordance with the operational methods set out in Group policies.

With reference to Rai Way, other agreements in place consist of:

- an intercompany current account agreement, the purpose of which is to provide Rai with the funding needed to settle reciprocal credit and debit positions connected with certain residual payment services envisaged under the service agreement through which Rai has outsourced services to Rai Way;
- a mandate agreement authorising Rai to perform payments and collections connected with the settlement of intercompany accounts payable and receivable, primarily in the context of the netting, through Rai, of credit and debit positions between Group companies, excluding therefrom payments for services provided under the service agreement in place and hedging transactions.

Agreements for the provisions of services by Rai

Rai provides a series of services to select subsidiaries under specific service agreements concerning, in particular, administrative services, real estate services, IT services, testing services and dubbing services.

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 a credit from the participating companies totalling €29,261 thousand as at 31 December 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. Statutory and financial relationships under the procedure are governed by a specific agreement between the parties.

Other related parties

Dealings with other related parties are mainly of a commercial and financial nature. The most significant include the following agreements:

Auditel

Auditel Srl provides television audience share measurement and data publication services, including also digital devices.

Player Editori Radio

An agreement is in place providing for the granting of a license to Rai to use a unified platform, developed and made available by Player Editori Radio, which allows aggregating radio content using an IP protocol for subsequent provisions to shareholders and third parties.

San Marino RTV

An intercompany current account agreement is in place with the Company, under which debits and credits resulting from economic and financial transactions between the parties are transferred to an intercompany current account. Rai has also established a credit facility for €1,400 thousand that the company can use for overdrafts from ordinary management. The credit facility is 50% counter-guaranteed by ERAS (the San Marino radio broadcasting body).

In addition, under a radio and television broadcasting agreement between the government of San Marino and the Italian government/Prime Minister's Office, a fixed annual contribution is made to San Marino RTV through Rai Com.

Tavolo Editori Radio

Tavolo Editori Radio Srl provides radio audience share measurement and data publication services.

Tivù

Service agreements are in place, under which:

- Rai: provides electronic program guide (EPG) processing and management services and editorial and advisory services, as well as satellite transmission capacity to enable the offer of EPG services;
- through Tivù: provides an EPG service for the digital terrestrial and satellite platforms and an encryption service.

Special licence fee

At its meeting of 16 February 2021, the Company's Board of Directors approved the postponement, without additional charges or surcharges, of the deadline for renewing the special radio and television licence fee for the year 2021, from 31 January to 31 March 2021, primarily in consideration of the economic repercussions of the current epidemic on the category of special subscribers (especially accommodation facilities and public establishments), which was then further postponed to 31 May 2021 at the meeting of 25 March 2021.

Article 6, paragraph 5 and 6, of Decree-Law No. 41 of 22 March 2021, among the urgent measures in support of businesses and economic operators, labour, health and territorial services, related to the Covid-19 emergency, established that:

- (Paragraph 5) for the year 2021, for accommodation facilities as well as for the supply and consumption of beverages in public establishments or premises open to the public, the radio broadcasting licence fee referred to in Royal Decree-Law No 246 of 21 February 1938, enacted by Law No 880 of 4 June 1938, is reduced by 30 percent;
- (paragraph 6) in relation to the provisions of paragraph 5, for the same year, special account no. 1778 in the name of: "Agenzia delle Entrate - Fondi di bilancio" has been assigned the amount of €25 million to grant a tax credit equal to 30 percent of the possible payment of the licence fee referred to in paragraph 5 prior to the entry into force of the present decree, or to provide for the transfer to Rai of the amounts corresponding to the lower revenue deriving from the present article requested by the aforementioned company.

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Subsequent
events

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Appendix

19.1 Equity investments held by Rai in subsidiaries, joint ventures and associates

The following table sums up information on Companies Rai has investments in.

(Values as at 31 December 2020)	Registered office	No. shares/ units held	Nominal value (Euro)	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	281,872	19,364	100.00%	267,848
Rai Com SpA	Rome	2,000,000	5.16	10,320	109,654	3,444	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	(4,017) (3)	(14) (4)	100.00%	- (5)
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	33,490	3,891	100.00%	31,082
Rai Way SpA	Rome	176,721,110	- (6)	70,176	164,811	64,008	64.971%	506,260
								912,346
Joint ventures and associates								
Audiradio Srl in liquidation	Milan	69,660	1.00	258	(33) (7)	- (7)	27.00%	- (7) (8)
Auditel Srl	Milan	99,000	1.00	300	3,360	643	33.00%	1,109
Euronews SA	Lyon (F)	55,271	15.00	32,860	(13,677)	(17,618)	2.52%	- (9)
Player Editori Radio Srl	Milan	1,390	1.00	10	130	97	13.90%	18
San Marino RTV SpA	San Marino (RSM)	500	516.46	516	2,992	(684)	50.00%	1,496
Tavolo Editori Radio Srl	Milan	1	1,580.00	160	636	203	13.90%	88
Tivù Srl	Rome	1	482,500.00	1,002	5,807	3,276	48.16%	2,797
								5,508

(1) Values in USD

(2) Values in USD/’000

(3) USD -4,929,858 at the exchange rate of 31 December 2020 of EUR/USD 1.2271.

(4) USD -17,308 at the exchange rate of 31 December 2020 of EUR/USD 1.2271.

(5) The balance sheet deficit of €4,017 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) Rai’s balance sheet deficit of €9 thousand is covered by provisions for charges of an equal amount.

(9) Rai’s balance sheet deficit of €345 thousand is covered by provisions for charges of an equal amount.

19.2 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)	Year ended 31 December 2020	Year ended 31 December 2019
A. Cash	232	295
B. Other cash equivalents	11,158	163,969
C. Securities held for trading	-	-
D. Liquidity (A + B + C)	11,390	164,264
E. Current financial receivables	138,279	163,432
F. Current bank debt	(227,096)	-
G. Current portion of long-term loans [*]	(5,006)	(359,620)
H. Other current financial debt	(160,758)	(160,783)
I. Current financial debt (F+G+H)	(392,860)	(520,403)
J. Net current financial position (I+E+D)	(243,191)	(192,707)
K. Non-current bank debt	(13)	(5,000)
L. Bonds issued	(299,110)	(298,890)
M. Other non-current financial debts	(40,014)	(40,257)
N. Non-current financial debt (K+L+M)	(339,193)	(344,147)
O. Net financial position (J+N)	(582,384)	(536,854)
Of which operating lease liabilities	(55,959)	(55,690)
Net financial position excluding operating lease liabilities	(526,425)	(481,164)

(*) At 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.

19.3 Law 124 of 4 August 2017 transparency in the public contributions system

Related to the information obligations introduced by article 1 of Law 124 of 4 August 2017, considering the novelties introduced by article 35 of Decree Law no. 34/2019 (so-called “Growth Decree”), please note the following.

Grants received (art. 1, paragraph 125)

The following table shows sums collected during 2020 which come under the scope of IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”, which are not attributable either directly or indirectly to public entities of foreign states, in the case where the total amount collected by the entity is equal to or higher than €10 thousand.

Entity	Grant received in 2020	Amount (€/’000)
Ministry of Economic Development	Economic compensation measures for the release of radio links in the 3.6-3.8 GHz bands. - MISE-MEF Interministerial Decree of 4 September 2019	2,514

Contributions made (art. 1, paragraph 126)

The following table includes sums paid in 2020 con for donation purposes, for the cases with a value per entity contributed that is higher or equal to €10 thousand, showing the beneficiary entity.

Entity	Grant paid in 2020	Amount (€/'000)
Fondazione Caritas Roma	Prize money donated to charity	620
Save the Children	Prize money donated to charity	245
Office of the President of the Council of Ministers - Civil Protection Department	Prize money donated to charity	198
Onlus Terre des Hommes	Prize money donated to charity	57
Telethon Foundation	Prize money donated to charity	50
Fondazione Laureus Sport for Good Italia	Prize money donated to charity	49
Fondazione Banco Alimentare	Prize money donated to charity	45
Fondazione Oltre il labirinto	Prize money donated to charity	45
Fondazione Progetto Arca onlus	Prize money donated to charity	43
Sant'Egidio Community Agap onlus	Prize money donated to charity	32
AIRC Foundation for Cancer Research	Prize money donated to charity	23
Association "Associazione amici di Roberto Morrione"	Roberto Morrione Award	20
Centro Economia Digitale (CED)	Support for the "White Paper on the Digital Economy" research project	15
Guglielmo Marconi Foundation	Sostegno al Museo Guglielmo Marconi (Guglielmo Marconi Foundation to support the Guglielmo Marconi Museum)	10
OVCi La Nostra Famiglia onlus	Prize money donated to charity	10

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Resolution proposal

The Board of Directors proposes:

- to approve the draft Separate Financial Statements of Rai SpA, prepared in accordance with international accounting standards and consisting of the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and the notes to the financial statements, which show a loss for the year of €20,704,126.42, together with the Report on Operations;
- to cover the loss for the year of €20,704,126.42 through the use of the reserve for first-time adoption of IFRS - free.

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 Financial Statements as at 31 December 2020 during the 2020 financial year.

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 Financial Statements as at 31 December 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, 29 April 2021

Fabrizio Salini
Chief Executive Officer

Massimo Cappelli
Manager in charge of drawing up
the corporate accounting documents

Board of Statutory Auditors' Report

Board of Statutory Auditors' Report on the Financial Statement as at 31 December 2020 of RAI Radiotelevisione Italiana S.p.A. pursuant to Article 2429, second paragraph, of the Italian Civil Code

To the Shareholders' Meeting of RAI Radiotelevisione Italiana S.p.A.

Financial statements of Rai SpA as at 31 December 2020

Dear Shareholders,

Together with the other corporate bodies of the Parent Company, the Board of Statutory Auditors is responsible for systematically checking correct application of corporate governance principles and for monitoring compliance with the law and the Articles of Association. It also supervises compliance with principles of sound management, especially the adequacy of the organisational, administrative and accounting structure adopted by RAI S.p.A. and its functioning.

As RAI S.p.A. is a designated Public Interest Entity (PIE), the Board of Statutory Auditors of the Parent Company also functions as the "Internal Control and Audit Committee" pursuant to art. 19 of Italian Legislative Decree No. 39/2010. This means it has supervisory obligations on financial reporting, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the accounts and, finally, the independence of the external auditor, especially with regard to the type of services – other than the audit – that may be provided to the audited entity.

The draft financial statements for the year ended 31 December 2020 of RAI S.p.A., which are submitted for your consideration, were approved by the Board of Directors at its meeting on 29 April 2021.

During financial year 2020, the Board of Statutory Auditors carried out its supervisory activities in accordance with the duties assigned to it by law, taking into account the rules of conduct recommended by Italy's Association of Chartered Accountants, the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

Regarding the activities carried out, we report as follows.

Sufficient information was obtained on the general trend of operations and their foreseeable evolution, as well as on transactions that were material, in terms of scale or characteristics, undertaken by the Company.

The transactions undertaken conform to law and the articles of association and do not potentially contrast with decisions taken by the shareholders' meeting or as such as to affect the integrity of company assets.

No specific remarks are made on the adequacy of the Company's organisational structure, nor the adequacy of the administrative and accounting system, nor the reliability of the latter in correctly representing operating events.

The Board of Statutory Auditors did not find any atypical and/or unusual transactions carried out with third parties and/or related parties during the 2020 financial year or after the year-end. Ordinary transactions, at market conditions, carried out with Group companies and related parties are consistent and in the Company's interest.

On 24 May 2021, the company appointed to carry out the independent audit, PricewaterhouseCoopers S.p.A., issued the report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010 and Article

10 of Regulation (EU) No. 537 of 16 April 2014 on the financial statements of RAI S.p.A. as at 31 December 2020. The report contained a positive and unreserved opinion on compliance with the IFRSs adopted by the European Union and on the ability of the financial statements to present the Company's financial position, results of operations and cash flows clearly and fairly. The independent auditor's report also certifies that the Report on Operations and the information on corporate governance and ownership structure are consistent with the Financial Statements of RAI S.p.A. as at 31 December 2020.

On 24 May 2021, the independent auditor also issued its report on the consolidated financial statements of the RAI Group as at 31 December 2020, which contained no observations or requests for information.

Regarding the supervision of the independence of the independent auditor, the Board of Statutory Auditors – in its capacity as the Internal Control and Audit Committee – notes that in the Additional Report issued pursuant to Article 11 of Regulation (EU) No. 537/2014, PRICEWATERHOUSECOOPERS S.p.A. has confirmed its independence pursuant to Article 6(2)(a) of Regulation (EU) No. 537/2014. Based on the documentation and information received, the Board does not believe that there are any issues to highlight concerning the independence of PRICEWATERHOUSECOOPERS S.p.A.

During financial year 2020 and after its end, no complaints were submitted to the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code.

No action was required for omissions of the management body pursuant to article 2406 of the Italian Civil Code.

No complaints pursuant to article 2409, paragraph 7 of the Italian Civil Code were made.

The Board of Statutory Auditors met 17 times in FY 2020. The minutes of these meetings are recorded in the appropriate register.

The Board of Statutory Auditors also attended 22 meetings of the Board of Directors.

These meetings were held in compliance with the laws, articles of association and regulations governing their functioning. During the board meetings, the periodic reporting obligations to the Board of Directors and the Board of Statutory Auditors provided for in article 2381 of the Italian Civil Code were met.

The Board of Statutory Auditors has reviewed and monitored the adequacy of the Company's internal control system. Furthermore, in its capacity as Internal Control and Audit Committee, it has reviewed and monitored the effectiveness of the internal control and risk management and internal auditing system as regards financial reporting. The Board of Statutory Auditors has also monitored the statutory audit of the financial statements and verified and monitored the independence of the independent auditors in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree No. 39/2010 and Article 6 of European Regulation No. 537/2014, particularly with regard to the adequacy of the provision of non-audit services.

Supervisory activities were also conducted by means of: (i) information received during periodic meetings with the Internal Audit Department; (ii) examination of company documents and the results of the work carried out by the Company appointed to perform the statutory audit; (iii) the information provided by the Supervisory Body established pursuant to Legislative Decree No. 231 of 2001; (iv) active participation in meetings of the Boards of Directors.

Lastly, during 2020, the Company took the following actions regarding governance tools and risk monitoring and management:

- Update of the Code of Ethics with reference to the use of so-called "digital media" (14 January 2020);
- Update and adoption of the Three-Year Corruption Prevention Plan 2020/2022 (30 January 2020);
- Update of the Organisation, Management and Control Model (MOGC) pursuant to Legislative Decree 231/01 (29 July 2020).

In addition, Integrated Risk Assessment project continued, with the aim of achieving an overview of corporate risks (compliance and operational), increasing the effectiveness and efficiency of processes and even more adequately combating the phenomena of corruption and illegality, as well as all other possible offences falling within the scope of Legislative Decree 231/2001. The project has necessarily taken into account the

organisational evolutions underway and the timeframes and methods for implementing the Business Plan, which reflect on both the analyses and the changes in corporate processes and therefore on the identification of sensitive areas and related risks, with the consequent impact and probability assessments. The sensitive areas include environmental, social and governance (ESG) risk. In addition, an analysis of the new tax offences introduced into Legislative Decree 231/2001 by Law 157/2019 and Legislative Decree 75/2020 has been planned. In accordance with Legislative Decree No. 254 of 30 December 2016, information on sustainability at the RAI Group is reported in a separate document (Sustainability Report/DNF) subject to specific approval.

To the extent of its remit, the Board of Statutory Auditors also reviewed and monitored the adequacy of the Company's organisational structure and its functioning, both by obtaining information from the heads of the relevant company departments and through meetings and exchanges of information with the independent auditor. Meetings were also held with the Boards of Statutory Auditors of the subsidiaries; no significant issues emerged that require mention in this report.

During 2020, various organisational changes were made to the structure, as a result of which the publishing/production sector reports to the CEO and the Staff functions have been consolidated and de facto report to the Corporate General Manager. The amendments were carried out to apply the 2019 Business Plan: setting up of the Gender Departments, rationalisation of the Distribution Department, consolidation of the RaiPlay and Digital Department, start of full operation of the Licence Fee and Artistic Heritage Department following the extension of the competences on artistic heritage established at the end of 2019, and merging the social accountability activities under the new Rai for Social Affairs Department. Moreover, in compliance with the Service Agreement, Rai has presented plans to the Italian Ministry of Economic Development for the creation of a new English-language channel and a new channel dedicated to institutional issues. Operational setup of the projects will begin if and when ministerial approval is received.

With particular regard to the organisational and procedural controls in place pursuant to Legislative Decree No. 231 of 2001, the Board of Statutory Auditors reports that it has received adequate information on the activities carried out during financial year 2020 and has no remarks to make in this regard.

The Board has reviewed and monitored the adequacy of the administrative-accounting system and its reliability in correctly representing management events, by means of: (i) the information and documents received during the meetings with the Manager in charge of drawing up the corporate accounting documents and the examination of the certifications issued by said manager jointly with the Chief Executive Officer on 29 April 2021; (ii) obtaining information from the heads of the relevant corporate functions; (iii) examining company documents and the results of the work carried out by the independent auditor.

In light of the supervisory activity carried out, the Board finds, to the extent of its remit, that the administrative and accounting system is substantially adequate and reliable in terms of correctly representing operating events.

During the year, the Board of Statutory Auditors periodically met with the representatives of the independent auditor in order to exchange relevant data and information, including for the purposes of the duty to supervise the statutory audit of the annual and consolidated accounts.

The information received from the Independent Auditors included no facts, circumstances or irregularities that need to be mentioned in this Report.

The supervisory and control activities carried out by the Board of Statutory Auditors did not reveal anything requiring mention in this Report.

The Board of Statutory Auditors has examined the draft financial statements as at 31 December 2020, in respect of which it states as follows:

- a) we have verified that the financial statements correspond to the facts and information that we are aware of as a result of the performance of our duties, and have no remarks to make in this regard;
- b) since the Board of Statutory Auditors is not responsible for detailed checks on the contents of the financial statements, we have checked the layout of the financial statements, their general compliance (in terms of formation and structure) with the law and with the reference accounting standards and, in this regard, we have no remarks to make;
- c) we have also verified compliance with the provisions of law concerning the preparation of the Report on

Operations and the consistency of this document with the information acquired during the course of our supervisory activities. There are no remarks to be made in this regard;

d) to the best of our knowledge, the directors, in preparing the financial statements, did not derogate from the law as described in art. 2423, para. 4, of the Italian Civil Code.

The financial year of RAI S.p.A. as at 31 December 2020 ended with a loss of €20,704,126. For further details, reference should be made to the notes to the financial statements.

* * *

In conclusion, having acknowledged the financial statements as at 31 December 2020 and the information provided by the directors and considering the results of the activities carried out by the independent auditor, the Board of Statutory Auditors – to the extent of its remit – has no objections to the proposed resolution on the draft financial statements as at 31 December 2020 of RAI S.p.A., as presented by the Board of Directors to the Shareholders' Meeting.

Rome, 24 May 2021

The Board of Statutory Auditors

Carmine di Nuzzo	Chairman
Maria Teresa Mazzitelli	Standing auditor
Giovanni Ciuffarella	Standing auditor

Independent Auditor's Report



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
RAI – Radiotelevisione Italiana SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RAI – Radiotelevisione Italiana SpA (“the Company”), which comprise the statement of financial position as of 31 December 2020, the income statement, statement of comprehensive income, statement of cash flows for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of RAI – Radiotelevisione Italiana SpA as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

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Key Audit Matters

Evaluation of the recoverability of investments in programmes

“Valuation criteria” paragraph “Intangible assets” and “Impairment of non-financial assets” and Note 11.3 “Intangible assets” of the separate financial statements as at 31 December 2020

The item “Intangible assets” of the separate financial statements of RAI - Radiotelevisione Italiana SpA as at 31 December 2020 includes programmes totalling Euro 355.8 million (of which Euro 146.7 million as intangible assets under development), which account for 94 per cent of Intangible Assets.

Starting from the moment programmes are declared to be ready for use or from the date of efficacy of related rights, if acquired, they are systematically amortised on a straight-line basis over the assets' maximum useful life of 5 years. Such duration represents the estimate made by the Company's management in order to relate the abovementioned amortisation to revenue from core business.

The recoverability of investments in programmes is verified by the Company's management at least at each year-end.

If events are identified which lead to presume an impairment loss of the investments in programmes, their recoverability is verified by comparing the book value with the corresponding recoverable amount, determined on the basis of assumptions about their future use.

The evaluation of the recoverability of investments in programmes represented a key matter in our audit strategy given the significance of this item in the separate financial statements as at 31 December 2020, its direct correlation with the Company's business, as well

Auditing procedures performed in response to key audit matters

As part of our audit we mainly performed the following procedures aimed at verifying the evaluations made by the Company's management with reference to investments in programmes:

- i) discussions with the management of RAI - Radiotelevisione Italiana SpA regarding their conclusions on the existence of possible impairment losses in the item “programmes”;
- ii) analysis of the assumptions underlying the identification of the impairment losses in programmes and of the reasonability of the related write-downs performed by the Company's management;
- iii) analysis and understanding of the system of internal control over the programme cycle; identification and validation of the operation and efficacy of relevant controls under this process;
- iv) comparative analysis and examination by discussions with the corporate functions about the most significant differences compared with the previous year values and review of documents, on a sample basis, regarding the increases and decreases in the item “programmes”;
- v) review, on a sample basis, of the useful life estimated by the Company's management based on the previous years' evidence and the actual possibility of use and, in the circumstances, the possibility to re-broadcast programmes in the future, as well as checking, on a sample basis, the accurate and consistent



as the degree of complexity characterising the estimates made by Company's management.

determination of the amortisation quotas charged to the income statement;

- vi) verification of the accuracy and completeness of the disclosures provided in the notes to the separate financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the ability of RAI – Radiotelevisione Italiana SpA to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate RAI – Radiotelevisione Italiana SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the financial reporting process of RAI – Radiotelevisione Italiana SpA.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:



- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 10 March 2016, the shareholders of RAI – Radiotelevisione Italiana SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2015 to 31 December 2023.



We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of RAI – Radiotelevisione Italiana SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of RAI – Radiotelevisione Italiana SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of RAI – Radiotelevisione Italiana SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of RAI – Radiotelevisione Italiana SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 24 May 2021

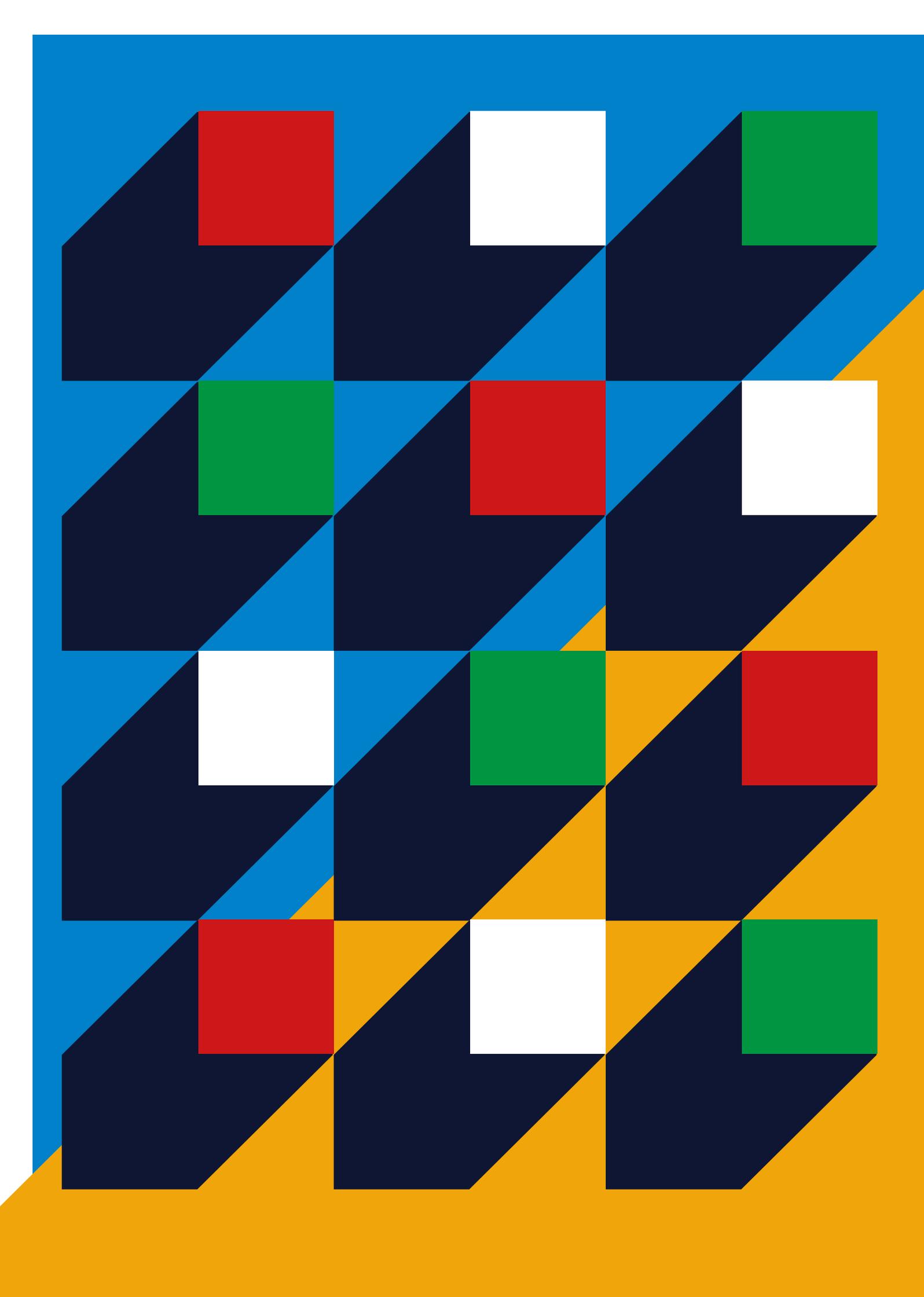
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Signed by

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.



The cover features a dark blue rectangular area in the upper center containing the title text. The background is split diagonally from the bottom-left to the top-right, with a bright blue area on the right and a yellow-orange area on the left.

**Consolidated
Financial
Statements**
as at **31 December 2020**

Analysis of the consolidated results and performance of economic and financial management of the financial year 2020

Reclassified statements

Income statement

(€/million)	FY 2020	FY 2019	Change
Revenue	2,508.7	2,655.5	(146.8)
External costs	(864.8)	(1,004.9)	140.1
HR expenses	(1,014.2)	(1,036.0)	21.8
EBITDA	629.7	614.6	15.1
Depreciation, amortisation and write-downs	(590.0)	(587.1)	(2.9)
Provisions	(8.7)	(6.0)	(2.7)
EBIT	31.0	21.5	9.5
Net financial expenses	(16.6)	(16.6)	0.0
Equity investments measured using the equity method	1.1	0.3	0.8
Pre-tax profit/(loss)	15.5	5.2	10.3
Income tax	(15.5)	(5.2)	(10.3)
Profit/(loss) for the year	0.0	0.0	0.0
of which attributable to minority interests	22.0	22.1	(0.1)
Other comprehensive income	2.2	(20.3)	22.5
Total profit/(loss) for the year	2.2	(20.3)	22.5
of which attributable to minority interests	22.0	22.0	0.0

Capital structure

(€/million)	31 December 2020	31 December 2019	Change
Fixed assets	2,061.5	2,080.4	(18.9)
Net working capital	(467.3)	(507.9)	40.6
Provisions for risks and charges	(217.7)	(197.5)	(20.2)
Employee benefits	(398.4)	(422.0)	23.6
Net invested capital	978.1	953.0	25.1
Equity	371.7	411.7	(40.0)
Net financial debt excluding operating lease liabilities	523.4	469.4	54.0
Operating lease liabilities	83.0	71.9	11.1
Net financial debt	606.4	541.3	65.1
	978.1	953.0	25.1

The year 2020 ended in line with the year 2019 with a balanced net profit.

Some summary information on the main items of the income statement and capital 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 €2,508.7 million, down by €146.8 million (-5.5%).

Revenue

(€/million)	FY 2020	FY 2019	Change
TV licence fees	1,726.1	1,798.8	(72.7)
Advertising	577.9	623.7	(45.8)
Other revenue	204.7	233.0	(28.3)
Total	2,508.7	2,655.5	(146.8)

TV licence fees

TV licence fees amounted to €1,726.1 million, down by €72.7 million (-4.0%) compared to the previous financial year, as seen in the table below.

TV licence fees

(€/million)	FY 2020	FY 2019	Change
Licence fees for the year – household licences	1,624.8	1,624.3	0.5
Ordinary licence fee exemptions	11.9	9.5	2.4
Licence fees for the year – ordinary	1,636.7	1,633.8	2.9
Licence fees for the year – special licences	60.9	84.9	(24.0)
Special licence fee exemptions	0.2	0.2	0.0
Licence fees for the year – special	61.1	85.1	(24.0)
Licence fees collected by enforcement order - ordinary licence fees collected by the Government in the period	12.1	20.3	(8.2)
Adjustment of past ordinary licences collected by enforcement order collected by the Government from 2004 to 2015	0.0	41.3	(41.3)
Licence fees collected by enforcement order – special licences	3.3	6.9	(3.6)
Licence fees collected by enforcement order	15.4	68.5	(53.1)
Contingencies on ordinary licence fees	13.2	11.4	1.8
Licence fee refunds	(0.3)	0.0	(0.3)
Total	1,726.1	1,798.8	(72.7)

The decrease in the item was the result of licence fees collected by enforcement order, mainly due to the recognition in the previous year of a lump sum for the higher amounts collected by the Government through rolls in the years between 2004 and 2015 for €41.3 million, and to special licences, down by €24.0 million.

Advertising

The advertising market in 2020 was heavily impacted by the effects of the economic crisis induced by the Covid-19 epidemic, showing a decrease of 15.3% compared to 2019.

All media recorded negative performances: TV recorded a 9.5% drop in investment and radio a 25.0% drop, while the Internet (Digital) was the medium that declined the least, by 0.8% (2.1% including OTT).

In this context, considerably influenced by the effects of the health emergency, Rai Group's advertising revenues, amounting to €577.9 million, details of which are shown in the table below, fell by €45.8 million compared to 2019 (-7.3%).

Advertising

(€/million)	FY 2020	FY 2019	Change
Television advertising on general-interest channels:			
– commercial	316.4	347.1	(30.7)
– promotions, sponsorships, branded content and other initiatives	160.8	163.2	(2.4)
	477.2	510.3	(33.1)
Television advertising on specialist channels	56.9	62.1	(5.2)
Radio advertising	23.8	30.4	(6.6)
Cinema advertising	1.2	6.1	(4.9)
Web advertising	19.2	16.1	3.1
Other advertising	2.1	1.2	0.9
Share due to third parties	(2.8)	(3.2)	0.4
Contingencies	0.3	0.7	(0.4)
Total	577.9	623.7	(45.8)

Other revenue

This item amounted to €204.7 million, a decrease of €28.3 million (-12.1%) compared to the period under review.

A breakdown of this item is shown in the table below.

Other revenue

(€/million)	FY 2020	FY 2019	Change
Special services under agreement	44.3	43.9	0.4
Fulfilment of service contract obligations and digital programming development - Law 145/2018	38.5	38.5	0.0
Sale of music rights and editions	55.3	61.8	(6.5)
Film and home video distribution	14.4	26.8	(12.4)
Distribution and sale of channels	12.8	13.0	(0.2)
Sale of patents and trademarks	0.8	13.7	(12.9)
Fees for hosting plant and equipment	29.6	29.9	(0.3)
Sundry services, mainly for institutional purposes	7.5	9.5	(2.0)
Signal diffusion services, rental of circuits, radio links and connections	2.9	2.9	0.0
Interactive telephone	0.1	0.1	0.0
Gains	0.0	4.3	(4.3)
Operating grants	5.4	5.9	(0.5)
Other	8.1	10.9	(2.8)
Share of sales due to third parties	(23.3)	(31.3)	8.0
Contingencies	8.3	3.1	5.2
Total	204.7	233.0	(28.3)

The decrease compared to 2019 is largely due to the items:

- marketing of patents and trademarks (-€12.9 million) due to revenues in 2019 from the licensing of patents essential for the DVB-T2 standard owned by Rai, and
- cinema and home video distribution (€-12.4 million) determined by the measures to contain the Covid-19 pandemic, including the closure of cinemas, which effectively stopped all activities related to the sector.

With regard to the trends shown above, other revenue accounted for an increase of 1.1 percentage points compared to 2019, at the expense of advertising (-0.5 p.p.) and other revenue (-0.6 p.p.), as shown in the table below.

Percent of revenue

	FY 2020	FY 2019
TV licence fees	68.8%	67.7%
Advertising	23.0%	23.5%
Other revenue	8.2%	8.8%
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 €1,879.0 million, down by €161.9 million (-7.9%) compared to 2019. The reasons for this are illustrated below.

External costs

These amounted to €864.8 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, detailed in the table below, showed a decrease of €140.1 million (-13.9%) compared to 2019.

This reduction, which reflects the impact on production activities caused by regulatory measures to contain the Covid-19 pandemic, is detailed in the table below.

External costs

(€/million)	FY 2020	FY 2019	Change
Purchases of materials	12.3	13.4	(1.1)
Costs for services			
Freelance services	116.0	138.4	(22.4)
Services for programme acquisition and production	188.2	208.9	(20.7)
Daily allowances, travel expenses and accessory costs for personnel	19.3	38.7	(19.4)
Maintenance, repairs, transport and similar	40.0	44.2	(4.2)
IT system documentation and assistance services	56.8	55.8	1.0
Other outsourced services (telephony, supply services, cleaning, postal, insurance etc.)	132.5	153.7	(21.2)
Leases and rentals	50.2	58.9	(8.7)
Recording rights (mainly Sports broadcasting rights)	114.5	161.4	(46.9)
Rights of use	102.7	108.6	(5.9)
Recovery of expenses	(5.5)	(13.7)	8.2
Contingencies	(14.6)	(15.8)	1.2
	800.1	939.1	(139.0)
Other costs			
Administrative fees and rights for use of frequencies	10.9	10.9	0.0
Prizes and winnings	4.3	6.6	(2.3)
Fee to control authorities	5.4	5.5	(0.1)
TASI/ IMU tax	9.4	9.8	(0.4)
Other indirect taxes and other duties	10.9	9.9	1.0
Newspapers, magazines, books and publications	1.7	1.9	(0.2)
Membership fees	3.7	3.9	(0.2)
Losses on disposals	0.3	0.3	0.0
Others	6.9	3.3	3.6
Contingencies	(1.1)	0.3	(1.4)
	52.4	52.4	0.0
Total	864.8	1,004.9	(140.1)

Among these, of particular relevance was the decrease in recording rights (-€46.9 million compared to 2019) mainly determined by the Champions League, not acquired for the 2019/2020 season (-€23.1 million) and the lower number of friendly matches, qualifying matches for the 2020 European Championships and Nations League played by the Italian National Team as well as the presence in 2019 of the European Under-21 Championships (-€10.9 million).

HR expenses

This item amounted to €1,014.2 million, down by €21.8 million (-2.1%) compared to 2019.

HR expenses

(€/million)	FY 2020	FY 2019	Change
Wages, salaries and social security costs	949.0	972.0	(23.0)
Employee severance pay provisions	44.4	44.6	(0.2)
Pensions and similar obligations	13.7	13.8	(0.1)
Others	9.8	10.9	(1.1)
	1,016.9	1,041.3	(24.4)
Redundancy incentives	18.3	14.1	4.2
Recovery of expenses	(1.1)	(1.3)	0.2
Capitalised HR expenses	(18.0)	(18.1)	0.1
Contingencies	(1.9)	0.0	(1.9)
	(2.7)	(5.3)	2.6
Total	1,014.2	1,036.0	(21.8)

In detail, there was a decrease of €23.0 million (-2.4%) in wages, salaries and social security costs. This decrease is partly due to the effects of measures to combat the pandemic (remote working, revision of production models, etc.) on overtime and bonuses, and partly to the effects of management measures aimed at containing and rationalising labour cost.

The **average number of employees** in service during the period, including temporary staff, was 12,661, down by 28 units compared to 31 December 2019; specifically, the number of employees on a temporary contract went down by 166 units, with the number of employees on a permanent contract going up by 138.

The **workforce** as at 31 December 2020 consisted of 12,649 units in headcount (including, in addition to employees on a permanent contract, 4 units of senior management hired with temporary contracts and 455 units of personnel hired with apprenticeship contracts) and 186 units of employees with a temporary contract. The decrease of 77 employees compared to 31 December 2019 was due to 318 staff members leaving, of whom 58 due to incentives, and to the hiring of 241 staff members, of whom 158 temporary staff, 52 new apprenticeship contracts, and 8 following lawsuits.

The increase of 11 units in the number of temporary staff is mainly due to the recruitment of 125 journalists under specific trade union agreements (so-called fair contract), partly offset by the reduction caused by stabilised employees.

EBITDA

In connection with the changes stated above, EBITDA was positive and totalled €629.7 million, up €15.1 million compared to 31 December 2019.

Depreciation, amortisation and write-downs

The balance of the item amounted to €590.0 million, up €2.9 million (+0.5%) 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)	FY 2020	FY 2019	Change
Amortisation and depreciation			
Amortisation of programmes			
Drama	253.2	278.6	(25.4)
Film	95.0	98.3	(3.3)
Cartoons	15.0	12.8	2.2
Others	5.3	4.7	0.6
	368.5	394.4	(25.9)
Of property, plant and equipment			
Buildings	13.7	13.5	0.2
Plant and machinery	79.1	77.6	1.5
Industrial and commercial equipment	3.5	3.0	0.5
Other assets	7.0	6.3	0.7
	103.3	100.4	2.9
Of real estate investments	0.2	0.2	0.0
Of intangible assets			
Software	13.0	9.7	3.3
Other rights	0.2	0.3	(0.1)
	13.2	10.0	3.2
Lease rights of use			
Land and buildings	21.4	21.4	0.0
Other assets	3.5	3.6	(0.1)
	24.9	25.0	(0.1)
Total amortisation and depreciation	510.1	530.0	19.9
Write-downs (write-backs)			
Of intangible assets			
Programmes under amortisation	60.8	47.2	13.6
Programmes in progress	3.4	5.8	(2.4)
Other	0.0	0.6	(0.6)
	64.2	53.6	10.6
Of other non-current assets			
Minimums guaranteed on commercial activities	5.0	(0.1)	5.1
Other non-current assets	0.1	0.2	(0.1)
	5.1	0.1	5.0
Of trade receivables and other current assets			
Trade receivables	8.9	3.3	5.6
Current income tax receivables	0.4	0.0	0.4
Other receivables	1.3	0.1	1.2
	10.6	3.4	7.2
Total write-downs	79.9	57.1	22.8
Total depreciation, amortisation and write-downs	590.0	587.1	2.9

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 €8.7 million (negative for €6.0 million in 2019) caused by provisions for €10.1 million and by uses of provisions set aside in previous years and now in excess by €1.4 million.

EBIT

The trends in revenues and costs illustrated above resulted in a positive EBIT of €31.0 million, an improvement of €9.5 million compared to 31 December 2019.

Net financial expenses

The item, as detailed in the following table, was negative by €16.6 million (unchanged compared to 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)	FY 2020	FY 2019	Change
Net interest expense net with banks and other lenders	(0.8)	(0.5)	(0.3)
Interest expense on bonds	(10.0)	(6.7)	(3.3)
Interest on employee benefit liabilities	(2.5)	(4.0)	1.5
Interest expense on lease contracts	(1.2)	(1.1)	(0.1)
Net exchange rate income	0.5	0.5	0.0
Losses on rate hedging transactions	0.0	(2.6)	2.6
Net financial contingent assets	0.0	0.3	(0.3)
Others	(2.6)	(2.5)	(0.1)
Total net financial expense	(16.6)	(16.6)	0.0

The most significant variances compared to last year concern:

- higher interest on bonds for €3.3 million, arising from the simultaneous presence of the new bond issue of 4 December 2019 with the 2015 issue repaid in May 2020, including interest rate hedging costs recognised on a straight-line basis over the five-year life of the bond;
- no charges recorded in 2019 for €2.6 million, arising from the early closure of the Forward Start Interest Rate Swap to hedge the rate of the new bond issue, recognised in that year directly to profit or loss in proportion to the lower issue made compared to the one originally planned (€350 million instead of €300 million).

The average cost of loans, consisting of uncommitted credit lines, revolving and amortising loans, EIB loans, as well as bonds maturing in May 2020 and December 2024, was 2.1%, up on the rate for 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 showed a positive balance of €1.1 million (€0.3 million in 2019) brought about by valuation of the associates and joint ventures at net equity.

Income tax

This item presented a negative value of €15.5 million (€5.2 million in 2019) and is due to the balance between current and deferred taxes, as itemised in the following table:

Income tax

(€/million)	FY 2020	FY 2019	Change
IRES	(30.3)	(32.6)	2.3
IRAP	(6.2)	(6.9)	0.7
Deferred tax liabilities	1.9	2.0	(0.1)
Deferred tax assets	18.6	31.8	(13.2)
Direct taxes of previous years and others	0.5	0.5	0.0
Total	(15.5)	(5.2)	(10.3)

Earnings performance in the year resulted in taxable results for Group companies, for which a total of €30.3 million for IRES and €6.2 million for IRAP was set aside.

Deferred tax liabilities had a positive effect on the income statement of €1.9 million due to the re-entry of the temporary differences recognised in the previous years.

Deferred tax assets had a positive effect on income of €18.6 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 amounted to €2,061.5 million, down by €18.9 million compared to 31 December 2019.

A breakdown of this item is shown in the table below:

Fixed assets

(€/million)	31 December 2020	31 December 2019	Change
Property, plant and equipment	1,105.9	1,078.2	27.7
Lease rights of use	82.8	72.0	10.8
Assets in programmes	825.3	882.5	(57.2)
Long-term investments	7.8	10.0	(2.2)
Others	39.7	37.7	2.0
Total	2,061.5	2,080.4	(18.9)

Property, plant and equipment, explained in detail in the table below, increased by €27.7 million.

Property, plant and equipment

(€/million)	31 December 2020	31 December 2019	Change
Land	382.1	383.4	(1.3)
Buildings	319.3	322.6	(3.3)
Plant and machinery	290.2	255.2	35.0
Industrial and commercial equipment	11.3	10.6	0.7
Other assets	27.2	24.8	2.4
Assets under construction and payments on account	75.8	81.6	(5.8)
Total	1,105.9	1,078.2	27.7

Lease rights of use amounted to €82.8 million, up by €10.8 million compared to 31 December 2019.

Lease rights of use

(€/million)	31 December 2020	31 December 2019	Change
Land and buildings	77.6	66.1	11.5
Other assets	5.2	5.9	(0.7)
Total	82.8	72.0	10.8

Assets in programmes, down by €57.2 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)	31 December 2020	31 December 2019	Change
Drama	408.2	471.2	(63.0)
Film	298.6	295.3	3.3
Cartoons	48.3	46.5	1.8
Rights of library use	58.9	58.6	0.3
Other	11.3	10.9	0.4
Total	825.3	882.5	(57.2)

Financial fixed assets, consisting of equity investments and other financial assets falling due beyond 12 months, show a decrease of €2.2 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)	31 December 2020	31 December 2019	Change
Equity investments in non-consolidated subsidiaries			
Sogepotel Srl in liquidation	0.5	0.0	0.5
	0.5	0.0	0.5
Equity investments in associates and joint ventures			
Auditel Srl	1.1	0.9	0.2
Euronews	0.0	0.1	(0.1)
San Marino RTV SpA	1.5	1.9	(0.4)
Tavolo Editori Radio Srl	0.1	0.0	0.1
Tivù Srl	2.8	2.9	(0.1)
	5.5	5.8	(0.3)
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	7.8	10.0	(2.2)

Equity investments in non-consolidated subsidiaries related to the acquisition in November 2020 by Rai Way of the shares representing the entire share capital of Sogepotel S.r.l. which, following the transfer to Rai Way of the entire company, is no longer operational at the reporting date and with objectively negligible economic and financial dimensions.

Other assets, explained in detail in the table below, increased by €2.0 million, due to the software.

The items goodwill and customer portfolio mainly referred to the provisions 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)	31 December 2020	31 December 2019	Change
Software	31.3	29.3	2.0
Goodwill	5.1	5.0	0.1
Sud Engineering customer portfolio	2.6	2.7	(0.1)
Commercial rights with football clubs	0.7	0.7	0.0
Total	39.7	37.7	2.0

Investments for the period amounted to €566.1 million, down €17.9 million (-3.1%) compared to 2019.

In detail, the following table shows:

- lower investments in programmes for €73.7 million (-16.4%) mainly referring to the drama genre;
- increased technical investments of €34.6 million (+29.3%), of which €29.6 million related to property, plant and equipment (mainly for equipment for TV production and for the development of rearing activities) and €5.0 million to software;
- increased investments in lease rights of use for €21.2 million due to the renewal of lease agreements for the Via Novaro, Borgo Sant'Angelo, Piazza Adriana and Via degli Scialoja offices in Rome.

Investments

(€/million)	FY 2020	FY 2019	Change
Drama	251.2	314.2	(63.0)
Film	102.2	110.4	(8.2)
Other programmes	23.2	25.7	(2.5)
Total investments in programmes	376.6	450.3	(73.7)
Property, plant and equipment	137.4	107.8	29.6
Software	15.2	10.2	5.0
Others	0.1	0.1	0.0
Total technical investments	152.7	118.1	34.6
Investments in lease rights of use	36.8	15.6	21.2
Total investments	566.1	584.0	(17.9)

Net working capital

Net working capital

(€/million)	31 December 2020	31 December 2019	Change
Inventories	1.7	1.5	0.2
Trade receivables	422.3	447.5	(25.2)
Other receivables	241.7	184.1	57.6
Trade payables	653.0	(691.2)	38.2
Other payables	448.2	(428.8)	(19.4)
Assets (Liabilities) for deferred taxes	(31.8)	(21.0)	(10.8)
Total	(467.3)	(507.9)	40.6

The most significant changes compared to 31 December 2019 regard the following items:

- **trade receivables**, down by €25.2 million due to decreased receivables from customers as a result of the decline in commercial revenue;
- **other receivables** up by €57.6 million due to the payment of advances on future sporting events;
- **Trade payables**, down by €38.3 million due to lower payables to suppliers;
- **other payables**, up by €20.8 million due to advances received on licence fees.

Provisions for risks and charges

Provisions for risks and charges, amounting to €217.7 million, recorded an increase of €20.2 million compared to 31 December 2019 mainly due to the provision by the Parent Company for the contribution for the rights of use of television digital technology frequencies for the year 2020, allocated pending the issuance of the decree that will determine the amount to be paid and for provisions related to personnel management.

Employee benefits

Employee benefits, amounting to €398.4 million, decreased by €23.6 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 consolidated financial statements.

The table below shows the details of the provisions and relevant changes compared to 31 December 2019.

Employee benefits

(€/million)	31 December 2020	31 December 2019	Change
Employee severance pay	(205.0)	(218.2)	13.2
Supplementary company pension provisions	(109.8)	(120.3)	10.5
Provisions in lieu of the former fixed indemnity for journalists (former pay in lieu of notice to journalists)	(68.8)	(68.7)	(0.1)
FASDIR assistance provision for the retired	(13.8)	(13.8)	0.0
Other	(1.0)	(1.0)	0.0
Total	(398.4)	(422.0)	23.6

Net financial position

The year recorded a negative net financial position, calculated following the ESMA scheme, for €606.4 million (-€541.3 million as at 31 December 2019), showing a worsening over 31 December 2019 of €65.1 million, as illustrated in the table below.

Net of liabilities for operating leases, financial debt amounted to €523.4 million, down by €54.0 million compared to 31 December 2019.

Net financial position

(€/million)	31 December 2020	31 December 2019	Change
Liquidity	15.5	194.6	(179.1)
Current financial receivables			
Current financial assets on derivatives	0.0	0.2	(0.2)
Investment securities - current portion	2.3	0.0	2.3
Tied accounts	4.2	4.7	(0.5)
Due to associates	0.8	0.2	0.6
Others	0.7	0.6	0.1
	8.0	5.7	2.3
Current financial debt			
Due to banks	(232.2)	(10.1)	(222.1)
Due to other lenders	(0.1)	(0.1)	0.0
Bond issue	0.0	(349.6)	349.6
Current financial liabilities on derivatives	(0.2)	0.0	(0.2)
Lease liabilities	(23.0)	(27.3)	4.3
Due to associates	0.0	0.0	0.0
Others	(0.1)	0.0	(0.1)
	(255.6)	(387.1)	131.5
Non-current financial debt			
Due to banks	(15.1)	(5.2)	(9.9)
Bond issue	(299.1)	(298.9)	(0.2)
Due to other lenders	0.0	(0.1)	0.1
Non-current financial liabilities on derivatives	(0.1)	0.0	(0.1)
Lease liabilities	(60.0)	(50.3)	(9.7)
	(374.3)	(354.5)	(19.8)
Net financial debt	(606.4)	(541.3)	(65.1)
<i>of which operating lease liabilities</i>	<i>(83.0)</i>	<i>(71.9)</i>	<i>(11.1)</i>
Net financial debt excluding operating lease liabilities	(523.4)	(469.4)	(54.0)

The increase in debt was determined by a negative cash flow, though much better compared to the previous year (-€54 million compared to -€183 million); as a result of the pandemic and the resulting lockdown periods, disbursements to third parties were significantly reduced in 2019 (around -€170 million for Rai and -€20 million for associates), in particular due to lower operating and personnel expenses (which in 2019 were affected, inter alia, by the voluntary redundancy scheme) and, to a lesser extent, to a reduction in investments in programmes. On the revenue side, the net decrease in overall receipts recorded in the period (limited to approximately €60 million thanks to the collection of prior years' receivables) is mainly due to the reduction in revenue from licence fees and advertising.

The zeroing of the item current bond is due to the redemption at term, in May 2020, of the €350 million bond issued in 2015; non-current payables include the €300 million bond issue maturing in December 2024.

The average financial position with banks, other lenders and bond holders was negative by €291 million, 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.

On 29 October 2020, Moody's published a rating action that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with negative outlook.

The analysis conducted based on capital and financial structure ratios pointed out that:

- the net invested capital coverage ratio, which is the ratio between net invested capital (net of the licence fee receivables) and equity, was 2.63 (2.31 as at 31 December 2019);
- the financial debt coverage ratio, which is the ratio between net financial debt (net of the licence fee receivables and liabilities resulting from application of IFRS 16 for operating leases) and equity, was 1.41 (1.14 as at 31 December 2019);
- the liquid funds ratio, which is the ratio between current assets (inventories, working capital net of licence fee receivables, cash and cash equivalents and financial receivables) and current liabilities (working capital liabilities and financial payables net of liabilities resulting from application of IFRS 16 for operating leases) was 0.51 (0.55 as at 31 December 2019).

The revolving line with a bank syndicate for a total of €320 million signed by the Parent Company and the loan with the European Investment Bank provides for compliance with parameters/ratios based on the consolidated financial statements.

For the revolving line, the parameter is calculated based on the following ratio:

- 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 ≤ 2.0 .

This ratio was met, standing at 1.38.

As regards the European Investment Bank loan, the check of the parameters/ratios is not relevant for the early extinction — on 31 March 2021 — with liquidation of the remaining amount (€5 million).

On 29 October 2020, Rai Way signed a new loan contract with a syndicate of financial institutions lasting 3 years that provides for the granting of a term credit line, for a maximum amount of €120 million, and a revolving credit line, for a maximum amount of €50 million, usable in multiple tranches. The loan was used for €15 million as at 31 December 2020; on that date, the covenant set out in the contract (ratio between Net Financial Position and EBITDA less than or equal to 3.75) was amply met.

The financial risks to which the Group is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management according to best practices, to preserve the Company's value through a stance adverse to risk, pursued with active monitoring of exposure and implementation of expedient hedging strategies, implemented by the Parent Company, also on behalf of the subsidiaries (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	Year ended	
		31 December 2020	31 December 2019
Property, plant and equipment	12.1	1,103.2	1,075.3
Real estate investments	12.2	2.7	2.9
Lease rights of use	12.3	82.8	72.0
Intangible assets	12.4	865.0	920.2
Equity investments	12.5	7.0	6.7
Non-current financial assets	12.6	0.8	3.3
Deferred tax assets	12.7	-	-
Other non-current assets	12.8	13.8	16.7
Total non-current assets		2,075.3	2,097.1
Inventory	13.1	1.7	1.5
Trade receivables	13.2	417.9	441.7
Current financial assets	13.3	8.0	5.7
Current income tax assets	13.4	18.1	18.4
Other current receivables and assets	13.5	214.2	154.8
Cash and cash equivalents	13.6	15.5	194.6
Total current assets		675.4	816.7
Total assets		2,750.7	2,913.8
Share capital		242.5	242.5
Reserves		134.5	165.4
Retained earnings (losses)		(61.9)	(60.8)
Total Group shareholders' equity		315.1	347.1
Third-party capital and reserves		34.7	42.6
Retained earnings (losses) attributable to minority interests carried forward		21.9	22.0
Total shareholders' equity attributable to minority interests		56.6	64.6
Total shareholders' equity	14	371.7	411.7
Non-current financial liabilities	15.1	314.3	304.2
Non-current lease liabilities	15.2	60.0	50.3
Employee benefits	15.3	398.4	422.0
Provisions for non-current risks and charges	15.4	217.6	197.2
Deferred tax liabilities	15.5	31.8	21.0
Other non-current payables and liabilities	15.6	1.9	0.5
Total non-current liabilities		1,024.0	995.2
Trade payables	16.1	653.0	691.2
Provisions for current risks and charges		0.1	0.3
Current financial liabilities	16.2	232.6	359.8
Current lease liabilities	15.2	23.0	27.3
Current income tax liabilities	16.3	30.0	31.5
Other current payables and liabilities	16.1	416.3	396.8
Total current liabilities		1,355.0	1,506.9
Total liabilities		2,379.0	2,502.1
Total shareholders' equity and liabilities		2,750.7	2,913.8

Consolidated income statement

(€/million)	Note	Year ended	
		31 December 2020	31 December 2019
Revenue from sales and services	17.1	2,498.9	2,640.3
Other revenue and income	17.2	9.8	15.2
Total revenue		2,508.7	2,655.5
Costs for the purchase of consumables	17.3	(12.3)	(13.4)
Costs for services	17.3	(800.1)	(939.1)
Other costs	17.3	(52.4)	(52.4)
HR expenses	17.4	(1,014.2)	(1,036.0)
Impairment of financial assets	17.5	(8.9)	(3.3)
Depreciation, amortisation and other write-downs	17.6	(581.1)	(583.8)
Provisions	17.7	(8.7)	(6.0)
Total costs		(2,477.7)	(2,634.0)
EBIT		31.0	21.5
Financial income	17.8	1.7	1.7
Financial expense	17.8	(18.3)	(18.3)
Earnings from investments recognised at equity	17.9	1.1	0.3
Pre-tax profit/(loss)		15.5	5.2
Income tax	17.10	(15.5)	(5.2)
Profit/(loss) for the year		0.0	0.0
<i>of which attributable:</i>			
– to the Group		(22.0)	(22.1)
– to minority interests		22.0	22.1

Consolidated statement of comprehensive income

(€/million)

	Year ended	
	31 December 2020	31 December 2019
Profit/(loss) for the year	0.0	0.0
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	2.9	(10.8)
Conversion of balances with currency that is not the Euro	0.4	(0.1)
Tax effect	0.1	0.1
Total	3.4	(10.8)
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	(1.2)	(9.6)
Tax effect	-	0.1
Total	(1.2)	(9.5)
Total profit/(loss) for the year	2.2	(20.3)
<i>of which attributable:</i>		
- to the Group	(19.8)	(42.3)
- to minority interests	22.0	22.0

Consolidated Cash Flow Statement

(€/million)	Note	Year ended	
		31 December 2020	31 December 2019
Profit (loss) before tax		15.5	5.2
Adjustments for:			
Depreciation, amortisation and write-downs	17.5 - 17.6	59.0	587.1
Provisions and (issues) to personnel provisions and other provisions	17.7	102.0	90.1
Net financial charges (income)	17.8	16.6	16.6
Earnings from investments recognised at equity	17.9	(1.1)	(0.3)
Other non-monetary items		0.3	(4.0)
Cash flow generated by operating activities before changes in net working capital		723.3	694.7
Change in inventory	13.1	(0.2)	0.8
Change in trade receivables	13.2	16.3	(71.6)
Change in trade payables	16.1	(38.2)	(15.1)
Change in other assets/liabilities		(44.8)	(62.0)
Use of provisions for risks	15.4	(35.1)	(31.5)
Payment of employee benefits	15.3	(72.8)	(69.6)
Taxes paid		(4.8)	(6.6)
Net cash flow generated by operating activities		543.7	439.1
Investments in property, plant and equipment and real estate investments	12.1 - 12.2	(137.4)	(107.8)
Disposal of property, plant and equipment and real estate investments	12.1 - 12.2	0.3	5.7
Investments in intangible assets	12.4	(391.9)	(460.6)
Disposal of intangible assets	12.4	1.1	2.0
Equity investments	12.5	(0.6)	-
Purchase of Rai Way treasury shares	14	(20.0)	-
Dividends collected		1.7	0.3
Interest collected		0.2	0.4
Change in financial assets	12.6 - 13.3	-	0.7
Net cash flow generated by investing activities		(546.6)	(559.3)
Long-term loans taken out	15.1	15.0	299.5
Long-term loan repayments	15.1	(360.2)	(10.2)
Repayments of liabilities for leases	15.2	(24.1)	(20.5)
(Decrease)/increase in short-term borrowings and other loans	16.2	227.1	-
Interest paid (1)		(11.8)	(25.2)
Dividends distributed		(22.2)	(21.0)
Net cash flow generated by financial activities		176.2	222.6
Change in cash and cash equivalents		(179.1)	102.4
Cash and cash equivalents at the beginning of the year	13.6	194.6	92.2
Cash and cash equivalents at the end of the year	13.6	15.5	194.6

(1) Referring to financial interest.

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 14)
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	-	-	-	-	-	(21.0)	(21.0)
Transactions with shareholders	-	-	-	-	-	(21.0)	(21.0)
Profit/(loss) for the year	-	-	-	(22.1)	(22.1)	22.1	-
Statement of comprehensive income components	-	-	(10.8)	(9.4)	(20.2)	(0.1)	(20.3)
Total profit/(loss) for the year	-	-	(10.8)	(31.5)	(42.3)	22.0	(20.3)
Balances as at 31 December 2019	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	-	-	-	-	-	(22.2)	(22.2)
Purchase of Rai Way treasury shares	-	-	(12.2)	-	(12.2)	(7.8)	(20.0)
Transactions with shareholders	-	-	(12.2)	-	(12.2)	(30.0)	(42.2)
Profit/(loss) for the year	-	-	-	(22.0)	(22.0)	22.0	-
Statement of comprehensive income components	-	-	3.4	(1.2)	2.2	-	2.2
Total profit/(loss) for the year	-	-	3.4	(23.2)	(19.8)	22.0	2.2
Balances as at 31 December 2020	242.5	12.0	122.5	(61.9)	315.1	56.6	371.7

Notes to the Consolidated Financial Statements as at 31 December 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.

The Consolidated Financial Statements as at 31 December 2020 (hereinafter "Consolidated Financial Statements"), as described hereinafter, were prepared in compliance with the *International Financial Reporting Standards* ("IFRS").

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 the "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:

- the Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%)

The Consolidated Financial Statements are audited by the company 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

Drafting criteria

In connection with the provisions of Legislative Decree 38 of 28 February 2005, in preparing its Consolidated Financial Statements, the Company applies the *International Financial Reporting Standards* (hereinafter "IFRS" or "international accounting standards") issued by the *International Accounting Standards Board* (hereinafter IASB) and adopted by the European Commission according to the procedure pursuant to Art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council of 19 July 2002. IFRS herein refers to all international accounting standards ("IAS") and all interpretations of the *International Financial Reporting Standard Interpretations Committee* ("IFRIC"), previously called "*Standard Interpretations Committee*" ("SIC"). In preparing these Consolidated Financial Statements, the Group provided complete information, applying the IFRS consistently to the periods stated in these Consolidated Financial Statements.

The structure of the Consolidated Financial Statements of the Group provides for:

- the items of the consolidated statement of financial position being classified as current and non-current;
- the items of the consolidated income statement being classified by type;
- the consolidated Statement of Comprehensive Income being presented separately from the consolidated Income Statement and indicating the integrated economic result of the income and charges that are directly recognised in Shareholders' Equity pursuant to the IFRS;
- the consolidated cash flow statement being prepared according to the "indirect method", adjusting the

- result (pre-tax profit/loss) of the year of the non-monetary components; and
- the consolidated Statement of Changes in Equity showing the total income (charges) of the year, transactions with shareholders and the other changes in Shareholders' Equity.

This layout best reflects the elements that led to the Group's earnings for the year, in addition to its financial and capital structure.

The Consolidated Financial Statements were drawn up applying the historical cost method, taking into account the value adjustments, where appropriate, with the exception of the items that according to the IFRS must be measured at fair value, as indicated in the valuation criteria and without prejudice to those cases where the IFRS provisions allow a different valuation criterion.

The Consolidated Financial Statements were prepared on a going concern basis since it is not believed that there are financial, operation or other type of ratios that might indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future, and more specifically in the next 12 months.

The description of the methods through which the Group manages its financial risks is contained in Note 8 below regarding "Management of financial risks".

Values of items in the financial statements and relative notes, considering their importance, are expressed in millions of €, unless indicated otherwise.

The Consolidated Financial Statements were prepared using financial statements for the year 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.

The companies included in consolidation as at 31 December 2020 and 31 December 2019 are detailed in Note 21 "Appendix", an essential part of the Consolidated Financial Statements. The same annex includes any change to the consolidation area that occurred in the period.

On 19 November 2020, Rai Way acquired the shares representing the entire share capital of the company Sogepotel Srl. On 29 December 2020, with effect from the next day, Rai Way acquired from Sogepotel the entire branch of the company consisting of all the assets, liabilities and legal relationships. As at 31 December 2020, Sogepotel was therefore no longer operational and had objectively negligible economic and financial dimensions. Although Rai Way holds a controlling interest in Sogepotel, taking into account the purposes of the financial statements enshrined in international accounting standards, in particular in IAS 1 and the Framework issued by the IASB in which the concepts of relevance and materiality of the financial statements and the aforementioned characteristics of Sogepotel are recalled, it is deemed that there are no elements that make it necessary to include them in the consolidation area.

Subsidiaries

An investor controls an investee when it is exposed, or has the right to take part, in the variability of the relative economic returns and can exercise its decision-making power on the subsidiary's relevant activities in order to influence those returns. Presence of control occurs each time facts and circumstances indicate a variation to one or more elements qualifying control.

The assets and liabilities, expenses and income of subsidiaries are fully included in the Consolidated Financial Statements from the date on which the Parent Company takes direct or indirect control (or through one or more subsidiaries) and until the date on which that control terminates. The book value of the investments is eliminated with the corresponding shareholders' equity fraction. The portions of shareholder's equity and total profit attributable to third parties are entered in the specific consolidated shareholders' equity and total consolidated income Statement items.

3

Principles of consolidation

For shareholdings acquired after control is assumed (purchase of third-party equity interests), any positive difference between purchase cost and the corresponding fraction of shareholders' equity acquired is entered in the Group's shareholders' equity. Similarly, effects resulting from the sale of minority shares without loss of control are entered in the consolidated shareholders' equity.

Diversely, the sale of shares involving loss of control resulting in the following being recognised in the consolidated income statement:

- any capital gain/loss calculated as the difference between the consideration received and the corresponding fraction of the consolidated shareholders' equity sold;
- the effect of the revaluation of any residual investment kept to align it with the relative fair value;
- any values entered in other consolidated comprehensive income related to the former subsidiary for which a turnaround to the Income statement is foreseen, or when the turnaround to the consolidated income statement is not foreseen to profits (losses) carried forward.

The value of any equity investment retained, aligned with its fair value at the date control was lost, is the new book value of the equity investment; thus the value of reference for the subsequent valuation of equity investments according to the applicable valuation criteria.

Business combinations

Business combinations are entered in compliance with IFRS 3 "*Business combinations*", applying the so-called acquisition method. The combination consideration is calculated at the date control is assumed and is the fair value of assets transferred, liabilities sustained, and of any capital instrument issued by the purchaser. The potential consideration is entered at fair value at the acquisition date. Subsequent changes in the fair value of the potential consideration, of which the amount and payment are dependent on future events, classified as a financial instrument in accordance with IFRS 9, are recognised in the consolidated income statement or consolidated shareholders' equity as other consolidated comprehensive income. Potential considerations that do not come under application of IFRS 9 are valued based on the specific IFRS/IAS of reference. Potential considerations classified as capital instrument are not remeasured; so, consequently, regulation is accounted for under consolidated shareholders' equity. Costs attributable directly to the transactions are entered in the consolidated income statement, when sustained.

On the date control is acquired, the shareholders' equity of investee companies is calculated attributing their fair value at the acquisition data to the single asset and liability (including contingent liabilities) elements identifiable, except where IFRS 3 establishes otherwise. Any residual difference from the purchase cost, if positive, is entered in the asset item intangible assets as goodwill (hereinafter also 'goodwill'); if negative, it is recognised in the consolidated profit or loss as income for the period.

If full control is not acquired, the shareholders' equity portion of the third-party equity interest is calculated based on the effective portion of the current values attributed to the assets and liabilities at the control assumption date, excluding any goodwill attributable to them (so-called partial goodwill method); alternatively, the entire amount of goodwill generated by the acquisition is entered thus also considering the portion attributable to third party equity interest (so-called full goodwill method in this latter case, the third party equity interest is expressed at its fair value. in the latter case, non-controlling interests are expressed at their fair value. The choice of how to calculate the goodwill (partial goodwill method or full goodwill method) is applied selectively for each business combination transaction.

If control is assumed by subsequent steps, the purchase cost is calculated summing the fair value of the equity investment previously held in the entity acquired and the amount paid for the further share. Any difference between the fair value of the equity investment previously held and the relative entry value is attributed to the consolidated income statement. When control is assumed, any amounts previously entered in other comprehensive income are attributed to the consolidated income statement or to another consolidated shareholders' equity item, if reclassification to the consolidated income statement is not foreseen.

When calculation of assets and liabilities is performed provisionally, it must be concluded within 12 months of the acquisition date; considering solely information related to facts and circumstances existing at the acquisition date. In the financial year when the above-mentioned calculation is finalised, values entered provisionally are backdated.

Interest in agreements and joint control

Joint control only exists when, on a contractual basis, for decisions related to the agreement's important activities, the unanimous consent of all parties sharing control is required. Joint control agreements can be divided into two categories:

- joint ventures, that is joint control agreements where parties holding joint control claim rights to the agreement's net assets; and
- joint operations, that is joint control agreements where parties have rights to assets and obligations related to agreement liabilities.

Investments in joint ventures are measured applying the equity method, as described in Note 4 "Measurement criteria"; whereas joint operations are measured recognising, line by line in the Consolidated Financial Statements, the asset/liability and revenue/costs portions based on effective rights and obligations resulting from contractual agreements.

Equity investments in associates

An associate company is one in which the Group exercises a considerable influence, intended as the power to take part over deciding financial and management choices without having control or joint control. Equity investments in associates are recognised under the equity method as indicated in Note 4 "Measurement criteria".

Infra-group transactions

The profits from transactions between consolidated companies are eliminated as are the receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies. Profits not earned with companies measured applying the equity method are eliminated for the Group's share. In both cases, infra-group losses are not eliminated when they represent an effective lesser value of the asset transferred.

Conversion of financial statements with currency that is not the Euro

The financial statements of companies operating in non-Euro areas, as the Euro is the Group currency, and the functional currency of the Parent Company and its subsidiaries except for Rai Corporation (in liquidation) (hereinafter "Rai Corporation"), are converted into Euro applying the exchange rates of the date the financial year is closed to equity assets and liabilities, historical exchange rates to equity items and average exchange rates of the year to income statement items.

The exchange rate differences from conversion of financial statements of the companies operating in non-Euro areas, resulting from application of the different rates for assets and liabilities, for shareholders' equity and income statement, are entered under the equity item "Other reserves" as reserve for exchange rate differences from conversion for the Group part and, if needed, under the item "Shareholders' equity attributable to minority interests" for that of third parties. The exchange rate difference reserve is recognised in the consolidated income statement when the investee is no longer a subsidiary. In those circumstances, the reserve is recognised in the consolidated income statement under the items "financial income" or "financial expenses". With partial disposal, without losing control, the exchange rate difference related to the equity portion disposed of is attributed to equity interests attributable to non-controlling interests. If the investee should no longer be controlled and it should be qualified as a joint venture or associate, the conversion reserve is incorporated into the measurement applying the equity method.

Financial statements used for the conversion of Rai Corporation are those expressed in US Dollars (USD).

4

Measurement criteria

The most significant accounting standards and measurement criteria used in the preparation of the Consolidated Financial Statements, which are unchanged from those used in the preparation of the Consolidated Financial Statements for the year ended 31 December 2019, are described below.

Assets

Property, plant and equipment

Property, plant and equipment are recognised according to the cost criteria and are entered at their purchase price or at cost of production including all directly allocated accessory charges necessary to make the assets ready for use. Property, plant and equipment cannot be revalued, not even when applying specific laws.

Costs for improvements, modernisation and transformation that increase the property, plant and equipment are recognised to assets when it is probable that they increase the future economic benefits expected from the use or sale of the asset.

Property, plant and equipment are amortised systematically at constant percentages during their useful economic-technical lifespan, intended as the estimate of the period in which the assets will be used by the company, period starting from the month use of the asset starts or could have started. When the property, plant and equipment consists of multiple significant components have different useful lives, depreciation is made for each component. The value to depreciate is represented by the book value reduced by the estimated net exit value at the end of its useful life. Land, even if purchased together with a building, works of art and property, plant and equipment held for sale are not subject to depreciation. Any amendments to the amortisation plan, resulting from a review of the useful life of the tangible asset, of the residual value or the way to obtain economic benefits from the asset, are recognised perspectively.

The estimated useful life of the main property, plant and equipment is the following:

	Useful life in years	
	Min	Max
Buildings	10	50
Plant and machinery	4	14
Industrial and commercial equipment	5	7
Other assets	4	9

The routine maintenance and repair costs are recognised to the consolidated income statement in the year in which they are incurred.

Real estate investments

Real estate investments include properties owned by the Group through which to earn rents and/or for appreciation of capital invested and are entered in accounts applying the same rules illustrated in the paragraph on "Property, plant and equipment".

Real estate investments are eliminated from accounts when they are sold or are written-down when no future economic benefit is expected through their use of disposal. Any profit or loss, calculated as the difference between net consideration resulting from disposal and the net book value of assets eliminated and entered in the consolidated income statement.

When events occurring lead to an assumption of impairment of the real estate investments, their recoverability is checked by comparing the book value with the relevant recoverable value, represented by the fair value net of disposal charges or the value in use, whichever is greater.

Useful life is considered as 33 years.

Lease rights of use

Lease agreements correspond to contracts that grant the exclusive right to use an identified or identifiable good and which confer the substantive right to obtain all the economic benefits deriving from its use for a certain period of time in exchange for consideration. Contracts or elements of complex contracts that have such characteristics are recognised in the consolidated financial statements through the recognition in the statement of financial position of a liability consisting of the present value of the lease payments, as set out in the valuation criteria for lease liabilities. At the same time and as an entry balancing the recognition of the liability, the corresponding right of use is recorded under assets, amortised on a straight line basis over the duration of the lease contract or the related economic-technical useful life, if shorter. The lease term is the non-cancellable period for which the counterparty is entitled to use the underlying asset.

Mainly the following types of contracts entered into by the Group fall under this accounting method:

- property leases;
- car rentals;
- office equipment rental.

Typically, contracts for the rental of buildings for industrial use provide for tacit renewals on expiry, which can be further renewed for the same term: Consequently, each renewal gives rise to a new right of use representative of the new (albeit tacit) agreement reached between the parties.

At the commencement date of the lease, the cost of the right-of-use asset shall comprise:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date;
- c) any initial direct costs (e.g., mediation costs);
- d) in the presence of current obligations for the dismantling, removal of assets and recovery of sites, the registration value of costs estimated (actualised) to be sustained when the structures are abandoned, recognised as a balancing item to a specific provisions for non-current risks and charges.

The amount under a), recorded as a balancing entry to the lease liability item, recognises:

- fixed lease payments;
- variable lease payments that depend on an index or a rate (e.g., ISTAT adjustment index);
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

If the lease contract provides for the possibility to exercise the purchase option and there is reasonable certainty of exercising it, the right of use is recorded under property, plant and equipment in the corresponding class of assets and is amortised over the useful life of the asset.

The Group has availed itself of the option provided for by IFRS standards to recognise payments due for short-term leases (of no more than 12 months) and for leases for which the underlying asset is of modest value (approximately less than €5,000), as costs for services.

Intangible assets

Intangible assets concern the identifiable assets without physical consistency, controlled by the Group and able to generate future economic benefits, as well as the goodwill when acquired against payment. Identifiability is defined with reference to the possibility to distinguish the intangible asset acquired from goodwill. This requirement is normally met when:

- the intangible asset can be traced back to a legal or contractual right; or
- the asset is separable, meaning it can be assigned, transferred, rented or traded autonomously or as an integral part of other assets.

The Group's control consists in the right to enjoy future economic benefits arising from the asset and in the possibility to limit its access to others.

Intangible assets are recognised at purchase or production cost, including directly allocated accessory charges necessary to make the assets ready for use. Revaluations cannot be made, not even when applying specific laws.

The intangible assets having a defined useful life are systematically amortised during their useful life meant as the estimate of the period in which the assets will be used by the Group, and are broken down into:

a) Programmes – Audiovisual Works: the costs for acquiring and producing TV programmes, of audiovisual, cinema and multimedia works, made up of the external costs directly allocated to each production and the costs of the internal resources used to make single programmes, are represented according to the following criteria:

- 1) costs referring to television productions with repeat utility and with contractual rights exceeding 12 months are capitalised as intangible assets and, if these productions are ready for use at year-end, are amortised on a straight-line basis, starting from the month they are ready or the right becomes available, with regard to the duration of their expected useful life. If, on the other hand, these productions with repeat utility are not yet usable at year-end or rights become available in the future, their costs are deferred as work in progress and payments on account.

Taking into account the objective difficulties in identifying elements able to guarantee a correct correlation between revenue from advertising and licence fees and the amortisation of the rights, to which the indeterminable nature of the varied methods of exploitation is added, the useful life of the programmes and audiovisual works with repeated usefulness is shown in the following table:

	Useful life in years
Rights to use pay TV, video on demand and similar relative to films and series acquired by Rai Cinema	1.5
Drama produced	3
Documentary works	3
Rights other than free-to-air TV, pay TV, video on demand and the like related to films and series acquired by Rai Cinema	3
Exploitation rights of football library	4
Cartoons	5
Free TV rights related to films and series acquired by Rai Cinema	5
"Full rights", i.e. products for which Rai Cinema has purchased the full chain of rights (film, television, home video, etc.)	7

The costs referring to rights under concession for shorter durations are amortised on a straight-line basis corresponding to the period of availability. Should the rights have depleted the contractually available passages, the residual value is fully expensed;

- 2) The costs referring to television productions intended for immediate use are posted to the income statement in a single year, which usually coincides with that of use or the start of the concession. More specifically:
 - News reporting, light entertainment, documentaries, classical music, prose and the entire radio production: the costs are recognised during the year in which they are incurred, which usually coincides with the one in which they are broadcast.
 - Sports events: the costs are recognised in the year in which the event takes place.
- b) Software user licences are depreciated in three years starting from the month they become available for use, generally coinciding with the months when use starts.
- c) Trademarks are depreciated in ten years from when they are available for use, generally corresponding to the year in which use starts.

Goodwill and other intangible assets having an indefinite useful life are not amortised; the recoverability of their book value is checked at least once a year and in any case whenever events that lead to an assumption of impairment occur.

Impairment of non-financial assets

The non-financial assets are analysed on every reporting date in order to check whether there are indicators of any impairment. When events occur that lead to assuming a reduction in the value of non financial assets, their recoverability is checked comparing the recognition value with the relative recoverable value represented by the higher between fair value, net of disposal expenses, and value in use. The value in use is calculated based on reasonable and demonstrable assumptions representing the best estimate of future economic conditions that will occur in the residual useful life of the asset, giving importance to the information coming from the outside. When the reasons why the write-downs took place no longer exist, the asset's value is re-

stored and the rectification is recognised in the consolidated income statement as a revaluation (recovery of value). The impairment loss is reversed at the recoverable value or the book value before the impairment previously made and reduced by the amortisation quotas that would have been allocated if the impairment had not been made, whichever is the least.

Equity investments

Equity investments in joint ventures and in associates are carried as Equity.

On applying the equity method, equity investments are initially recognised at purchase cost, attributing any difference between the cost sustained and the interest share in the fair value of the identifiable net assets of the investee in a similar way to what is set forth in IFRS 3 "*Business Combinations*". The book value is then adjusted to take into account:

- the shareholder's portion of the economic results of the investee made following the date of acquisition; and
- the shareholder's portion of the other Statement of Comprehensive Income components of the investee.

The changes in shareholders' equity of an investee other than those specified above are recognised to the consolidated income statement when they represent, in substance, the effects of a transfer of a shareholding in the investee. The dividends that the investee distributes are recognised to reduce the book value of the equity investment. To apply the equity method, adjustments foreseen for the consolidation process are considered (please see note 3 "Consolidation principles").

When there is objective evidence of impairment, the recoverability is checked by comparing the book value with the relevant recoverable value calculated adopting the criteria indicated in the section "Impairment of non-financial assets". When the reasons for the write-downs cease to exist, the value of the equity investments is restored within the limits of the write-downs made with the effect recognised to the consolidated income statement.

The transfer of shareholdings entailing loss of joint control or significant influence over the investee causes the following to be recognised to the consolidated income statement:

- any capital gain/loss calculated as the difference between the consideration received and the corresponding fraction of the book value of the transferred equity investment;
- of the effect of the revaluation of any residual investment kept to align it with the relative fair value;
- any amounts recognised in other consolidated comprehensive income relating to the investee for which reclassification to the consolidated income statement is required.

The value of any investment kept, aligned with the relative fair value at the date joint control or considerable influence is lost, represents the new entry value, hence the reference value for the subsequent measurement based on measurement criteria applicable.

After an investment measured applying the equity method, or a share of that investment, is classified as held for sale as it meets the criteria for that classification, the investment, or investment share, is no longer measured by the equity method. Any shares of that investment not classified as held for sale are measured applying the equity method until disposal of the investment share held for sale has been concluded. Any residual share kept after the sale is measured based on the applicable valuation criteria.

The other investments, recognised in non-current assets as they are not held for negotiation, are measured at fair value with balancing entry to the consolidated income statement. When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

The shareholder's portion of any losses of the investee exceeding the book value of the equity investment is recognised in a special provisions to the extent in which the shareholder is committed to fulfilling legal or implicit obligations of the investee, or in any case to covering its losses.

Inventory

The final inventory of technical materials are recognised at purchase cost, calculated using the weighted average cost formula, adjusted in connection with market performance and the estimated non-uses tied to obsolescence and slow turnaround phenomena. The final inventory of goods (magazines and books and home videos) to be resold is recognised at purchase cost, calculated using the weighted average cost formula, or at presumed collection value resulting from market performance, if lower.

Contract work in progress, typically related to adjustment of the transmission and broadcasting network, are measured based on costs sustained related to work progress, calculated applying the cost to cost method.

Trade receivables – Financial assets – Other assets

Trade receivables, financial and other assets, considering their contractual characteristics and the business model adopted to manage them, are classified under the following categories: (i) financial assets recognised at amortised cost; (ii) financial assets recognised at fair value with balancing entry in other consolidated comprehensive income; (iii) financial assets recognised at fair value with balancing entry in the consolidated income statement.

Trade receivables, financial and other assets, if they only generate contractual cash flows representing capital and interest and if managed with a business model whose goal is to hold the asset to collect the aforementioned flows, are initially recognised at fair value rectified by directly attributable transaction costs and then recognised applying the amortised cost criterion based on the effective interest rate method (that is the rate that makes the current value of cash flows expected and the recognition value equal, at the time of initial recognition), suitably rectified to take any impairments into account, by recognition in the provisions for write-down of receivables.

Trade receivables, financial and other assets with the aforementioned contractual characteristics, if managed applying a business model whose goal is both to hold the asset to collect its contractual flows represented by the return of capital and interest accrued and to realise the investment through a sale, are recognised after initial entry, at fair value with balancing entry in other consolidated comprehensive income.

Financial assets whose contractual cash flows do not represent payment solely of capital and interest, are recognised at fair value with balancing entry in the consolidated income statement except for derivative instruments used to hedge financial flows, recognised at fair value with balancing entry in other consolidated comprehensive income.

Trade receivables, financial and other assets are included in current assets, except for those with contractual maturity exceeding twelve months compared to the financial statement date, classified in non-current assets.

Impairment of financial assets

At each reporting date, all financial assets that are not those recognised at fair value with balancing entry in the consolidated income statement are analysed to check whether there is objective evidence that an asset or group of financial assets has suffered or could suffer a loss in value based on the expected losses model.

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. For this purpose, the Group uses quantitative and qualitative information and analyses, based on historical experience, suitably integrated with forecasts on the expected evolution of circumstances. Losses are measured as the current value of all differences between financial flows due contractually and cash flows the Group expects to receive, at the effective interest rate of the financial asset.

For assets that are not trade receivables (financial assets, other assets, cash and cash equivalents), if the credit risk (that is the risk of non compliance along the expected life of the financial instrument) has increased significantly from the date of initial recognition, the Group estimates losses over a time horizon corresponding to the duration of each financial instrument. For financial assets represented by debt securities attributed a low credit risk at the financial statement reference date, losses are estimated over a twelve months time horizon. The Group believes that a debt security has a low credit risk when its rating is equal to or higher than at least one of the following levels: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch.

To calculate whether the credit risk of a financial asset other than trade receivables has increased

considerably following initial recognition, the Group uses all pertinent information, considered reasonable, that is adequately supported and available with no costs or excessive efforts needed.

Impairment losses related to financial assets are presented separately in the consolidated income statement.

If the amount of an impairment of an asset recognised in the past decreases, and the decrease can be objectively connected with an event that occurred after recognition of the impairment, it is charged back to the consolidated income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive the cash flows from the asset has expired;
- the Group has essentially transferred all risks and benefits connected to the asset, transferring its rights to receive cash flows from the asset or taking on a contractual obligation to bestow cash flows received to one or more possible beneficiaries through a contract complying with IFRS 9 requirements (so-called pass through test);
- the Group has neither assigned nor basically retained all the risks and benefits connected with the financial asset, but has transferred control.

In the case of factoring transactions basically involving transfer of the risks and benefits connected with the receivables assigned to the factor (therefore the Group remains exposed to the risk of insolvency and/or delayed payment – so-called non-recourse factoring), the transaction is assimilated to the opening of a loan secured by the credit being assigned. In this circumstance, the assigned credit is still represented in the consolidated financial position until the factor collects it and, as a balancing entry of the advance, if any, obtained by the factor, a financial payable is recognised. The financial cost for factoring transactions is represented by interest on the amounts advanced entered in the consolidated income statement pursuant to the accrual principle, and are classified under financial expenses. Commissions accruing on assignments are included among the financial expenses.

The financial liabilities are derecognised when they are extinguished, meaning when the contractual obligation is fulfilled, cancelled or barred.

Offsetting financial assets and financial liabilities

The Group offsets financial assets and liabilities if and only if:

- there is a legally exercisable right to offset the amounts recognised; and
- there is the intention to either offset on a net basis or to realise the asset and adjust the liability at the same time.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and financial assets with maturity originally equal to or less than three months, readily convertible into cash and subject to a negligible risk of change in value. Elements included in cash and cash equivalents are recognised at fair value.

Collection operations are recorded by bank transaction date; the order date is also taken into account for payment transactions.

Liabilities

Financial liabilities - Trade payables - Other payables and liabilities

Loans and payables are recognised when the Group becomes part of the relative contractual clauses and are initially recognised at fair value rectified by the directly attributable transaction costs.

They are afterwards measured with the amortised cost criterion, using the effective interest rate method.

Lease liabilities

They represent the current value of payments due under lease contracts (as set out in the previous paragraph "Lease rights-of-use") and are recognised at the commencement date of the lease contract.

The current value of the payments due is calculated using the implicit lease interest rate or the marginal financing rate of the lessee applicable at the commencement date of the lease if the lease's implicit interest rate cannot be calculated readily. The marginal financing rate corresponds to the interest rate that would have been incurred to obtain a loan with a similar cash profile and the same collateral as the lease contract (so-called Incremental Borrowing Rate).

After the commencement date, the lease liability, measured using the amortised cost method, is increased to take into account the accrued interest expense and decreased as a result of payments made. It may also be restated to take into account any new valuations or changes to the lease agreement. Where the changes relate to the lease term or the valuation of an option to purchase the underlying asset, the lease liability is restated using a revised discount rate at the date of the change.

Provisions for risks and charges

Provisions for risks and charges are those costs and expenses of a certain or probable nature and existence which, at the financial statements closing date are undetermined for amount and/or occurrence date. The allocations to these provisions are recognised when:

- the existence of a current, legal or implicit obligation arising from a past event is likely;
- fulfilment of the obligation being against payment is likely;
- the amount of the obligation can be reliably estimated.

Liabilities related to tax disputes and uncertain income tax treatment are allocated to income tax liabilities.

Provisions are recognised at the value represented the best estimate for the amount that the Group will reasonably pay to settle the obligation or to transfer it to third parties at the financial statements closing date. When the financial effect of time going by is significant and the payment dates for the obligations can be estimated reliably, the allocation is decided actualising expected cash flows considering the risks associated with the obligation. The increase in the provisions connected with the passing of time is recognised to the income statement under the items "Financial income" or "Financial expense".

The costs the Group expects to sustain to implement reorganisation programmes are entered in the year when the program is formally defined and the valid expectation that the reorganisation will take place has emerged in parties involved.

The provisions are periodically updated to reflect the changes in the estimates of costs, execution time and the discount rate; estimates reviewed are attributed to the same income statement item as the previous provisions. Provisions for risks and charges are actualised when it is possible to reasonably estimate when the monetary outflows will take place. When the liability regards property, plant and equipment (e.g. dismantling and restoration of sites), the changes in provisions estimate are recognised as a balancing entry for the asset to which they refer within the limits of the book values; any surplus is recognised in the consolidated income statement.

If it is expected that all the expenses (or a part of them) required to settle an obligation are repaid by third parties, the indemnity – when it is virtually certain – is recognised as a separate asset.

For contracts whose non-discretionary costs necessary for fulfilling the obligations undertaken are greater than the economic benefits expected to be obtainable from the contract (onerous contracts), the Group recognises a provision equal to the cost necessary for the fulfilment and any compensation or sanction arising from non-fulfilment of the contract, whichever is the lesser.

The existence of contingent liabilities, represented by possible but not probable obligations arising from past events whose existence will be confirmed only when one or more uncertain future events not totally under the company's control occur, or not occur, will not give rise to the recognition of liabilities recorded in the financial statements, but is explained in a specific note contained in the Consolidated Financial Statements.

Employee benefits

Taking into account their characteristics, benefits following employment are either "defined-contribution" plans or "defined-benefit" plans. In the defined-contribution plans, the Company's obligation limited to paying contributions to the State, to an estate or to a legally distinct entity is determined based on the contributions due. Costs related to those plans are recognised in the consolidated income statement based on

the contribution made in the year. In the defined-benefit plans, on the other hand, the company's obligation is determined, separately for each plan, based on actuarial assumptions by estimating (in compliance with the projected unit credit method) the amount of the future benefits that the employees have accrued as at the date of reference. More specifically, the current value of the defined-benefits plans is calculated using a rate determined based on market performance as at the reporting date of the bonds of primary companies or, if there is no active market in which they are traded, government bonds. The liability is recognised on an accrual basis during the period the right accrues. The liability is measured by independent actuaries. If the assets servicing the plan exceed the current value of the relevant liability, the surplus is recognised as assets.

Net interest includes the component of return on assets servicing the plan and the cost for interest to be recognised in the income statement. Net interest is determined by applying the discount rate defined for the liabilities to the liabilities, net of any assets servicing the plan; Net interest of defined-benefits plans is recognised to the consolidated income statement as "Financial income" or "Financial expenses".

The actuarial gains and losses arising from the actuarial assessment of the defined-benefits plans and the return on assets servicing the plan (net of their interest income) are recognised as other components of the consolidated statement of comprehensive income. The actuarial gains and losses for the other long-term benefits are recognised to the consolidated income statement. If a defined-benefits plan is changed, or if a new plan is introduced, the pension cost, if any, related to past service is recognised to the consolidated income statement.

Derivative financial instruments

A derivative is a financial instrument or another contract:

- whose value changes depending on the changes in an underlying parameter, such as interest rate, price of a note or goods, exchange rate in foreign currency, index of prices or rates, rating of a receivable or another variable;
- that requires a net initial investment equal to zero or less than what would be required for contracts with a response similar to the changes in market conditions;
- that is settled at a future date.

Derivatives are classified as financial assets or liabilities based on the positive or negative fair value and are classified as "held for trading" and recognised at fair value in the consolidated income statement, except for those designated as effective hedging instruments.

Derivatives are designated as hedging instruments when the ratio between the derivative and the hedged item is formally documented and the hedging effectiveness (periodically checked) is high. When derivatives hedge the risk of a change in cash flows of instruments being hedged (cash flow hedge; e.g., hedging the variability of asset/liability cash flows due to exchange rates fluctuating), the changes in fair value of derivatives considered effective are initially recognised in the consolidated equity reserve for the other consolidated comprehensive income statement components (cash flow hedge reserve) and then attributed to the consolidated income statement consistent with the economic effects produced by the transaction hedged. The changes to the fair value of derivatives that cannot be qualified as hedging are recognised in the consolidated income statement.

For currency options, the fair value suspended to the cash flow hedge reserve is formed by the intrinsic value and the time value. The intrinsic value is equal to the amount of the currency optioned (nominal value), multiplied by the difference between the exchange rate of the option exercised and the market exchange rate at the time of measurement (e.g. end of year exchange rate). In cases where the exchange rate of the option exercised is off market – that is exercising it is not advantageous considering market conditions at the time of measurement – the intrinsic value is null. The time value is a value proportionate to option duration and comes from the difference between the option's total fair value and the intrinsic value.

For the forward purchase of currency, the fair value suspended for cash flow hedge reserve is represented by the spot component, that is the amount of the currency purchased by the difference between the spot rate of the forward purchase transaction and the market rate recognised on the measurement day.

Fair value measurement

Fair value measurement is performed and relative disclosure is prepared applying IFRS 13 “*Measurement of fair value*”. Fair value is the price that would be received for the sale of an asset or that would be paid to transfer a liability during an ordinary transaction carried out by market operators, at the measurement date.

The measurement of fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the main market; that is in the market where the most volume and transaction levels for the asset or liability take place. Without a main market, one assumes that the transaction takes place in the most advantageous market to which the Group has access, that is the market susceptible to maximising the results of the transactions to sell the asset or to minimising the amount to pay to transfer the liability.

The fair value of an asset or liability is calculated considering the assumptions that market participants would use to define the price of the asset or liability, in the assumption that they act for the best economic interest. The market participants are informed independent buyers and sellers able to enter into a transaction for the asset or liability and motivated, but neither obliged nor induced, to make the transaction.

When measuring fair value, the Group considers the characteristics of specific assets and liabilities; in particular for the non-financial assets, the ability of a market operator to generate economic benefits by using the asset to its maximum and best use or selling it to another market operator able to use it to its maximum and best use. Fair value measurements for assets and liabilities are performed using techniques suited to the circumstances and for which there is enough data available, maximising use of observable inputs.

Revenue

Revenues are recognised based on the following five steps:

- 1) identification of the contract with the customer;
- 2) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to the customer);
- 3) determination of the transaction price;
- 4) allocation of the transaction price to the performance obligations identified on the basis of the stand alone selling price of each good or service; and
- 5) recognition of the revenue when the relevant performance obligation is met.

When each contract is signed with customers, the Group, related to the goods or services promised, identifies as an obligation each promise to transfer goods, a service, a number of goods or services, or a distinct combination of goods and services to a customer.

Revenues are measured in a way that corresponds to the fair value of the fee due, including any variable components, where it is considered highly probable that they will not spill over into the future.

The Group recognises revenues due for each separate obligation when the control of services supplied, rights granted or goods sold is transferred to the purchaser.

Revenues are entered in the consolidated financial statements net of any discounts and rebates, payments made to customers which do not correspond to the purchase of distinct goods or services by the Group, and the estimate to customer returns.

The Group recognises a contractual asset or liability based on the fact that the service has already taken place but the relative fee still has to be received; or a contractual liability when, for fees already received, obligations undertaken still have to be fulfilled.

Here below, please find a brief description of the recognition, measurement and valuation process applied for each of the main revenue flows identified.

TV licence fees

As described in Note 1 “General information”, the Parent Company performs, in order to exercise a Public Service, the activities established in the Contract. The fee for the service performed is represented by:

- ordinary licence fees, paid to the State, mainly by debiting the electricity bill, of the owners of a device that can receive the broadcasting signal and paid by the State, for its share, in ways established in the Contract in force in the months of January, May and September; and
- of special licence fees, paid to the Parent Company directly by managers of a commercial activity that makes use of the Public Service available to the public through a device able to receive the broadcasting signal.

As the Parent Company fulfils its obligation to provide a Public Service over time, the corresponding revenues from licence fees are recognised progressively as the broadcasting offer is transmitted.

Advertising

Contracts with advertisers establish that the Parent Company, for a fee, undertakes to circulate the promotional messages of its customers on its multimedia channels. The Group recognises the advertising revenues when the promotional messages are effectively transmitted also considering the fee reductions deemed highly probable.

Special services under convention.

This type includes revenues calculated by agreements obliging the Parent Company to provide activities established in the contract for the production, distribution and transmission of audio-visual content abroad to add value to the Italian language, culture and companies as well as the production and distribution of radio and TV transmissions, and audio-visual contents, intended for some linguistic minorities, as well as activities connected to the management of broadcasting licence fees.

The type of obligation, normally satisfied over time, means that the Group acknowledges the relative revenues during the period in which the obligation is fulfilled. Moreover, the fee due is normally commensurate to the duration of productions transmitted.

Sale of music rights and editions

Contracts selling the rights to exploit audio-visual works and music editions normally acknowledge the possibility for customers to use the works granted through different multimedia means, for a limited period of time or for a pre-defined number of passages, in set territorial areas.

User licences normally acknowledge licensees the right to access audio-visual works and music editions as they are when the licence is granted; therefore, recognition of the relative revenue takes place when the licensee is able to start exploiting the rights granted, the consideration due is calculated as a fixed, non-refundable amount. However, when contracts foresee an amount calculated based on the results from the distribution of the right, the revenue is recognised when the results are achieved.

When rights sold have shares owned by third parties, the expense resulting from the share due to them is recognised as a reduction of revenues.

Film and home video distribution

Cinema distribution contracts require material necessary for broadcasting films to be made available to cinema operators for a certain period of time. In exchange, the Group is entitled to receive consideration, which is usually variable and commensurate with the number of tickets sold and the percentage agreed on in the contract for commission on cinema takings. Sometimes, a guaranteed minimum is established (if exceeded, additional income based on ticket sales, is provided), or instead a fixed consideration. The Group recognises revenues associated with film distribution in keeping with the type of contract: (i) for contracts with a guaranteed minimum or fixed consideration, it recognises revenues at the time when control of the material necessary for broadcasting films is transferred to operators, complying with the principle of accrual; (ii) for contracts with a variable consideration, it recognises revenues as tickets are sold and the consideration is accrued.

In the case of contracts for the home video distribution of audiovisual works, the Group usually distributes, on a sale or return basis, DVDs and Blu Ray Discs to its customers, for sale to the public. The Group therefore accrues the right to the consideration for the sale of the aforementioned goods, when the goods are sold to the customer and on an accrual basis.

Generally both types of contracts require operators or retailers (or the chains they belong to) to charge the Group for costs relative to promotional activities carried out at cinemas, sales outlets or in their immediate vicinity. As these activities, in most cases, are not separate from film and home video distribution, the Group

records the expense directly deducting it from the consideration accrued, therefore recognising its revenues net of sums deducted for this reason.

Distribution and sale of channels

Contracts for the distribution and sale of channels oblige making the contents of an entire programme available to customers, for a limited period and to be broadcast on platforms and in contractually defined territories.

The type of obligation taken, normally satisfied over time, implies recognition of the relative revenues over the period in which the obligation is fulfilled; regardless of whether the fee could have been quantified as fixed and have been definitely recognised in advance.

Fees for hosting plant and equipment

Revenues from services for hosting plants and equipment are recognised when the customer obtains access to the sites where the plants and equipment are to be located. These revenues are recognised over the entire duration of the hosting contract, therefore regardless of the time-related distribution of the consideration.

Public funding

Public funding, including non-monetary grants measured at fair value, are recognised when it is reasonably certain they will be received and that the Group will comply with all conditions set for their allocation.

The benefit of a public loan at an interest rate lower than the market rate is treated as public funding. The loan is initially recognised at fair value and the public funding is measured as a difference between the initial book value and the amount received. The loan is afterwards measured in compliance with the provisions established for financial liabilities.

Public contributions to the year are presented as a positive component in the consolidated income statement, under the item other revenue and income.

Public funding received for the purchase, construction or acquisition of fixed assets (tangible or intangible) is recognised to directly reduce the relevant purchase or production cost or is recognised as income in connection with the relevant useful life, based on the amortisation process of the assets subsidised.

Costs

Costs are recognised on an accrual basis when they concern services and goods purchased or consumed during the year or by systematic breakdown, or when their future usefulness cannot be identified.

Short-term lease rentals (lasting less than 12 months) and those whose underlying asset is of low value (approximately less than €5,000) are charged to the consolidated income statement over the duration of the contract.

Financial income and expenses are recognised to the consolidated income statement during the year in which they accrued.

Exchange rate differences

Revenues and costs relating to transactions in a currency that is not the functional one are recorded at the current exchange rate of the day on which the transaction is recognised.

Monetary assets and liabilities in a currency other than the functional one are converted into the functional currency applying the current exchange rate as at the reporting date of the consolidated financial statements with the effect charged to the consolidated income statement. Monetary assets and liabilities stated in a currency other than the functional one recognised at cost are recorded at the initial recognition exchange rate; when measurement is at fair value or at the recoverable or collection value, the current exchange rate at the date that value is calculated is adopted.

Dividends

Dividends are recognised as at the date the General Meeting that establishes the right to receive payment passes the resolution except for when it is reasonably certain that the shares will be sold before the coupon date.

The dividends resolved by the Annual Shareholders' Meeting are represented as a change in consolidated shareholders' equity in the year in which they are approved.

Income tax

Current taxes are recorded as current income tax liabilities net of paid advances or in the item current income tax assets when the net balance is a credit. Current taxes are measured by multiplying the estimated taxable income by the applicable tax rates. Both the estimate of taxable income and the tax rates used are based on tax legislation in force or substantially in force at the reference date.

Current taxes are recognised in the consolidated income statement, except for those concerning items directly chargeable to the consolidated shareholders' equity.

The item also includes an estimate of the charges that could burden the Group in relation to outstanding tax disputes or uncertain income tax treatment, recognised as a balancing entry to current or non-current income tax liabilities if the estimated time to resolve the dispute or the underlying uncertainty is over 12 months.

Deferred income tax assets and liabilities are calculated on the temporary differences between the asset values recognised and the matching values recognised for tax purposes, applying the rate in force as at the date on which the temporary difference will be paid, based on the rates expected as at the reporting date. A deferred tax liability is recorded for all taxable temporary differences, except for goodwill. Deferred tax assets on the temporary differences, tax losses and tax credits not used are recognised if and when their recovery is likely in expectation that they might realise positive taxable amounts for the individual Group companies in future tax periods. When each year closes, a new measurement is made of whether deferred tax assets can be registered.

Deferred income tax assets and liabilities are recognised in the consolidated income statement, except for those concerning items directly chargeable to the consolidated shareholders' equity.

As a result of applying regulations referring to the same tax authority, the deferred income tax assets and liabilities are offset if there is a legally exercisable right to offset the current tax assets with the current tax liabilities that will be generated at the time of their payment.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at the single tax jurisdiction level if referring to offsettable taxes. The offset balance, if receivable, is entered under deferred tax assets, if payable, under deferred tax liabilities.

Related parties

Related parties are those that share the same parent company with Rai, the companies that control it directly or indirectly, are subsidiaries, or are subject to joint control of the Parent Company and those in which it holds an equity investment such as to be able to exercise considerable influence. The definition of related parties also includes entities that manage the benefit plans following the end of a working relationship solely for Company or Group employees (indicated specifically in Note 18.4 "Transactions with related parties") and key management personnel, that is those with powers and responsibilities, direct or indirect, for the planning, management, control of Rai's and subsidiaries' activities, including Directors.

In compliance with IAS 24 "Related party disclosures", paragraph 26, Rai is exempted from the disclosure requirements under paragraph 18 (according to which the Company must indicate the type of relationship with the related party, in addition to providing information on said transactions and on the existing balances, including the commitments necessary for the users of the financial statements to comprehend the potential

effects of this relationship on the consolidated financial statements) in the case of relations with another entity that is a related party because the same government entity has control over both the entity drawing up the financial statements and another entity.

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Use of estimates

Application of the IFRS for drawing up the Consolidated Financial Statements entails making accounting estimates that are often based on complex and/or subjective assessments and on past experience and assumptions considered reasonable and realistic in connection with the information known at the time of the estimate. The use of these estimates reflects on the book value of the assets and liabilities and on the disclosure concerning the contingent assets and liabilities as at the date of the Financial Statements, and on the amount of the revenues and costs in the accounting period represented. The actual results might differ from those estimated because of the uncertainty characterising the assumptions and conditions on which the estimates are based. The estimates and assumptions are periodically reviewed and the effects of every change are reflected in the consolidated income statement.

For better understanding of the Consolidated Financial Statements, the most significant estimates of the process of drafting the Consolidated Financial Statements because they involve making considerable recourse to subjective opinions, assumptions and estimates related to themes uncertain owing to their nature are provided below. The changes in the conditions at the root of adopted opinions and assumptions might have a large impact on the subsequent results.

Write-downs

Assets are written down when events or circumstances arising after their initial recognition lead one to believe that this value is not recoverable. The decision of whether to proceed with its write-down and quantification depends on assessments made on the basis of reasonable and demonstrable assumptions representing the best estimate of the future economic conditions that will take place in the residual useful life of the asset while giving importance to the information coming from the outside.

The write-down is calculated comparing the registration value with the relative recoverable value, represented by the highest between fair value, net of disposal expenses, and the value in use. The latter is determined by the use of the asset net the disposal charges and quantified in light of the information available at the time of the estimate on the basis of subjective opinions on the trend of future variables (such as prices, costs, demand growth rates).

Recovery of deferred taxes

Deferred tax assets are recognised in the Consolidated Financial Statements, mainly connected with recognition of tax losses that can be used in subsequent tax periods and as deferred tax deductible income components, for an amount that is highly likely to be recovered in future years. The amount of the above-mentioned deferred taxes is subordinate to the recoverability determined by attaining future taxable income which is sufficient to absorb the aforesaid tax losses or up to the total amount of the deferred tax liabilities. Management is required to give important opinions in order to determine the amount of the deferred taxes that can be recognised based on the time frame and the amount of the future taxable income. If in the future the individual Group companies should be unable to recover all or part of the deferred taxes recorded in the financial statements, the relevant adjustment will be charged to the consolidated income statement.

Employee benefits

Some Group employees are registered with plans that disburse benefits after termination of employment (such as the provisions for employee severance pay and the supplementary pension funds specified in Note 15.3 "Employee benefits"). Quantification of the costs and liabilities associated with these plans is based on estimates made by actuaries, who use a combination of statistical-actuarial factors, including statistical data relating to past years and forecasts of future costs.. Mortality and withdrawal rates, assumptions on the future evolution of discount rates, remuneration growth rates, inflation rates and the analysis of the trending index

of healthcare costs are also considered as estimate components. What normally occurs is that when the balance of these liabilities is periodically measured, there are differences arising from, among other things, changes in the actuarial assumptions use, the difference between actuarial assumptions previously adopted and those that actually took place, and the different return on assets servicing the plan compared to what was considered in the net interest calculation. The impacts of the new measurements are recognised in the consolidated statement of comprehensive income for the defined-benefit plans and in the consolidated income statement for the defined-contribution plans.

Litigation

The Group may be respondent in several disputes concerning administrative, civil, tax and labour law matters. The nature of these disputes makes the final outcome of the matters objectively unforeseeable. Therefore, provisions were created to cover all significant liabilities for cases where it is felt that an unfavourable result is probable and it was possible to process a reasonable estimate of expenses resulting from any loss.

Dismantling and restoration of sites

The Group recognised liabilities regarding the obligations to dismantle property, plant and equipment and to restore several areas under operating lease agreements at the end of the period they are used in. Estimating future dismantling and restoration costs is a complex process and requires common sense and judgement in assessing liabilities to sustain many years later, and they are often not fully defined by laws, regulations or contractual clauses. The critical nature of the estimates of dismantling and restoration charges also arises (i) from posting these charges whose current value is initially recorded to increase the right of use to which they refer and as a balancing entry in the provisions for risks; and (ii) from the complexity and subjectivity of the valuation process to perform upon initial recognition and to update at least once a year in order to determine the discount rate to use.

Measuring the fair value of financial instruments

The fair value of listed financial instruments is calculated observing prices identifiable directly on the market, whereas for non-listed ones specific measurement techniques are applied that use the greatest number possible of observable market inputs. In the circumstances in which this is not possible, management estimates the inputs while taking into account characteristics of the instruments being measured. Changes in assumptions made to estimate input data could have effects on the fair value recognised for those instruments in the financial statements.

Accounting standards approved by the European Union but still not mandatorily applicable

- Regulation No. 2020/2097 issued by the European Commission on 15 December 2020 endorsed the document "*Amendments to IFRS 4 "Insurance Contracts" - IFRS 9 Deferral*". The amendments to IFRS 4 are intended to address the temporary accounting consequences of the difference between the effective date of IFRS 9 "*Financial Instruments*" and the effective date of the forthcoming IFRS 17 "*Insurance Contracts*". Companies whose activities are predominately connected with insurance are permitted to defer the application of IFRS 9 from 1 January 2021 to 1 January 2023. The Group assessed that these changes will not have an impact on the consolidated financial statements.
- Regulation 2021/25 issued by the European Commission on 13 January 2021 endorsed the document "*Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*" to take into account the consequences of effectively replacing existing interest rate benchmarks with alternative benchmark rates. These amendments provide for a specific accounting to allocate over time changes in the value of financial instruments or leases due to the replacement of the benchmark interest rate, thus avoiding immediate effects on profit or loss and unnecessary discontinuance of hedging relationships due to the replacement of the benchmark interest rate.

6

Recently
issued
accounting
standards

These amendments apply for annual periods beginning on or after 1 January 2021.

The Group assessed that above changes will have no significant impacts on the Consolidated Financial Statements.

Accounting principles not yet approved by the European Union

- On 18 May 2017, the IASB issued IFRS 17 *"Insurance Contracts"*, which was subsequently amended by *"Amendments to IFRS 17"* issued on 25 June 2020. The standard addresses the accounting treatment of insurance contracts issued and reinsurance contracts held.
The provisions of IFRS 17 are effective starting from years beginning on or after 1 January 2023.
- On 23 January 2020 and 15 July 2020, respectively, the IASB issued *"Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current"* and the document *"Classification of Liabilities as Current or Non-current - Deferral of Effective Date"* 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 2018-2020"*. 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 are effective from 1 January 2022.

At present, the Group is analysing the principles specified and is assessing whether their adoption will have a significant impact on its consolidated financial statements.

7

Information by operating segment

IFRS 8 *"Operating Segments"* identifies the Operating Segment as a component of an entity: (i) that carries out activities able to generate flows of revenue and autonomous costs; (ii) whose operational results are periodically reviewed at the highest operational decision-making level, which for the Group coincides with the Parent Company's Board of Directors, with the purpose of taking decisions on allocation of the resources and assessing their results; and (iii) for which separate economic-financial information is prepared. The Group has identified only one operating segment and the management information, prepared and periodically made available to the Parent Company's Board of Directors for the purposes referred to above, considers the activity carried out by the Group as an indistinct set; as a result, no information by operating segment is presented in the Consolidated Financial Statements. The information on the services carried out by the Group, the geographical area (which for the Group nearly corresponds entirely to the territory of the Italian State) where it carries out its activity and its major users are provided in the pertinent Notes to these Consolidated Financial Statements to which the reader is therefore referred.

8

Financial
risk
management

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 which, following listing, adopted its own policy; moreover the same as the Rai one. 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.

8.1 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 the reporting date, 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.

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Current assets		
Options on currencies	-	0.1
Forward purchases of currency	-	0.1
	-	0.2
Non-current liabilities		
Options on currencies	0.1	-
	0.1	-
Current liabilities		
Options on currencies	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 recognition of derivatives in financial statements and on measurement of the relative fair value are provided in Note 4 "Measurement criteria - Liabilities - Financial derivatives", in Note 5 "Use of estimates - Measurement of the fair value of financial instruments" and Note 10 "Measurement of fair value".

As regards exchange rate derivatives, 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.

The following table illustrates movements of the cash flow hedge provisions separately by financial instrument category:

(€/million)	Cash flow hedge reserve		
	Options on currencies (*)	Interest rate swaps	Total cash flow hedge reserve
Financial Statements as at 31.12.2019	-	(15.5)	(15.5)
Change in fair value (**)	(0.2)	-	(0.2)
Deferred hedging costs recognised in OCI (time value)	-	-	-
Reclassification to the value of the acquired right (not in OCI)	-	-	-
Reclassification from OCI to financial expense	-	3.1	3.1
Deferred taxes	0.1	-	0.1
Financial Statements as at 31.12.2020	(0.1)	(12.4)	(12.5)

(*) Includes the time value recognised as at 31 December 2020 for a non-significant value in millions of Euro.

(**) Intrinsic value for options on currencies and the spot component for forward purchases.

Control of effectiveness

The effectiveness of hedging is decided when hedging starts and is re-examined periodically to check the economic ratio between the element hedged and the hedging instrument.

Effectiveness is formally proven with qualitative criteria related to the important terms (nominal amount, expiry, underlying, currency and reference rate) of the hedged element, aligned with the hedging instrument. In this situation, the hedging instrument's value evolves in the opposite direction to the element hedged and there is a clear economic ratio between the two.

The possible sources of ineffectiveness are identified in the following elements:

- significant changes in the amount and timing of payment of contracts in USD being hedged;
- significant changes in the credit risk of counterparts (rating).

The ratio between quantity of element hedged and the relative instrument designated to hedge it (hedge ratio) is always 1:1.

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 31 December 2020, the medium/long-term borrowings of the Parent Company are all at fixed rates; therefore, the effects of the changes in rates fall only on the short-term positions of a varying duration and sign during the year.

In October 2020, the associate Rai Way concluded a new loan contract for a total of €170 million (€120 million for the Term Line and €50 million for the Revolving Line) of the duration of 3 years, at a floating rate. In view of the disbursement and reimbursement terms of the amounts, as well as the limited amount used as at 31 December 2020, amounting to €15 million, no interest rate risk hedging transactions were undertaken.

Sensitivity analysis

The sensitivity analysis was carried out on the unhedged and floating rate financial positions (excluding lease liabilities arising from the application of IFRS16), outstanding at 31 December, considering a shift in the curve of +/- 50 b.p.

(€/million)	Interest rate change	Change in economic result before tax effect
Year ended 31 December 2020	+50 bp.	(1.1)
	-50 bp.	1.1
Year ended 31 December 2019	+50 bp.	1.0
	-50 bp.	(1.0)

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 SpA (hereinafter "Rai Cinema"). During 2020, these commitments generated payments for about USD 95 million (USD 123 million in 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 €6 million.

As at 31 December 2020 hedging transactions were only active for 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 current policy regulates the management of exchange rate risk in keeping with international best practices, the aim being to minimise risk, pursued through the active monitoring of exposure and the adoption of hedging strategies. 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.

The breakdown of the assets and liabilities in currency other than the Euro is provided below:

(€/million)	Year ended 31 December 2020		Year ended 31 December 2019	
	USD	Other foreign currencies	USD	Other foreign currencies
Trade receivables	4.8	1.2	3.1	1.4
Trade payables (*)	(9.4)	(2.0)	(14.7)	(1.7)
Cash on hand	5.0	0.2	6.2	0.1
Other non-current assets	-	0.1	-	0.1
Non-current lease liabilities	(0.2)	(0.5)	-	(0.5)
Current lease liabilities	(0.2)	(0.2)	-	(0.3)
Other current payables and liabilities	-	-	-	(0.1)

(*) Amount hedged by derivatives and foreign currency deposits for a nominal value of USD 1.4 million as at 31 December 2020 and USD 8.0 million as at 31 December 2019.

Here below is a table summing up the financial effects of hedging instruments in place as at 31 December 2020, for invoices, assessments or binding commitments of Rai Cinema:

(€/million)	Year ended 31 December 2020		Year ended 31 December 2019	
	Options on currencies	Forward purchases of currencies	Options on currencies	Forward purchases of currencies
Book value	(0.3)	-	0.1	0.1
Notional amount (in millions of USD)	6.0	-	4.7	4.0
Maturity of transactions	Mar. 21 - Oct. 22	-	Mar. 20-Dec. 20	Apr. 20-Dec. 20
Change in fair value of the hedging instruments (*)	(0.2)	-	0.1	-
Change in value of the hedged item	0.2	-	(0.1)	-
Average weighted exchange rate for the year	1.16	-	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, a sensitivity analysis as at 31 December 2020 and as at 31 December 2019 was conducted on credit and debt positions in currency, non-hedged credit and debt positions, on derivatives hedging commitments for contracts already signed and on 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, found in the following table, are determined by the net positions not hedged by the 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 is only referred to the subsidiary Rai Cinema.

(€/million)	EUR/USD exchange rate	Change in EUR/USD exchange rate	Recalculated EUR/USD exchange rate	Change in economic result before tax effect	Change in cash flow reserve
Year ended 31 December 2020	1,2271	-10%	1.1044	-0.2	0.4
		+10%	1.3498	0.1	-0.4
Year ended 31 December 2019	1.1234	-10%	1.0111	-0.4	0.7
		+10%	1.2357	0.4	-0.5

8.2 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 reminders 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 functions start in agreement with the respective legal functions (warning letter, injunction, etc.) actions to collect the credit after sending formal dunning letters to debtors. The allocations to the provisions for write-downs are made specifically on the credit positions having peculiar risk elements.

Finally, 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.

The analysis of the receivables by due date (before provisions for write-downs) is provided below:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Invoices to be issued	156.1	199.7
Falling due	186.9	164.1
Expired from 0 to 90 days	75.7	73.7
Expired from 91 to 180 days	6.4	7.3
Expired over 180 days	46.2	45.9
Invoices issued	315.2	291.0
Total trade receivables	471.3	490.7

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. Only time or demand deposits with bank counterparties having investment grade rating were used during 2020.

8.3 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 the Parent Company in May 2020 of the €350 million bond issued in 2015, the Group's medium/long-term financial structure as at 31 December mainly consisted of:

- a €300 million 5-year bond issued in December 2019 (for further details, see Note 15.1 "Non-current financial liabilities and current portions of non-current financial liabilities");
- a loan to Rai granted by the European Investment Bank (hereinafter "EIB"), in December 2012, for the digital terrestrial implementation project for a residual €5 million, expiring in June 2021;
- Rai Way 3-year €170 million syndicated loan signed in October 2020, divided into a term credit line, of a maximum of €120 million and a revolving credit line of €50 million, usable in multiple tranches. At the reporting date the loan was used only for €15 million from the term credit line.

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 new Rai revolving line, €130 million of which used as at 31 December 2020, requires that the following Consolidated Balance Sheet parameters/ratios 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 .

This ratio was fully met as at the reporting date, posted at 1.38.

The verification of the parameters/ratios of the EIB loan is not relevant in relation to the voluntary early repayment, on 31 March 2021, of the residual amount of €5 million.

The financial covenant provided for by Rai Way's loan contract, based on the financial statements of the subsidiary (ratio between Net Financial Position and EBITDA ≤ 3.75) is largely met.

The cash situation is constantly monitored with a financial forecasting process that highlights any financial critical issues considerably in advance so that expedient measures can be taken.

The following table includes the analysis by due date of the financial liabilities as at 31 December 2020 and 31 December 2019. The balances presented are non-discounted contractual amounts, except for the currency derivatives, for which the amounts shown are at their fair value since this is indicative of the effect on the cash flows during the specific period.

The various expiry periods are determined based on the period between the financial statements reference date and when the bonds expire.

(€/million)	Year ended 31 December 2020				Year ended 31 December 2019			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Trade payables and other liabilities:								
Trade payables	653.0	-	-	653.0	691.2	-	-	691.2
Other payables and liabilities	416.3	1.0	0.9	418.2	396.8	0.4	0.1	397.3
Medium/long-term financial liabilities:								
Medium/long-term loans	5.2	15.1	-	20.3	10.4	5.3	-	15.7
Bonds	4.1	312.4	-	316.5	359.4	316.5	-	675.9
Short-term financial liabilities:								
Due to banks	227.1	-	-	227.1	-	-	-	-
Other current financial liabilities	0.1	-	-	0.1	-	-	-	-
Derivative instruments:								
Currency derivatives	0.2	0.1	-	0.3	-	-	-	-

With regard to lease liabilities, the breakdown of the value recorded in the balance sheet by maturity date is shown in Note 15.2 "Lease liabilities".

9

Management of capital risk

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 including Shareholders' Equity is seen in the following table:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Shareholders' equity	371.7	411.7
Total shareholders' equity and liabilities	2,750.7	2,913.8
	13.5%	14.1%

The net consolidated financial position of the Group for the periods under review is shown in Note 21.2 "Consolidated net financial position".

10

Fair value measurement

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.

The values of the financial instruments classified based on a hierarchy of levels reflecting the significance of the inputs used for calculation (IFRS 13 "Fair value measurement") are provided below:

- **Level 1:** listed price (active market) - the data used in the measurements are represented by prices listed on markets in which assets and liabilities identical to those being measured are traded;
- **Level 2:** 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.
- **Level 3:** use of parameters not observable on the market (internal assumptions, for example, cash flows, spreads adjusted for risk, etc.)

All the instruments present as at 31 December 2020 and 31 December 2019 have been valued according to the Level 2 methodology.

(€/million)	Year ended 31 December 2020			Year ended 31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives on exchange rates	-	(0.3)	-	-	0.2	-

For more information on the derivative instruments (assets and liabilities), please refer to Notes no. 13.3 "Current financial assets" and 16.2 "Current financial liabilities".

To complete disclosure on financial risks, the reconciliation between classes of financial assets and liabilities and types of financial assets and liabilities identified based on IFRS 7 requirements is provided below:

and liabilities and types	of financial assets and liabilities (€/million) Year ended 31 December 2020				Notes (***)
	Assets and liabilities at amortised cost	Financial assets and liabilities at fair value with balancing entry in the income statement	Financial assets and liabilities measured at fair value with balancing entry in other comprehensive income	Total financial assets and liabilities	
Assets					
Trade receivables (*)	422.3	-	-	422.3	12.8 - 13.2
Current financial assets	8.0	-	-	8.0	13.3
Cash and cash equivalents	15.5	-	-	15.5	13.6
Non-current financial assets	0.8	-	-	0.8	12.6
Equity investments in other companies (**)	-	1.0	-	1.0	12.5
Total financial assets	446.6	1.0	-	447.6	
Liabilities					
Trade payables	653.0	-	-	653.0	16.1
Current financial liabilities	(232.4)	(0.1)	(0.1)	(232.6)	16.2
Current lease liabilities	(23.0)	-	-	(23.0)	15.2
Non-current financial liabilities	(314.2)	-	(0.1)	(314.3)	15.1
Non-current lease liabilities	(60.0)	-	-	(60.0)	15.2
Total financial liabilities	(1,282.6)	(0.1)	(0.2)	(1,282.9)	

(*) The item includes the value of the trade receivables allocated to other non-current assets.

(**) When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

(***) The figures provided below indicate the paragraphs within the Notes in which the assets and liabilities shown are described in detail.

11

Reconciliation
between the
classes of
financial assets

(€/million)

Year ended 31 December 2019

	Assets and liabilities at amortised cost	Financial assets and liabilities at fair value with balancing entry in the income statement	Financial assets and liabilities measured at fair value with balancing entry in other comprehensive income	Total financial assets and liabilities	Notes (***)
Assets					
Trade receivables (*)	447.5	-	-	447.5	12.8 - 13.2
Current financial assets	5.5	0.1	0.1	5.7	13.3
Cash and cash equivalents	194.6	-	-	194.6	13.6
Non-current financial assets	3.3	-	-	3.3	12.6
Equity investments in other companies (**)	-	0.9	-	0.9	12.5
Total financial assets	650.9	1.0	0.1	652.0	
Liabilities					
Trade payables	(691.2)	-	-	(691.2)	16.1
Current financial liabilities	(359.8)	-	-	(359.8)	16.2
Current lease liabilities	(27.3)	-	-	(27.3)	15.2
Non-current financial liabilities	(304.2)	-	-	(304.2)	15.1
Non-current lease liabilities	(50.3)	-	-	(50.3)	15.2
Total financial liabilities	(1,432.8)	-	-	(1,432.8)	

(*) The item includes the value of the trade receivables allocated to other non-current assets.

(**) When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

(***) The figures provided below indicate the paragraphs within the Notes in which the assets and liabilities shown are described in detail.

12.1 Property, plant and equipment

Property, plant and equipment, which amounted to €1,103.2 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	Assets under construction and payments on account	Total
Cost	383.4	604.2	2,212.0	102.7	122.9	81.6	3,506.8
Accumulated depreciation	-	(284.5)	(1,956.8)	(92.1)	(98.1)	-	(2,431.5)
Balance as at 31.12.2019	383.4	319.7	255.2	10.6	24.8	81.6	1,075.3
Change in the year							
Increases and capitalisation	-	9.7	58.3	2.8	5.9	60.7	137.4
Disposals (1)	(1.3)	(4.8)	(0.2)	-	-	-	(6.3)
Reclassifications (2)	-	5.7	56.0	1.4	3.5	(66.5)	0.1
Amortisation and depreciation	-	(13.7)	(79.1)	(3.5)	(7.0)	-	(103.3)
Balance as at 31.12.2020	382.1	316.6	290.2	11.3	27.2	75.8	1,103.2
<i>broken down as follows:</i>							
<i>Historical cost</i>	<i>382.1</i>	<i>614.4</i>	<i>2,300.1</i>	<i>105.8</i>	<i>128.7</i>	<i>75.8</i>	3,606.9
<i>Accumulated depreciation</i>	<i>-</i>	<i>(297.8)</i>	<i>(2,009.9)</i>	<i>(94.5)</i>	<i>(101.5)</i>	<i>-</i>	(2,503.7)
<i>Detail:</i>							
(1) Cost	(1.3)	(5.2)	(26.2)	(1.1)	(3.6)	-	(37.4)
Accumulated depreciation	-	0.4	26.0	1.1	3.6	-	31.1
	(1.3)	(4.8)	(0.2)	-	-	-	(6.3)
(2) Reclassifications broken down as follows. The residual amount is reclassified to intangible assets:							
Cost	-	5.7	56.0	1.4	3.5	(66.5)	0.1
	-	5.7	56.0	1.4	3.5	(66.5)	0.1

Investments for the year, which amounted to €137.4 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 18.2 "Commitments".

12

Non-current
assets

12.2 Real estate investments

Real estate investments amount to €2.7 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 is received totalling €1.7 million in the year ended 31 December 2020 (€1.7 million as at 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
Change in the year	
Amortisation and depreciation	(0.2)
Balance as at 31.12.2020	2.7
<i>broken down as follows:</i>	
Cost	7.2
Accumulated depreciation	(4.5)

In 2020, no investments or disposals took place, the change in the period therefore refers to the entire depreciation charge.

Based on the latest estimates, the market value as at 31 December 2020 of the buildings entered under real estate investments ranges between €26.2 million and €32.0 million.

12.3 Lease rights of use

Lease rights of use totalled €82.8 million (€72.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Land and buildings	Other assets	Total
Cost	86.8	9.1	95.9
Accumulated depreciation	(20.7)	(3.2)	(23.9)
Balance as at 31.12.2019	66.1	5.9	72.0
Change in the year			
Increases	33.9	2.9	36.8
Terminations (1)	(1.0)	(0.1)	(1.1)
Amortisation and depreciation	(21.4)	(3.5)	(24.9)
Balance as at 31.12.2020	77.6	5.2	82.8

broken down as follows:

<i>Historical cost (2)</i>	113.7	10.7	124.4
<i>Accumulated depreciation (2)</i>	(36.1)	(5.5)	(41.6)

Detail:

(1) of which:

Cost	(1.1)	(0.1)	(1.2)
Accumulated depreciation	0.1	-	0.1
	(1.0)	(0.1)	(1.1)

(2) Amounts net of totally amortised assets, amounting to:

Cost	(5.9)	(1.2)	(7.1)
Accumulated depreciation	5.9	1.2	7.1
	-	-	-

Investments in the year, amounting to €36.8 million (€15.6 million in 2019), refer mainly to property rental contracts or contracts for the rental of transport vehicles that entered into effect during the period.

The value of costs for short-term leases and leases of low-value assets is reported in Note 17.3 "Costs for the purchase of consumables, costs for services and other costs".

No income was recorded from the subleasing of assets that led to the recognition of a right of use.

During the year, the Group did not benefit from any suspension of payments due in respect of leases granted as a direct consequence of the Covid-19 pandemic and falling within the scope of the amendment to IFRS 16 "Covid-19-Related Rent Concessions".

12.4 Intangible assets

Intangible assets, which amounted to €865.0 million (€920.2 million as at 31 December 2019), are broken down as follows:

(€/million)	Programmes	Software	Goodwill	Other intangible assets	Assets under construction 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
Change in the year						
Increases and capitalisation	238.1	10.9	0.1	-	142.8	391.9
Disposals (1)	-	-	-	-	(1.1)	(1.1)
Reclassifications (2)	135.5	8.8	-	-	(144.4)	(0.1)
Write-downs	(60.8)	-	-	-	(3.4)	(64.2)
Amortisation (3)	(368.5)	(13.0)	-	(0.2)	-	(381.7)
Balance as at 31.12.2020	550.9	24.6	5.1	2.5	281.9%	865.0

broken down as follows (4):

Cost	1,370.8	40.4	5.1	3.5	317.1	1,736.9
Provisions for write-downs	(82.7)	-	-	(0.1)	(35.2)	(118.0)
Accumulated depreciation	(737.2)	(15.8)	-	(0.9)	-	(753.9)

Detail:

(1) of which:

Cost	-	-	-	-	(1.3)	(1.3)
Provisions for write-downs	-	-	-	-	0.2	0.2
	-	-	-	-	(1.1)	(1.1)

(2) Reclassifications broken down as follows. The residual amount is reclassified to property, plant and equipment:

Cost	135.8	8.8	-	-	(144.7)	(0.1)
Provisions for write-downs	(0.3)	-	-	-	0.3	-
	135.5	8.8	-	-	(144.4)	(0.1)

(3) Net of use of the provisions for write-downs for:

Provisions for write-downs	52.8	-	-	0.1	-	52.9
Accumulated depreciation	(52.8)	-	-	(0.1)	-	(52.9)
	-	-	-	-	-	-

(4) Amounts net of assets amortised in full at year end and, for work in progress, net of assets eliminated, amounting to:

Cost	(439.2)	(13.5)	-	-	(1.6)	(454.3)
Provisions for write-downs	-	-	-	-	1.6	1.6
Accumulated depreciation	439.2	13.5	-	-	-	452.7
	-	-	-	-	-	-

Investments, which amounted to €391.9 million (€460.6 million as at 2019) mainly refer to Dramas for €251.2 million and films for €102.2 million.

The amount of assets under development and payments on account refers to programmes for €274.4 million, software for €6.7 million and other rights for €0.8 million.

The write-downs recognised during the year amounted to €64.2 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 18.2 "Commitments".

12.5 Equity investments

Equity investments, which amounted to €7.0 million (€6.7 million as at 31 December 2019), are broken down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Equity investments in non-consolidated subsidiaries	0.5	-
Joint ventures	4.3	4.8
Associates	1.2	1.0
Equity investments in associates and joint ventures	5.5	5.8
Equity investments in other companies	1.0	0.9
Total equity investments	7.0	6.7

Investments in non-consolidated subsidiaries related to the acquisition by Rai Way of the shares representing the entire share capital of Sogepotel Srl. As from 30 December 2020, following the sale to Rai Way of the entire interest held in Sogepotel Srl, the latter is no longer operational. Please refer to Note 3 "Principles of Consolidation" for further details.

Here below are the movements of investments measured using the equity method:

(€/million)	Year ended 31 December 2019			Change in the year			Year ended 31 December 2020		
	Cost	Adjustment to shareholders' equity	Carrying amount	Acquisitions/ Transfers	Profit/(loss)	Decrease due to dividends	Cost	Adjustment to shareholders' equity	Carrying amount
Joint venture:									
San Marino RTV SpA	0.3	1.6	1.9	-	(0.4)	-	0.3	1.2	1.5
Tivù Srl	0.5	2.4	2.9	-	1.6	(1.7)	0.5	2.3	2.8
Associates:									
Audiradio Srl (in liquidation)	1.4	(1.4)	-	-	-	-	1.4	(1.4)	-
Auditel Srl	-	0.9	0.9	-	0.2	-	-	1.1	1.1
Euronews SA	0.9	(0.8)	0.1	-	(0.1)	-	0.9	(0.9)	-
Player Editori Radio Srl	-	-	-	-	-	-	-	-	-
Tavolo Editori Radio Srl	-	-	-	-	0.1	-	-	0.1	0.1
Total equity investments in joint ventures and associates	3.1	2.7	5.8	-	1.4	(1.7)	3.1	2.4	5.5

(a) Figure from the Financial Statements as at 31.12.2019, the latest available.

(b) The balance sheet deficit of the Group, 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 the Group, of €0.3 million, is covered by provisions for charges of an equal amount.

Investments in joint ventures concern:

- **San Marino RTV SpA** (50% Rai): the company, incorporated in 1991 with joint shares of Rai and E.R.A.S. ("Ente di Radiodiffusione Sammarinese") pursuant to Law 99 of 9 April 1990 ratifying the radio and television collaboration agreement between the Italian Republic and the Republic of San Marino, has a share capital of €0.5 million, made up of 1,000 shares of a nominal value of €516.46 each. Related to the negative result achieved by the company in 2020, the investment was written down, for an amount of €0.4 million, to adjust it to the value of €1.5 million corresponding to the Rai share of the company's shareholders equity.
- **Tivù Srl** (48.16% Rai): the share capital of €1 million was subscribed by Rai and R.T.I. - Reti Televisive Italiane SpA - with equal shares of 48.16% and by other shareholders for the remaining part. In 2020, the distribution of an ordinary dividend of €1.6 million and an extraordinary dividend of €1.8 million was resolved. The total amount due to Rai, amounting to €1.7 million, was recorded as a reduction in the book value of the equity investment. In relation to the positive result recorded by the company in 2020, equal to €3.3 million, the equity investment was revalued for Rai's share in the amount of €1.6 million. The equity investment was recognised at a value of €2.8 million, corresponding to Rai's share of the company's shareholders' equity.

Equity investments in associates concern:

- **Audiradio Srl in liquidation** (27% Rai): the share capital amounts to €0.3 million and consists of 258,000 shares of the nominal value of €1.00 each. The gross value of the equity investment, amounting to €1.4 million, was fully written down based on the latest approved financial statements as at 31 December 2019, which showed a negligible negative shareholders' equity in millions of Euros. The portion of the balance sheet deficit was allocated to a specific provision for charges.
- **Auditel Srl** (33% Rai): the share capital amounts to €0.3 million and consists of 300,000 shares of the nominal value of €1.00 each. The equity investment was recognised for the value of €1.1 million, corresponding to the percentage concerning Rai on the shareholders' equity of the company posted in the Financial Statements as at 31 December 2020. Following the profit attained by the company in 2020 which amounted to €0.6 million, the equity investment was revalued for the portion concerning Rai, which came to €0.2 million.
- **Euronews - Société Anonyme** (2.52% Rai): the share capital, €32.9 million, consists of 2,190,678 shares of the nominal value of €15.00 each. The gross value of the equity investment, amounting to €0.9 million, was fully written down based on the latest approved financial statements as at 31 December 2020, which showed a negative shareholders' equity of €13.7 million. The portion of the balance sheet deficit amounting to €0.3 million was allocated to a specific provision for charges.
- **Player Editori Radio Srl** (13.9% Rai): the share capital, €10 thousand, is divided between national radio publishers (70%, of which Rai 13.9%) and local ones (30%). Following the profit attained by the company in 2020, for a non-significant value in millions of Euro, a revaluation for the portion concerning Rai was recognised. The equity investment was recognised for a non-significant value in millions of Euro, which corresponds to Rai's portion of the company's shareholders' equity as at 31 December 2020.
- **Tavolo Editori Radio Srl** (13.9% Rai): the share capital, €0.1 million, is divided between national publishers (70%), – of which Rai 13.9% – and local ones (30%). In relation to the positive result recorded by the company in 2020, equal to €0.2 million, a revaluation was recorded for Rai's share equal to €0.1 million. The equity investment was recognised at a value of €0.1 million, corresponding to Rai's share of the company's shareholders' equity at 31 December 2020.

Below are the changes in the investments in other companies:

(€/million)	Year ended as at 31 December 2020	Year ended as at 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 equity investments in other companies	(0.2)	(0.2)
Total equity investments in other companies	1.0	0.9

(1) Banca di Credito Cooperativo di Roma Scpa, International Multimedia University Umbria Srl in liquidation and Immobiliare Editori Giornali Srl.

Equity investments in other companies concern:

- **Almaviva – The Italian Innovation Company SpA** (0.83% Rai): the investment value, €0.3 million, has not changed since the previous year. The share capital, which is €154.9 million, is represented by 107,567,301 ordinary shares and by 47,331,761 special shares, both of the face value of €1.00 each.
- **Istituto dell'Enciclopedia Italiana Treccani SpA** (0.89% Rai): the equity investment was recognised for a gross value of €0.8 million, written down for €0.1 million as a result of the losses incurred by the company in previous years. The Extraordinary Shareholders' Meeting of the company, held on 30 April 2020, resolved to increase the share capital by €8 million by issuing 8 million ordinary shares with a nominal value of €1 each, with the same characteristics as those in circulation, to be offered as an option to the company's shareholders. The capital increase was subscribed by Rai for its entire share, equal to €0.1 million, thus maintaining the ownership percentage of 0.89%. Share capital is represented by 70,724,105 shares of a nominal value of €1.00 each.
- **Banca di Credito Cooperativo di Roma Scpa** (company with variable capital; with the percentage held by Rai insignificant): was recognised for a value of €1 thousand for the acquisition of 100 shares.
- **Immobiliare Editori Giornali Srl** (1.75% Rai Com): the equity investment, recognised in the financial statements of Rai Com SpA (hereinafter "Rai Com"), for an insignificant value in millions of Euro, comprised 23,815 shares against payment and 4,306 shares without a consideration for a total of 28,121 shares of a nominal value of €0.51 out of a total of 1,608,000 shares composing the share capital.
- **International Multimedia University Umbria Srl in bankruptcy proceedings** (1.533% Rai): the investment value was written down in full as it is no longer certain that the amounts paid can be recovered.

12.6 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)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Financial receivables from personnel	-	0.1
Securities	-	2.3
Other non-current financial assets	0.8	0.9
Total non-current financial assets	0.8	3.3

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 13.3 "Current financial assets".

Other non-current financial assets amounting to €0.8 million (€0.9 million as at 31 December 2019) refer to the deferrals of non-current shares of fees related to credit lines signed by Rai and Rai Way.

Expiration of the current and non-current financial assets is broken down as shown below:

(€/million)	Year ended 31 December 2020				Year ended 31 December 2019			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Financial receivables from personnel	-	-	-	-	0.1	0.1	-	0.2
Securities	2.3	-	-	2.3	-	2.3	-	2.3
Receivables from joint ventures and associates	0.8	-	-	0.8	0.2	-	-	0.2
Derivative financial instruments	-	-	-	-	0.2	-	-	0.2
Blocked bank deposits	4.2	-	-	4.2	4.7	-	-	4.7
Other financial assets	0.7	0.8	-	1.5	0.5	0.9	-	1.4
Total current and non-current financial assets	8.0	0.8	-	8.8	5.7	3.3	-	9.0

The short-term portion of the financial assets, which amounted to €8.0 million, is included in the current components described in Note 13.3 "Current financial assets".

Information on risks hedged and on hedging policies is disclosed in Note 8.1 "Market risk".

12.7 Deferred tax assets

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Deferred tax assets eligible for offset	121.9	134.6
Deferred tax liabilities eligible for offset	(153.7)	(155.6)
Net deferred tax liabilities	(31.8)	(21.0)

As at 31 December 2020, at 31 December 2019 the net balance of deferred tax assets and deferred tax liabilities shows a negative amount, so is posted in the liabilities of the consolidated statement of financial position. Please refer to Note 15.5 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 17.10 "Income tax".

12.8 Other non-current assets

Other non-current assets, which amounted to €13.8 million (€16.7 million as at 31 December 2019), break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Advances for sports events	7.2	6.3
Advances for trade initiatives	18.1	16.2
Non-current portion of trade receivables	4.4	5.8
Receivables from personnel	0.8	0.7
Amounts committed to cautionary deposit with third parties	2.3	2.2
Other non-current receivables	1.6	1.6
– Provisions for write-down of other non-current assets	(20.6)	(16.1)
Total other non-current assets	13.8	16.7

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 into Rai Way in 2017. The current portion equal to €0.1 million was recognised under the current income tax receivables as explained in Note 13.4. "Current income tax assets".

The remaining items above substantially relate to non-current portions of assets described in notes 13.2 "Trade receivables" and 13.5 "Other receivables and current assets", to which reference should be made.

The provisions for write-down of other non-current assets, which amounted to €20.6 million (€16.1 million as at 31 December 2019), is broken down below:

(€/million)	Year ended as at 31 December 2019	Provisions	Drawdowns	Year ended as at 31 December 2020
Provisions for write-down of advances for trade initiatives	(9.8)	(5.0)	0.5	(14.3)
Provision for write-down of advances for sports events	(6.1)	(0.1)	0.1	(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)	(5.1)	0.6	(20.6)

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Current assets

13.1 Inventory

Inventory, net of its provisions for write-downs, amounted to €1.7 million (€1.5 million as at 31 December 2019), and is broken down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Technical materials	12.5	12.8
– Provisions for write-down of technical materials	(11.8)	(12.1)
Contract work in progress	0.2	0.2
Finished products and goods	0.8	0.6
Total inventory	1.7	1.5

The final inventory of technical materials, equal to €0.7 million net of the provision for write-down (€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 €0.8 million (€0.6 million as at 31 December 2019), mainly concern inventories related to magazines and books and home video distribution.

13.2 Trade receivables

Trade receivables, which amounted to €417.9 million (€441.7 million as at 31 December 2019), are broken down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Trade:		
Government and other public bodies for services under the agreement	71.3	62.9
Government for performance of service agreement obligations - Law 145/2018	38.5	38.5
Other receivables	361.2	389.1
– Provision for write-downs of trade receivables	(53.4)	(49.0)
Joint ventures and associates	0.3	0.2
Total trade receivables	417.9	441.7

Receivables from joint ventures and associates refer to:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
San Marino RTV SpA	0.1	0.1
Tivù Srl	0.2	0.1
Total trade receivables from joint ventures and associates	0.3	0.2

The breakdown of trade receivables by geographical area shows the predominance of the domestic market.

The nominal value of receivables from the Government and other public bodies for services under agreement, equal to €71.3 million (€62.9 million as at 31 December 2019), refers to:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Prime Minister's Office:		
Operating grants to be paid to San Marino RTV	2.9	2.9
Radio, television and multimedia offer for abroad	6.7	6.7
Broadcasts from Trieste in Slovenian	11.5	11.4
Radio and TV broadcasts in French for the Valle d'Aosta Autonomous Region	2.1	2.1
Radio and television broadcasts in Sardinian for the Autonomous Region of Sardinia	0.3	-
Revenue Office:		
Management of ordinary TV licence fees	20.0	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	19.2	19.2
Autonomous Region of Valle d'Aosta: management of equipment for the TV reception of programmes from the French cultural area	8.6	8.6
Total receivables from the Government and other public bodies for services under the agreement	71.3	62.9

Receivables from related parties are specified in Note 18.4 "Transactions with Related Parties".

Trade receivables are shown net of the provisions for write-downs of €53.4 million (€49.0 million as at 31 December 2019), with movements itemised below:

(€/million)	Year ended as at 31 December 2019	Provisions	Drawdowns	Reversals	Year ended as at 31 December 2020
Provisions for write-downs of trade receivables	(49.0)	(9.2)	4.4	0.4	(53.4)

Receivables in foreign currency amount to €6.0 million (€4.5 million as at 31 December 2019) as indicated in Note 8.1 "Market risk".

13.3 Current financial assets

Current financial assets amounted to €8.0 million (€5.7 million at 31 December 2019). The breakdown of the item and the comparison with the previous year are shown below:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Joint ventures and associates	0.8	0.2
From employees	-	0.1
Securities	2.3	-
Derivative financial instruments	-	0.2
Blocked bank deposits	4.2	4.7
Other current financial assets	0.7	0.5
Total current financial assets	8.0	5.7

Receivables from joint ventures and associates as at 31 December 2020 and 31 December 2019 refer to San Marino RTV.

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 Government.

Blocked bank deposits, which came to €4.2 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 as regards their assets component, including the current and non-current portions:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Currency hedging derivatives	-	0.2
Total derivative financial instruments – current portion	-	0.2
Total derivative financial instruments – non-current portion	-	-
Total derivative financial instruments	-	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 10 “Fair value measurement”. Cash flow hedge transactions on foreign exchange rates as at 31 December 2020 were zero in the accounts receivable part (€0.2 million as at 31 December 2019). No non-current portions are recognised.

Information on risks hedged and on hedging policies is disclosed in Note 8.1 “Market risk”.

13.4 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)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
IRES refund requested	16.8	16.9
Withheld taxes	2.1	1.7
Total IRES	18.9	18.6
IRAP	0.2	0.4
Advance for substitute tax on goodwill	0.1	0.1
Provisions for write-downs of current income tax assets	(1.1)	(0.7)
Total current income tax assets	18.1	18.4

Current income tax assets are shown net of the provisions for write-downs of €1.1 million (€0.7 million as at 31 December 2019) related to withheld taxes on income risking recoverability.

The IRAP receivable, amounting to €0.2 million (€0.4 million as at 31 December 2019) refers to the IRAP advances paid to tax authorities due in the period and 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 12.8. “Other non-current assets”.

The taxes are commented in Note 17.10 “Income taxes”.

13.5 Other current receivables and assets

Other current receivables and assets, which totalled €214.2 million (€154.8 million as at 31 December 2019) break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Advances for sports events	123.9	63.4
Advances to suppliers, collaborators and agents	23.0	25.6
Receivables from social security and welfare institutions	3.4	3.0
Other tax receivables	1.2	2.3
Receivables from personnel	8.9	9.4
Receivables from entities, companies, bodies and others	20.2	18.7
Receivables for subsidies and grants from the Government, EU and other public entities	0.4	0.4
Other receivables	37.6	35.4
– Provision for write-downs of other current receivables and assets	(4.4)	(3.4)
Total other current receivables and assets	214.2	154.8

Please note that:

- Advances for sports events refer to sums paid for the acquisition of rights to future sports' events.
- 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)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
VAT refund requested	0.8	1.8
Other tax refunds requested	-	0.2
Other	0.4	0.3
Total other tax receivables	1.2	2.3

The provisions for write-downs of other current receivables and assets, which amounted to €4.4 million (€3.4 million as at 31 December 2019), is broken down below:

(€/million)	Year ended as at 31 December 2019	Provisions	Drawdowns	Reversals	Year ended as at 31 December 2020
Provision for write-downs of other current receivables and assets	(3.4)	(1.3)	0.3	-	(4.4)

Considering the short period of time elapsing between when the receivable arises and its due date, it is estimated that there are no significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

13.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to €15.5 million (€194.6 million as at 31 December 2019), are broken down into the following items:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Bank and postal deposits	15.2	194.3
Cash and securities in hand	0.3	0.3
Total cash and cash equivalents	15.5	194.6

Bank and postal deposits amounted to €15.2 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 the company's coffers as at 31 December 2020.

The Company's liquid assets are shown in the following table by currency as at 31 December 2020 and as at 31 December 2019:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Cash on hand in Euro	10.3	188.3
Cash on hand in USD	5.0	6.2
Cash on hand in other currencies	0.2	0.1
Total cash and cash equivalents	15.5	194.6

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Shareholders' equity

Reported below is the breakdown of shareholders' equity, attributable to the Group and minority interests:

(€/million)	Year ended as at 31 December 2020	Year ended as at 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	0.9	0.5
Cash flow hedge reserve	(12.5)	(15.5)
Other reserves	252.4	251.6
Total other reserves	122.5	153.4
Actuarial reserves for employee benefits	(36.6)	(35.4)
Retained earnings (losses)	(3.3)	(3.3)
Profit (Loss) for the year	(22.0)	(22.1)
Total retained earnings (losses carried forward)	(61.9)	(60.8)
Total Group shareholders' equity	315.1	347.1
Third-party capital and reserves	34.7	42.6
Retained earnings (losses) attributable to minority interests carried forward	21.9	22.0
Total shareholders' equity attributable to minority interests	56.6	64.6
Total shareholders' equity	371.7	411.7

Third-party equity interests

The profit/(loss) for the year 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 31 December 2020, the share capital of the Parent Company consisted of 242,518,100 ordinary shares with a unit par value of €1. The share capital, fully subscribed and paid up, is held by:

- the Ministry of 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 €122.5 million (€153.4 million as at 31 December 2019) and losses carried forward, for €61.9 million (€60.8 million as at 31 December 2019) are broken down as shown below.

During 2020, Rai Way implemented a programme for the purchase of treasury shares on the MTA market of Borsa Italiana SpA, which involved the acquisition of 3,625,356 treasury shares (equal to about 1.33% of the share capital of Rai Way) for a total disbursement of about €20.0 million, which resulted in a decrease in Other reserves. This transaction did not result in the change in the percentage of the share capital of Rai Way held by the Parent Company, which remained stable at 64.971%.

Purchases, made on the MTA market of Borsa Italiana SpA, involved the acquisition of 3,625,356 own shares, for an average price of €5.509531 per share and a total value of €19,974,010.41. The above shares are approximately 1.3329% of the share capital of Rai Way.

15.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, total €319.5 million (€664.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)

	Year ended 31 December 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	299.1%	-	299.1%	298.9	349.6	648.5
M/L-term payables to banks	15.1	5.1	20.2	5.2	10.1	15.3
Derivative financial instruments	0.1	-	0.1	-	-	-
M/L-term payables to other lenders	-	0.1	0.1	0.1	0.1	0.2
Total non-current financial liabilities and current portions of current financial liabilities	314.3	5.2	319.5	304.2	359.8	664.0

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Non-current
liabilities

Non-current financial liabilities, including current portions, decreased by €344.5 million compared to 31 December 2019 mainly for the reimbursement, by the Parent Company, of the bond issue for a nominal €350 million and two instalments of the EIB loan for a total of €10 million. In turn, the signing, by Rai Way, of a credit line of €170 million used for €15 million (see also note 8.3 “Liquidity Risk”) resulted in an increase in the item.

Medium-long term payables therefore were mainly composed as at 31 December 2020 of:

- Rai bond issue with a notional amount of €300 million maturing in December 2024;
- amortising loan maturing in June 2021 for a residual €5 million granted to Rai by the EIB for the development of the digital terrestrial infrastructure, repaid in advance on 31 March 2021;
- subsidised loan of insignificant amount granted to Rai in January 2020, following participation in a public tender issued by the then Ministry of Education, University and Research - MIUR;
- €170 million credit line granted to Rai Way by a bank syndicate used for €15 million as at 31 December 2020, expiring in October 2023;
- 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 *senior unsecured bond* of nominal €300 million issued by Rai in December 2019 and listed on Euronext Dublin, 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;
- 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;
- 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 29 October 2020, Moody’s published a rating action that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with negative outlook.

Derivative instruments recognised at fair value, are broken down below in the liability component, including the current and non-current portions:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Currency hedging derivatives	0.2	-
Total derivative financial instruments – current portion	0.2	-
Rate hedging derivatives	0.1	-
Total derivative financial instruments – non-current portion	0.1	-
Total derivative financial instruments	0.3	-

Cash flow hedging on exchange rates for €0.3 million as at 31 December 2020 (zero as at 31 December 2019) related 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 amounted to €0.1 million.

The recognition of effects on the income statement and realisation of cash flows from hedged contracts take place over a time interval which ends in the fourth quarter of 2022.

No transactions qualifying on a preliminary basis as hedging changed status in 2020.

Information on risks hedged and on hedging policies is disclosed in Note 8.1 “Market risk”.

The final due date of financial liabilities held (current and non-current) is shown in the following table:

(€/million)	Year ended 31 December 2020			
	< 1 year	1 - 5 years	> 5 years	Total
Bonds	-	299.1	-	299.1
M/L-term payables to banks	5.1	15.1	-	20.2
Short-term payables to banks	227.1	-	-	227.1
M/L-term payables to other lenders	0.1	-	-	0.1
Hedging financial tools	0.2	0.1	-	0.3
Other financial liabilities	0.1	-	-	0.1
Total current and non-current financial liabilities	232.6	314.3	-	546.9

(€/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

In compliance with accounting standards, the fair value of significant financial liabilities not recorded in the financial statements according to this criterion was measured, using the following parameters:

- bond issued by the Company in 2019, maturing in December 2024: the fair value as at 31 December 2020, amounting to 103,217, was measured at the market price, including accrued interest, at that date;
- EIB Loan: the fair value measured as at 31 December 2020 is equal to the voluntary prepayment value paid to the counterparty on 31 March 2021;
- Rai Way loan: the fair value estimate of the portion used at 31 December 2020 was close to the nominal value.

(€/million)	Year ended 31 December 2020		Year ended 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Rai - €350 million Bond issue - maturity 28.05.2020	-	-	349.6	355.0
Rai - €300 million Bond issue - maturity 04.12.2024	299.1	309.7	298.9	301.0
EIB loan to Rai	5.0	5.1	15.0	15.3
Rai Way - Syndicated loan	15.0	15.0	-	-

15.2 Lease liabilities

Non-current financial liabilities, including current portions, total €83.0 million (€77.6 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended 31 December 2020			Year ended 31 December 2019		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Liabilities for operating lease contracts	60.0	23.0	83.0	50.3	21.6	71.9
Liabilities for finance lease contracts	-	-	-	-	5.7	5.7
Total lease liabilities	60.0	23.0	83.0	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 for the year was €24.1 million, plus interest of €1.4 million.

Interest expense accrued on lease liabilities is detailed in Note 17.8 "Financial income and expenses," to which reference should be made.

Finance lease liabilities, amounting to €5.7 million, present as at 31 December 2019, referred only to the option right, exercised in 2018, for the purchase of a building used as regional headquarters, which was waived during the year as part of a settlement agreement signed to close legal disputes.

The due dates lease liabilities (current and non-current) are shown below:

(€/million)	Year ended 31 December 2020				Year ended 31 December 2019			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Liabilities for operating lease contracts	23.0	51.9	8.1	83.0	21.6	41.1	9.2	71.9
Liabilities for finance lease contracts	-	-	-	-	5.7	-	-	5.7
Total lease liabilities	23.0	51.9	8.1	83.0	27.3	41.1	9.2	77.6

15.3 Employee benefits

Employee benefits totalled €398.4 million (€422.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Provisions for employee severance pay	205.0	218.2
Provisions for supplementary pension benefits	109.8	120.3
Provisions in lieu of the former fixed indemnity for journalists	68.8	68.7
Health insurance fund for senior managers (FASDIR)	13.8	13.8
Seniority bonuses	0.6	0.6
Others	0.4	0.4
Total employee benefits	398.4	422.0

The provisions for employee severance pay, governed by Article 2120 of the Italian Civil Code, shows the liability, as estimated using actuarial techniques, for benefits payable to employees upon the termination of their employment. The termination benefit is calculated on the basis of the remuneration paid for service under the employment contract, revalued until the time of termination. As a result of legislative changes introduced starting from 1 January 2007, the accruing employee severance pay is allocated, according to the choice made by each employee, to pension funds or to the treasury fund established at INPS. This implies that the liability related to the employee severance pay accrued before 1 January 2007 continues to represent a defined benefit plan to be measured according to actuarial techniques, while a portion of the accruing severance pay is classified as a defined contribution plan since the Company's obligation ends with the payment of contributions to the pension fund or to INPS.

The provisions for supplementary pension benefits shows the estimated liability held by the Group for supplementary pension benefits payable to former employees who, upon termination of employment, opted for the supplementary pension scheme envisaged under trade union agreements previously in place. More specifically, former employees and their family members are entitled to supplementary pension benefits with respect to those paid through the mandatory general pension scheme. Those supplementary pensions are in turn paid directly by the funds to which management of the supplementary pensions of Rai personnel has

been delegated since 1989, i.e., C.RAI.P.I. (Supplementary Pension Scheme of Rai employees, hereinafter "Craipi") for former middle managers, office staff and workers, and F.I.P.D.RAI (supplementary pension provisions of Rai managers, hereinafter "Fipdrai") for former senior managers. In brief, the main terms and conditions of the supplementary pension benefits are: (i) supplementary pension benefits may be paid as a survivor's pension, at the applicable rates for claimants provided by laws in force governing mandatory pension schemes; (ii) supplementary pension benefits will be subject to variations on the basis of changes in the beneficiary's family, applied at the same rates applicable to pension benefits paid under the mandatory general pension scheme; (iii) supplementary pension benefits paid will not be reduced in the event of increases in the pension benefits paid under the mandatory general pension scheme; (iv) the amount of the benefits due to beneficiaries will be revalued annually on the basis of INPS coefficients.

The provisions replacing the former fixed indemnity for journalists includes the estimate of the sum to be paid to employee journalists who, as at 31 December 2018 have at least 15 years seniority for severance indemnity purposes, when the working relationship ceases for: (i) dismissal for having reached pension requirement levels; (ii) resignation after at least 15 years in the Company; (iii) termination through death of the journalist when survivors have the right to a pension. That sum, calculated in compliance with the R.A.L. in force at the time of termination, with a maximum level of €85 thousand absorbs, for all purposes, indemnity in lieu of notice. The provisions also includes the estimate of the sum to be paid as at 31 December 2018 to journalists with severance indemnity in the company of between 10 and 15 years, when the working relationship is terminated for resignation, excluding resignation pursuant to articles 8, 22, 24 and 32 of CNLG, for having reached age limits and for demise. That sum, unlike the former, will be paid in addition to the indemnity in lieu of notice established by law.

The health insurance fund for Rai senior managers ("Fasdir") was established in 1980 to provide supplementary health insurance to all Group senior managers in service, retired senior managers and the survivors of former senior managers, as entitled and registered with Fasdir as members, as well as their family members. FASDIR is funded by annual membership fees charged to members and by contributions paid by the Company (annual per capita contribution for each senior manager in service and a supplementary annual contribution covering all retired senior managers). Historically, the annual supplementary contribution paid in to FASDIR by Rai for retired senior managers was used by the fund to cover the deficit that formed each year. However, given that there is no legal duty, but only a constructive obligation, for Rai to cover any future deficits in the fund, and that the Parent Company does not have access to all the information, owned by the fund, necessary to measure, using actuarial techniques, the potential liability towards FASDIR, it was decided to estimate the liability considering the average annual contributions paid in by the Group to the fund, multiplied by the average residual life of the retired senior managers at the valuation date, which as at 31 December 2020 was found to be 12 years.

Seniority bonuses, established by Rai Pubblicità, are benefits paid in money on reaching a period of service in the Company. Those bonuses are included in the long term benefits plan.

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/million)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Present value of the liability at the start of the year	218.2	120.3	68.7	13.8	1.0	225.0	125.4	68.7	14.7	1.1
Current cost of defined benefit plans	-	-	-	-	0.1	-	-	-	-	0.1
Current cost of defined contribution plans	44.4	-	-	1.0	-	44.6	-	-	-	-
Interest expense	1.3	0.8	0.4	0.1	-	2.2	1.2	0.4	0.2	-
Revaluations:										
- Actuarial gains/(losses) resulting from changes in demographic assumptions	-	-	-	-	-	(2.5)	-	-	-	-
- Actuarial (gains)/losses resulting from changes in financial assumptions	1.8	1.2	2.8	-	-	9.5	5.0	2.7	-	-
- Actuarial (gains)/losses from past experience	(2.1)	(2.4)	(0.1)	-	-	(4.4)	(0.5)	(0.2)	-	-
Cost of past benefits and (gains)/losses on settlement	-	-	(0.2)	-	-	-	-	(1.4)	-	-
Benefits paid	(14.2)	(10.1)	(2.8)	(1.1)	(0.1)	(11.5)	(10.8)	(1.5)	(1.1)	(0.2)
Transfers to external funds for defined contribution plans	(44.5)	-	-	-	-	(44.5)	-	-	-	-
Other movements	0.1	-	-	-	-	(0.2)	-	-	-	-
Present value of the liability at the end of the year	205.0	109.8	68.8	13.8	1.0	218.2	120.3	68.7	13.8	1.0

Costs for employee benefits, as measured using actuarial assumptions and recognised in the consolidated income statement, break down as follows:

(€/million)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits
Current cost of defined benefit plans	-	-	-	-	(0.1)	-	-	-	-	(0.1)
Current cost of defined contribution plans	(44.4)	-	-	(1.0)	-	(44.6)	-	-	-	-
Cost of past benefits and gains/(losses) on settlement	-	-	0.2	-	-	-	-	1.4	-	-
Interest expense	(1.3)	(0.8)	(0.4)	(0.1)	-	(2.2)	(1.2)	(0.4)	(0.2)	-
Total	(45.7)	(0.8)	(0.2)	(1.1)	(0.1)	(46.8)	(1.2)	1.0	(0.2)	(0.1)

Costs for defined benefit plans recognised in other comprehensive income break down as follows:

(€/million)	Year ended 31 December 2020					Year ended 31 December 2019				
	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Other benefits	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	-	-	-	-	-	2.5	-	-	-	-
– Actuarial gains/ losses resulting from changes in financial assumptions	(1.8)	(1.2)	(2.8)	-	-	(9.5)	(5.0)	(2.7)	-	-
– Actuarial gains/ (losses) from past experience	2.1	2.4	0.1	-	-	4.4	0.5	0.2	-	-
Total	0.3	1.2	(2.7)	-	-	(2.6)	(4.5)	(2.5)	-	-

The main actuarial assumptions adopted are reported below:

(€/million)	Year ended 31 December 2020	Year ended 31 December 2019
Financial assumptions		
Average discount rates (1)	0.07% to 0.35%	0.50% to 0.84%
Inflation rate	0.80%	1.20%
Expected rate of growth in remuneration/benefits (2)	0.64% to 2.30%	0.96% to 2.70%
Demographic assumptions		
Maximum retirement age	As per law	As per law
Mortality tables:		
– Provisions for employee severance pay	SI 2016 revised	SI 2016 revised
– Provisions for supplementary pension benefits	AS62	AS62
– Provisions in lieu of the former fixed indemnity for journalists	SI 2016 revised	SI 2016 revised
Disability tables:		
– Provisions for employee severance pay	INPS tables by age and gender	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	4.75% to 8.80%	3.80% to 8.10%
Annual probability of advance requests	1.50%	1.50%

(1) Measured as the weighted average of Eur Composite AA 2020 interest rate curve on 31 December 2019 and Eur Composite AA 2019 on 31 December 2019.

(2) Including inflation.

The effects of a reasonably possible change in the discount rate at the end of the year closed as at 31 December 2020 and as at 31 December 2019 are shown below:

(€/million)	Sensitivity	Year ended 31 December 2020				Year ended 31 December 2019			
		Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists	FASDIR
Discount rate	+0.50%	200.5	105.3	66.0	-	211.9	115.4	67.6	-
	-0.50%	207.7	114.6	71.5	-	224.9	125.7	69.9	-

Expected future payments under defined benefit plans for employees are as follows:

(€/million)	Employee severance pay	Supplementary pension	Provisions in lieu of former fixed indemnity for journalists
Expected payments as at 31.12.2021	60.5	9.7	6.3
Expected payments as at 31.12.2022	8.7	9.1	5.5
Expected payments as at 31.12.2023	7.9	8.6	5.3
Expected payments as at 31.12.2024	8.0	8.1	6.2
Expected payments as at 31.12.2025	8.9	7.6	6.2
Payments planned from 1.01.2026 and subsequent years	113.9	69.1	39.3

15.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges totalled €217.6 million (€197.2 as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended 31 December 2019	Provisions	Drawdowns	Reversals	Conversion differences	Other movements	Year ended 31 December 2020
Provisions for legal disputes	61.8	9.7	(8.6)	-	(0.7)	3.0	65.2
Provisions for accrued remuneration costs	32.0	28.3	(19.2)	(0.6)	-	-	40.5
Provisions for building renovation and refurbishment	28.0	-	(0.6)	(3.4)	-	-	24.0
Provisions for dismantling and restoration costs	14.7	0.2	(0.1)	-	-	0.1	14.9
Provision for user rights to digital television frequencies contributions	-	10.2	-	-	-	-	10.2
Provisions for disputes with social security institutions	3.0	-	-	-	-	(3.0)	-
ISC and ICM provisions Agents	2.4	0.3	-	(0.2)	-	-	2.5
Provisions for disputes over leases	1.3	-	-	(0.5)	-	-	0.8
Provisions for default interest payment risks	0.6	-	-	-	-	-	0.6
Provisions for licence fee refunds	0.1	0.3	(0.1)	-	-	-	0.3
Provisions for write-downs of surplus investments	-	0.3	-	-	-	-	0.3
Other provisions	53.3	13.5	(6.5)	(0.9)	-	(1.1)	58.3
Total provisions for risks and charges	197.2	62.8	(35.1)	(5.6)	(0.7)	(1.0)	217.6

Provisions for legal disputes, totalling €65.2 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 €33.6 million, and €31.6 million in provisions for labour law disputes.

The provision for social security disputes, which included allocations made to take into account possible charges arising from disputes introduced by Social Security Institutions, until last year shown separately, has been reclassified within the provision for legal disputes, as this type of litigation, which was numerous in the past and exposed Rai to potentially significant economic charges, has been considerably reduced, therefore no longer warranting two separate provisions.

Provisions for accrued remuneration costs, totalling €40.5 million, include the overall costs estimated in relation to employment contracts in place.

Provisions for building renovation and refurbishment, totalling €24.0 million, include 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 buildings is connected with Parent Company's expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions. The change during the year reflects the release of the amount set aside in the previous year for the building in Turin, Via Cernaia, and the adjustment of the amount set aside for the renovation of the building in Rome, Viale Mazzini.

Provisions for dismantling and restoration costs, totalling €14.9 million, include 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).

The provision for user rights to digital television frequencies contributions, amounting to €10.2 million, was set aside pending the issue of the decree that will determine the amount to be paid for the year 2020.

ISC (Supplementary Customer Indemnities) and ICM (Meritocratic Customer Indemnities) provisions for agents, for €2.5 million, include 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 and growth in the customer portfolio or in business volumes with customers already in the portfolio.

The provisions for write-down of the surplus investment refers almost all to the Group's capital deficit recognised in the financial statements of Euronews as at 31 December 2020, as illustrated in Note 12.5 "Investments", to be referred to.

Other provisions comprise numerous provisions, set aside to cover specific liabilities related to existing situations whose existence is certain, whose amount or date of occurrence is uncertain, or whose occurrence is contingent on future events whose occurrence is considered probable.

15.5 Deferred tax liabilities

Deferred tax liabilities of €31.8 million are shown net of deferred tax assets eligible for offset amounting to €121.9 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			Year ended 31 December 2020
		Income statement	Other comprehensive income	Balance sheet	
Statutory/tax differences on property, plant and equipment	(153.4)	2.0	-	-	(151.4)
Other equity investments	(1.7)	-	-	-	(1.7)
Deferred taxes on consolidation adjustments	(0.2)	(0.2)	-	-	(0.4)
Other	(0.3)	0.1	-	-	(0.2)
Deferred tax liabilities	(155.6)	1.9	-	-	(153.7)
Negative taxable income	127.2	19.4	-	(31.4)	115.2
Write-downs of programmes	0.5	0.4	-	-	0.9
Statutory/tax difference on programmes	0.5	(0.4)	-	-	0.1
Employee benefits	0.5	-	-	-	0.5
Estimate of provisions recovered	4.3	(0.8)	-	-	3.5
Deferred tax assets on consolidation adjustments	1.3	(0.1)	-	-	1.2
Currency and interest-rate derivatives	-	-	0.1	-	0.1
Other	0.3	0.1	-	-	0.4
Deferred tax assets eligible for offset	134.6	18.6	0.1	(31.4)	121.9
Net deferred tax liabilities	(21.0)	20.5	0.1	(31.4)	(31.8)

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Changes in other comprehensive income essentially consisted of tax assets recognised under shareholders' equity and referred to the tax effect on the redetermining of cash flow hedging instruments recognised under hedge accounting rules.

Deferred tax assets on tax losses carried forward totalled €115.2 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.

15.6 Other non-current payables and liabilities

Other non-current payables and liabilities, relating to items denominated in Euros, amounted to €1.9 million (€0.5 million as at 31 December 2019), referred entirely to deferred income related to the contribution recognised as an economic measure of a compensatory nature for the release of radio links in the 3.6-3.8 GHz bands. Please refer to note no. 16.1 "Trade payables and other current payables and liabilities" for further information regarding this contribution.

Payables to related parties are reported in Note 18.4 "Transactions with related parties".

16.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities amounted to a total €1,069.3 million (€1,088.0 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended 31 December 2020	Year ended 31 December 2019
Trade payables to suppliers	649.3	686.8
Trade payables to joint ventures and associates	3.7	4.4
Total trade payables	653.0	691.2
Payables to personnel	182.5	186.6
Payables to social security and welfare institutions	79.6	80.8
Other tax payables	44.9	40.0
Other payables for assessments	4.9	5.1
Advances:		
– Ordinary licence fees	87.2	66.1
– Other advances	6.7	4.0
Deferrals:		
– Advertising	2.1	2.8
– Licence fees	0.6	0.7
– Grants for the switch-over to digital terrestrial	0.6	0.6
– Grants for release of radio links	0.3	-
– Other deferrals	0.9	1.0
Accruals	0.3	3.5
Other payables	5.7	5.6
Total other current payables and liabilities	416.3	396.2
Total trade payables and other current payables and liabilities	1,069.3	1,087.4

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Current
liabilities

Trade payables to joint ventures and associates refer to:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Auditel Srl	0.4	1.0
San Marino RTV SpA	2.9	3.0
Tivù Srl	0.4	0.4
Total trade payables to joint ventures and associates	3.7	4.4

Payables to personnel totalled €182.5 million (€186.6 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Untaken paid annual leave	63.9%	67.6
Untaken time in lieu	47.5	52.9
Wage and salary assessment	51.7	52.7
Redundancy incentives	17.8	11.4
Others	1.6	2.0
Total payables to personnel	182.5	186.6

Payables to social security and welfare institutions totalled €79.6 million (€80.8 million as at 31 December 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Payables to supplementary pension funds for personnel	25.9	25.6
Payables to INPGI	13.9	13.8
Payables to INPS	27.8	28.6
Payables to CASAGIT	1.5	1.5
Contributions on assessed wages and salaries	9.6	10.4
Other payables	0.9	0.9
Total payables to social security and welfare institutions	79.6	80.8

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Group VAT	7.8	3.1
Suspended VAT	1.0	1.0
Withheld tax on wages and salaries for employees and contractors, substitution tax and other withholdings	35.5	35.9
Others	0.6	-
Total other tax payables	44.9	40.0

Deferrals include

- the grants for the switch-over to digital terrestrial, in the amount of €0.6 million, related to the grant from the then Ministry of Communications from 2007 to 2011 to support the initiatives to expedite the transition process to digital terrestrial technology. These initiatives consisted in works on systems and infrastructure adjustments of sites for the extension of the areas with digital coverage and the improvement of reception homogeneity and of the quality of service to users. The task of carrying out these types of investments

has been entrusted to the subsidiary Rai Way, which is responsible, inter alia, for the design, installation, maintenance, implementation, development and management of telecommunications networks. The grant was recognised in the income statement for each year in which a depreciation charge would have been recognised if the investment had been made by Rai, considering the ratio between the amount of the grant received and investments made to complete the relative projects;

- the grant for the release of radio links, recognised for €0.3 million, related to the economic compensation measure granted to Rai in 2020, pursuant to the MISE-MEF interministerial decree of 4 September 2019, for the investment expenses made by the subsidiary Rai Way, remunerated under the service agreement, for the release of radio links in the 3.6-3.8 GHz bands. The grant was recognised in profit or loss of each financial year in relation to the portion of amortisation that would have been recorded if the investment had been made by Rai, taking as reference the amortisation plan provided by Rai Way.

Total payables due in currencies other than the euro are reported in Note 8.1 "Market risk".

Payables to related parties are reported in Note 18.4 "Transactions with related parties".

16.2 Current financial liabilities

Current financial liabilities totalled €232.6 million (€359.8 million as at 31 December 2019). The breakdown is shown in the table below:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Obligations (current portion)	-	349.6
M/L-term payables to banks (current portion)	5.1	10.1
M/L-term payables due to other lenders (current portion)	0.1	0.1
Short-term payables to banks	227.1	-
Derivative financial instruments	0.2	-
Other current financial liabilities	0.1	-
Total current financial liabilities	232.6	359.8

The zeroing of the bonds was determined by the repayment at maturity, in May, of the €350 million bond issued in 2015 as already explained in Note 15.1 "Non-current financial liabilities and current portions of non-current financial liabilities".

Short-term payables to banks amounted to €227.1 million (zero as at 31 December 2019) and consisted of €130.0 million for the drawdowns of the revolving line and the remainder of uncommitted bank loans.

The current portion of non-current financial liabilities and derivative instruments is reported in the table above and explained in Note 15.1 "Non-current financial liabilities and current portions of non-current financial liabilities".

16.3 Current income tax liabilities

Current income tax liabilities, which amounted to €30.0 million (€31.5 million as at 31 December 2019), break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
IRES	29.1	30.7
IRAP	0.9	0.4
Tax and other assessments	-	0.4
Total current income tax liabilities	30.0	31.5

As concerns amounts payable to the Inland Revenue for IRES, totalling €29.1 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 18.4 “Transactions with related parties”.

Income taxes are reported in Note 17.10 “Income tax”.

17

Consolidated income statement

17.1 Revenue from sales and services

The main items are analysed below:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
TV licence fees	1,726.1	1,798.8
Advertising	577.9	623.7
Other revenue	194.9	217.8
Total revenue from sales and services	2,498.9	2,640.3

The breakdown of revenue by geographical area shows that most revenue is from the domestic market.

TV licence fees

Licence fees, amounting to €1,726.1 million (€1,798.8 million in 2019), break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Licence fees for the year – household licences	1,636.7	1,633.8
Licence fees for the year – special licences	61.1	85.1
Licence fees collected by enforcement order	15.4	68.5
Licence fees for prior years – household licences	13.2	11.4
Licence fee refunds	(0.3)	-
Total TV licence fees	1,726.1	1,798.8

When calculating the amount from the TV licences of household licences, the information and figures made available with reference to the current 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 current 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 Consolidated Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The aforementioned 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 government budget forecasts (the additional revenue) are to be transferred to Rai as follows: 67% for the year 2016, and 50% for the years 2017 and 2018.

Law no. 145 of 30 December 2018 confirmed €90 as the final amount due as the Rai TV licence fee for private use and allocated 50% of the extra revenue to Rai.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees, levied under an enforcement order addressed to households with overdue payments; these include the adjustment in 2019 for higher amounts collected by the State through roles in the years between 2004 and 2015 of €41.3 million;
- previous year licences – households are related to 2019 licence fees that became known in financial year 2020 in so far as they were paid to the State during the year.

The separate annual accounts, designed to ensure proportionality between the costs incurred by Rai for the performance of the Public Service activities entrusted to it and the resources from licence fees and certified by an auditor chosen on the basis of a public procedure supervised by the Regulatory Authority, show a lack of public funding for the period 2005-2019 amounting to approximately €2.5 billion.

Advertising

Revenue from advertising amounted to €577.9 million (€623.7 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Television advertising on general-interest channels:		
– commercial	316.4	347.1
– promotions, sponsorships and special initiatives	153.0	154.9
– product placement and branded content	7.8	8.3
Television advertising on specialist channels	56.9	62.1
Radio advertising	23.8	30.4
Cinema advertising	1.2	6.1
Web advertising	19.2	16.1
Other advertising	2.1	1.2
Share due to third parties	(2.8)	(3.2)
Contingencies	0.3	0.7
Total advertising	577.9	623.7

Other revenue

Other revenue from sales and services amounted to €194.9 million (€217.8 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Special services under agreement	44.3	43.9
Fulfilment of service contract obligations and digital programming development - Law 145/2018	38.5	38.5
Sale of music rights and editions	55.3	61.8
Film and home video distribution	14.4	26.8
Distribution and sale of channels	12.8	13.0
Sale of patents and trademarks	0.8	13.7
Fees for hosting plant and equipment	29.6	29.9
Sundry services, mainly for institutional purposes	7.5	9.5
Signal diffusion services, rental of circuits, radio links and connections	2.9	2.9
Interactive telephone	0.1	0.1
Production services	-	0.6
Revenue from sales	1.4	1.8
Other	1.9	2.5
Share due to third parties	(22.4)	(29.8)
Contingencies	7.8	2.6
Total other revenue	194.9	217.8

17.2 Other revenue and income

Other revenue and income amounted to €9.8 million (€15.2 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Operating grants	5.4	5.9
Income from real estate investments and rentals	1.9	1.9
Compensation for damages	0.7	0.6
Gains on disposals	-	4.3
NCI grants related to income	(0.9)	(1.5)
Contingencies	0.5	0.5
Other	2.2	3.5
Total other revenue and income	9.8	15.2

17.3 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 €864.8 million (€1,004.9 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Costs for the purchase of consumables	12.3	13.4
Costs for services	800.1	939.1
Other costs	52.4	52.4
Total costs for the purchase of consumables, services and other costs	864.8	1,004.9

Costs for the purchase of consumables, equal to €12.3 million (€13.4 million in 2019), referred to purchases of various production materials for €3.3 million (€4.2 million in 2019), technical inventories for €0.4 million (€0.4 million in 2019) and other materials for €8.6 million (€8.8 million in 2019).

The breakdown of costs for services is shown in the table below. The item totalled €800.1 million (€939.1 million in 2019), net of discounts and rebates obtained. These include, inter alia, fees, allowances and reimbursements paid by the Parent Company to the Directors for €0.9 million and to the Statutory Auditors for €0.2 million. It should also be noted that a member of the Board of Directors of the Parent Company held, at the same time, a similar position in a joint venture, receiving a negligible remuneration in millions of Euro.

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Freelance services	116.0	138.4
Services for programme acquisition and production	188.2	208.9
Daily allowances, travel expenses and accessory costs for personnel	19.3	38.7
Maintenance, repairs, transport and similar	40.0	44.2
IT system documentation and assistance services	56.8	55.8
Other outsourced services (telephony, supply services, cleaning, postal, insurance, etc.)	132.5	153.7
Leases and rentals	50.2	58.9
Recording rights	114.5	161.4
Rights of use	102.7	108.6
Contingencies	(14.6)	(15.8)
Cost recoveries and expense refunds	(5.5)	(13.7)
Total costs for services	800.1	939.1

Pursuant to article 2427, no. 16 bis of the Italian Civil Code, fees for the year ended 31 December 2020 for services provided by the external auditors totalled €0.4 million and break down as follows:

- for annual auditing of accounts: €0.3 million;
- for other audit services, among which the half-year audit: negligible value in millions of Euros, and;
- for non-audit services: €0.1 million.

Other costs, equal to €52.4 million (€52.4 million in 2019), break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Administrative fees and rights for use of frequencies	10.9	10.9
Fee to control authorities	5.4	5.5
TASI/ IMU tax	9.4	9.8
Other indirect taxes and other duties	10.9	9.9
Prizes and winnings	4.3	6.6
Newspapers, magazines, books and publications	1.7	1.9
Membership fees	3.7	3.9
Losses on disposals	0.3	0.3
Others	6.9	3.3
Contingencies	(1.1)	0.3
Total other costs	52.4	52.4

17.4 HR expenses

HR expenses, amounting to €1,014.2 million (€1,036.0 million in 2019), break down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Wages, salaries and social security costs	949.0	972.0
Employee severance pay	44.4	44.6
Pensions and similar obligations	13.7	13.8
Others	9.8	10.9
HR expenses	1,016.9	1,041.3
Costs for redundancy incentives	18.3	14.1
Recovery of expenses	(1.1)	(1.3)
Capitalised HR expenses	(18.0)	(18.1)
Other HR expenses	(0.8)	(5.3)
Contingencies and releases of provisions	(1.9)	-
Total HR expenses	1,014.2	1,036.0

The item includes €45.4 million of charges for defined contribution plans and €0.1 million of income from defined benefit plans, net of past benefits, as reported in Note 15.3 "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 "Agreement 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 Agreement 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–AD Rai 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:

	Year ended 31 December 2020			Year ended 31 December 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	317	317	0	332	332
Middle managers	0	1,608	1,608	0	1,451	1,451
Journalists(3)	52	1,848	1,900	83	1,780	1,863
Office staff (4)	67	7,778	7,845	191	7,832	8,023
Workers	3	872	875	10	897	907
Orchestra players	1	115	116	5	108	113
	123	12,538	12,661	289	12,400	12,689

(1) Of which apprentices

424

370

(2) The data includes the senior managers hired with temporary contract

4

4

(3) Including executive staff

(4) Administrative, technical, editorial and production personnel; this category also includes outpatient 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.

17.5 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 €8.9 million (€3.3 million in 2019), refers to the effect net of uses and provisions to the provisions for write-down trade, as explained in Note 13.2 "Trade receivables", to be referred to.

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Write-downs of trade receivables	8.8	3.3
Losses on trade receivables	0.1	-
Total write-down of financial assets	8.9	3.3

17.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs totalled €581.1 million (€583.8 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Amortisation and depreciation		
Property, plant and equipment:		
Buildings	13.7	13.5
Plant and machinery	79.1	77.6
Industrial and commercial equipment	3.5	3.0
Other assets	7.0	6.3
Total depreciation of property, plant and equipment	103.3	100.4
Depreciation of real estate investments	0.2	0.2
Lease rights of use:		
Land and buildings	21.4	21.4
Other assets	3.5	3.6
Total amortisation and depreciation of lease rights of use	24.9	25.0
Intangible assets:		
Programmes	368.5	394.4
Software	13.0	9.7
Other intangible assets	0.2	0.3
Total amortisation of intangible assets	381.7	404.4
Total amortisation and depreciation	510.1	530.0
Other write-downs		
Programmes under amortisation	60.8	47.2
Programmes in progress	3.4	5.8
Other intangible assets	-	0.6
Other non-current receivables and assets	5.1	0.1
Current income tax receivables	0.4	-
Other current receivables and assets	1.3	0.1
Total other write-downs	71.0	53.8
Total depreciation, amortisation and other write-downs	581.1	583.8

17.7 Provisions

The item, which recognises the provisions for risks and charges and any issues not classifiable in specific items of the income statements, shows net provisions of €8.7 million (€6.0 million in 2019) caused by provisions for €10.1 million (€11.2 million in 2019), offset by issues for €1.4 million (€5.2 million in 2019).

17.8 Financial income and expenses

Net financial expenses totalled €16.6 million (€16.6 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Financial income		
Interest income from banks	-	0.1
Gains from currency valuation	0.6	0.5
Currency gains realised	0.6	(0.2)
Income from currency derivatives	0.3	0.7
Others	0.2	0.6
Total financial income	1.7	1.7
Financial expense		
Interest expense on bonds	(10.0)	(6.7)
Interest expense due to banks	(0.8)	(0.6)
Expenses on rate hedging derivatives	-	(2.6)
Expenses on exchange hedging derivatives	(0.1)	(0.1)
Foreign exchange losses	(0.5)	(0.5)
Foreign exchange losses realised	(0.4)	0.1
Interest on employee benefit liabilities	(2.5)	(4.0)
Interest on leases	(1.2)	(1.1)
Others	(2.8)	(2.8)
Total financial expense	(18.3)	(18.3)
Total net financial income (expense)	(16.6)	(16.6)

17.9 Earnings from investments recognised at equity

Earnings from equity investments recognised at equity amounted to a positive €1.1 million (€0.3 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Auditel Srl	0.2	0.2
Euronews SA	(0.4)	(0.5)
San Marino RTV SpA	(0.4)	(0.2)
Tavolo Editori Radio Srl	0.1	-
Tivù Srl	1.6	0.8
Total earnings from equity investments recognised at equity	1.1	0.3

The breakdown of the change in equity investments recognised under the equity method is reported in Note 12.5 "Equity investments".

17.10 Income tax

Income tax amounted to €15.5 million (€5.2 million in 2019). The figure breaks down as follows:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
IRES	(30.3)	(32.6)
IRAP	(6.2)	(6.9)
Total current taxes	(36.5)	(39.5)
Deferred tax liabilities	1.9	2.0
Deferred tax assets	18.6	31.8
Total deferred taxes	20.5	33.8
Direct taxes of previous years and others	0.5	0.5
Total income taxes	(15.5)	(5.2)

The difference between the theoretical tax rate and the effective tax rate is shown below:

(€/million)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Profit (loss) before tax	15.5	5.2
IRES tax rate	24.0%	24.0%
Theoretical tax gain (expense)	(3.7)	(1.2)
Direct taxes of previous years and other taxes	0.5	0.5
Tax differences	(6.1)	2.4
IRAP	(6.2)	(6.9)
Total income taxes	(15.5)	(5.2)

The item tax differences represents the economic effect, on theoretical taxes for the year, resulting from application of Italian tax rules regulating calculation of the IRES and IRAP taxable base.

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Other information

18.1 Guarantees

Guarantees provided, which amounted to €20.5 million (€37.6 million as at 31 December 2019), are broken down as follows:

(€/million)	Year ended 31 December 2020				Year ended 31 December 2019			
	Sureties	Other personal guarantees	Collateral	Total	Sureties	Other personal guarantees	Collateral	Total
Joint ventures and associates	-	-	-	-	2.6	-	-	2.6
Others	18.3	-	2.2	20.5	32.8	-	2.2	35.0
Total	18.3	-	2.2	20.5	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 €409.5 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:

- 1) 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;
- 2) 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 on behalf of the Parent Company to the Inland Revenue to guarantee prize competitions, for surety issued for the 2020 Olympic Games, for the 2020 European football Championships and for the qualifications to the 2022 Football World Cup.

18.2 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)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
Future commitments on:		
Sports broadcasting rights	122.3	254.4
Investments in audiovisual works	251.3	282.1
Rights and services for the production of programmes	34.8	42.7
Technical investments	76.9	47.0
Total commitments	485.3	626.2

18.3 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 related to defamation and infringement of personality rights and violation of copyright law. As part of administrative proceedings, damages are usually claimed in procurement disputes where, however, the claim for damages in kind is only made in the alternative, the main claim being for the annulment of the tender documents and in some cases the taking over of the contract.

In relation to labour law and social security matters, the Group companies are parties in a certain number of disputes, 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.

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;
- and the amount of the liability can be reasonably estimated, considering the petition made by the applicant, then a relative liability is recognised through the allocation of provisions for legal disputes.

Note 15.4 “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.

18.4 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 “*Disclosures on transactions with related parties*” for the years ended 31 December 2020 and 31 December 2019.

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 12.5 “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 key management personnel 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 17.3 “Costs for the purchase of consumables, costs for services and other costs”.

The following table details the balance sheet totals as at 31 December 2020 and as at 31 December 2019 and the income effects of transactions between the Group and related parties conducted in the years ended 31 December 2020 and 31 December 2019 and obviously excluding those between Group companies, consolidated on a line-by-line basis:

(€/million)	Senior Management	Other related parties	Total
Trade receivables			
As at 31 December 2020	-	0.3	0.3
As at 31 December 2019	-	0.2	0.2
Current financial assets			
As at 31 December 2020	-	0.8	0.8
As at 31 December 2019	-	0.2	0.2
Employee benefits			
As at 31 December 2020	(5.0)	(13.9)	(18.9)
As at 31 December 2019	(4.5)	(13.8)	(18.3)
Trade payables			
As at 31 December 2020	-	(3.6)	(3.6)
As at 31 December 2019	-	(4.4)	(4.4)
Other current payables and liabilities			
As at 31 December 2020	(8.2)	(19.9)	(28.1)
As at 31 December 2019	(9.9)	(16.6)	(26.5)
Revenue from sales and services			
As at 31 December 2020	-	0.8	0.8
As at 31 December 2019	-	0.7	0.7
Costs for services			
As at 31 December 2020	(1.1)	(11.5)	(12.6)
As at 31 December 2019	(1.3)	(11.5)	(12.8)
HR expenses			
As at 31 December 2020	(24.2)	(12.8)	(37.0)
As at 31 December 2019	(22.4)	(12.0)	(34.4)

Reported below is a description of the main agreements in place between the Parent Company and the subsidiaries, associates and joint ventures identified above.

Agreements for the provisions of services to Rai

Rai Pubblicità

Rai has an advertising concession agreement in place with Rai Pubblicità, under which the latter has an exclusive concession for the sale of advertising space on radio and general-interest television channels, on free-to-air specialist digital and satellite channels, on the teletext service, on the Rai domain and on other minor media.

Rai Com

Rai has granted a mandate without power of representation to Rai Com for:

- a) the sale of user licenses for television, radio and cinema use, for audiovisual use (meaning for example licences for use on home video and commercial video), and for multimedia use, including interactive multimedia, and derivative rights;
- b) the management of negotiations for framework agreements and/or conventions with central and local, national and international, public and private bodies and institutions;
- c) the acquisition and/or production of musical and theatre pieces, including: classical music, prose works and music editions;
- d) the management of ticketing services and the implementation and/or management of interactive telephone initiatives and/or other interactive initiatives;
- e) the ideation, development, outlining, stipulation and/or management of projects enabling Rai to participate in Italian and European calls for tenders to receive funding grants or facilitated loans;
- f) the negotiation, outlining, formalisation and/or management of sports library contracts, including therein the implementation and/or management of all commercial initiatives contemplated by such contracts;
- g) the provision of technical facilities and the execution of commercial agreements designed to raise the value of non-production premises available to Rai (Palazzo Labia);
- h) the negotiation, outlining, formalisation and/or management of other partnership agreements with third-party enterprises of a commercial nature and for commercial purposes; and
- i) operations for the international sale of Rai channels.

Rai Cinema

A specific agreement is in place with Rai Cinema under which the latter has committed to providing Rai with exclusive access to a catalogue of free-to-air showings of audiovisual works acquired in any way by Rai Cinema, whereas Rai has the obligation to purchase exclusively from Rai Cinema the broadcasting rights to showings of free-to-air audiovisual works.

Rai Way

A Service Agreement is in place between Rai Way and Rai, under which Rai has outsourced to Rai Way, on an exclusive basis, a series of services that enable Rai to:

- a) control transmission and broadcasting, in Italy and around the world, over the MUX assigned to it under applicable law; and
- b) control the fulfilment of its Public Service obligations.

The service agreement also envisages, and governs, the possibility for the parties to negotiate in the future, in the event of new needs for Rai, the provisions of additional services, including services for the development of new electronic communications and telecommunications networks, as well as new broadcasting standards and technologies.

Agreements of a financial nature

With the exception of Rai Way, which following its public listing became fully independent financially, a centralised treasury management agreement is in place between Rai and its subsidiaries, involving a bank cash-pooling programme aimed at ensuring coverage of cash needs and the optimisation of cash flow.

In order to hedge the currency risk to which the subsidiary Rai Cinema is exposed, the latter has granted a mandate to Rai to trade foreign currency and financial instruments on its account, in accordance with the operational methods set out in Group policies.

With reference to Rai Way, other agreements in place consist of:

- an intercompany current account agreement, the purpose of which is to provide Rai with the funding needed to settle reciprocal credit and debit positions connected with certain residual payment services envisaged under the services agreement through which Rai has outsourced services to Rai Way;
- a mandate agreement authorising Rai to perform payments and collections connected with the settlement of intercompany accounts payable and receivable, primarily in the context of the netting, through Rai, of credit and debit positions between Group companies, excluding therefrom payments for services provided under the service agreement in place and hedging transactions.

Agreements for the provisions of services by Rai

Rai provides a series of services to select subsidiaries under specific service agreements concerning, in particular, administrative services, real estate services, IT services, testing services and dubbing services.

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.

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. Statutory and financial relationships under the procedure are governed by a specific agreement between the parties.

Other related parties

The Group has trading and financial relations with other related parties. The most significant include the following agreements:

Auditel

Auditel Srl provides television audience share measurement and data publication services, including also digital devices.

Player Editori Radio

An agreement is in place providing for the granting of a license to Rai to use a unified platform, developed and made available by Player Editori Radio, which allows aggregating radio content using an IP protocol for subsequent provisions to shareholders and third parties.

San Marino RTV

An intercompany current account agreement is in place with the Company, under which debits and credits resulting from economic and financial transactions between the parties are transferred to an intercompany current account. Rai has also established a credit facility for €1.4 million that the company can use for overdrafts from ordinary management. The credit facility is 50% counter-guaranteed by ERAS (the San Marino radio broadcasting body).

In addition, under a radio and television broadcasting agreement between the government of San Marino and the Italian government/Prime Minister's Office, a fixed annual contribution is made to San Marino RTV through Rai Com.

Tavolo Editori Radio

Tavolo Editori Radio Srl provides radio audience share measurement and data publication services.

Tivù

Service agreements are in place, under which:

- Rai: provides Electronic Program Guide (EPG) processing and management services and editorial and advisory services, as well as satellite transmission capacity to enable the offer of EPG services;
- through Tivù: provides an EPG service for the digital terrestrial and satellite platforms and an encryption service.

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Subsequent
events

Special licence fee

At its meeting of 16 February 2021, the Company's Board of Directors approved the postponement, without additional charges or surcharges, of the deadline for renewing the special radio and television licence fee for the year 2021, from 31 January to 31 March 2021, primarily in consideration of the economic repercussions of the current epidemic on the category of special subscribers (especially accommodation facilities and public establishments), which was then further postponed to 31 May 2021 at the meeting of 25 March 2021.

Article 6, paragraph 5 and 6, of Decree-Law No. 41 of 22 March 2021, among the urgent measures in support of businesses and economic operators, labour, health and territorial services, related to the Covid-19 emergency, established that:

- (Paragraph 5) for the year 2021, for accommodation facilities as well as for the supply and consumption of beverages in public establishments or premises open to the public, the radio broadcasting licence fee referred to in Royal Decree-Law No 246 of 21 February 1938, enacted by Law No 880 of 4 June 1938, is reduced by 30 percent;

- (paragraph 6) in relation to the provisions of paragraph 5, for the same year, special account no. 1778 in the name of: "Agenzia delle Entrate - Fondi di bilancio" has been assigned the amount of €25 million to grant a tax credit equal to 30% of the possible payment of the licence fee referred to in paragraph 5 prior to the entry into force of the present decree, or to provide for the transfer to Rai of the amounts corresponding to the lower revenue deriving from the present article requested by the aforementioned company.

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	
	2020	2019	2020	2019
Rai financial statements	(20.7)	(35.0)	694.3	713.0
Elimination of the value of equity investments against respective shareholders' equity and of dividends distributed against profits for the year	19.9	35.2	(322.5)	(300.5)
Adjustment of deferred taxes on the Rai Way equity investment revaluation	-	-	5.0	5.0
Other consolidation adjustments	0.8	(0.2)	(5.1)	(5.8)
Consolidated Financial Statements	0.0	0.0	371.7	411.7
<i>of which non-controlling interests</i>	<i>22.0</i>	<i>22.1</i>	<i>56.6</i>	<i>64.6</i>

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Reconciliation between the Separate and Consolidated Financial Statements

21.1 Rai equity investments in subsidiaries

The following table reports the equity investments held by Rai in domestic and foreign subsidiaries.

The above investments had not changed as at 31 December 2020 compared to the situation as at 31 December 2019.

(Values as at 31 December 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 December 2020 was €5.46.

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Appendix

21.2 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)	Year ended as at 31 December 2020	Year ended as at 31 December 2019
A. Cash	0.3	0.3
B. Other cash equivalents	15.2	194.3
C. Securities held for trading	-	-
D. Liquidity (A + B + C)	15.5	194.6
E. Current financial receivables	8.0	5.7
F. Current bank debt	(227.1)	-
G. Current portion of long-term loans [*]	(5.2)	(359.8)
H. Other current financial debt	(23.3)	(27.3)
I. Current financial debt (F+G+H)	(255.6)	(387.1)
J. Net current financial position (D+E+I)	(232.1)	(186.8)
K. Non-current bank debt	(15.1)	(5.2)
L. Bonds issued	(299.1)	(298.9)
M. Other non-current financial debts	(60.1)	(50.4)
N. Non-current financial debt (K+L+M)	(374.3)	(354.5)
O. Net consolidated financial position (J+N)	(606.4)	(541.3)
Of which operating lease liabilities	(83.0)	(71.9)
Net financial position excluding operating lease liabilities	(523.4)	(469.4)

(*) At 31 December 2019 the value includes €349.6 million relating to the bond issued in May 2015 with a nominal amount of €350 million, maturing in May 2020.

21.3 Law 124 of 4 August 2017 - transparency in the public contributions system

Related to the information obligations introduced by article 1 of Law 124 of 4 August 2017, considering the novelties introduced by article 35 of Decree Law no. 34/2019 (so-called "Growth Decree"), please note the following.

Grants received (art. 1, paragraph 125)

The following table shows sums collected during 2020 which come under the scope of IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", which are not attributable either directly or indirectly to public entities of foreign states, in the case where the total amount collected by the entity is equal to or higher than €10 thousand.

Granting entity	Grant collected in 2020	Amount (€/'000)
Ministry of Economic Development	Economic compensation measures for the release of radio links in the 3.6-3.8 GHz bands. - MISE-MEF Interministerial Decree of 4 September 2019	2,514

Contributions made (art. 1, paragraph 126)

The following table includes sums paid in 2020 con for donation purposes, for the cases with a value per entity contributed that is higher or equal to €10 thousand, showing the beneficiary entity.

Beneficiary entity	Grant paid in 2020	Amount (€/'000)
Fondazione Caritas Roma	Prize money donated to charity	620
Save the children	Prize money donated to charity	245
Office of the President of the Council of Ministers - Civil Protection Department	Prize money donated to charity	198
Onlus Terre des Hommes	Prize money donated to charity	57
Telethon Foundation	Prize money donated to charity	55
Fondazione Laureus Sport for Good Italia	Prize money donated to charity	49
Fondazione Banco Alimentare	Prize money donated to charity	45
Fondazione Oltre il labirinto	Prize money donated to charity	45
Fondazione Progetto Arca onlus	Prize money donated to charity	43
Sant'Egidio Community Agap onlus	Prize money donated to charity	32
Association "Associazione amici di Roberto Morrione"	Roberto Morrione Award	20
AIRC Foundation for Cancer Research	Prize money donated to charity	23
Centro Economia Digitale (CED)	Support for the "White Paper on the Digital Economy" research project	15
Guglielmo Marconi Foundation	Sostegno al Museo Guglielmo Marconi (Guglielmo Marconi Foundation to support the Guglielmo Marconi Museum)	10
OVCI La Nostra Famiglia onlus	Prize money donated to charity	10

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 Financial Statements as at 31 December 2020 during the 2020 financial year.

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 Financial Statements as at 31 December 2020 of 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 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 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, 29 April 2021

Fabrizio Salini
Chief Executive Officer

Massimo Cappelli
Manager in charge of drawing up
the corporate accounting documents

Board of Statutory Auditors' Report

Board of Statutory Auditors' Report on the consolidated Financial Statement as at 31 December 2020 of RAI Radiotelevisione Italiana S.p.A. pursuant to Article 2429, second paragraph, of the Italian Civil Code

To the Shareholders' Meeting of RAI Radiotelevisione Italiana S.p.A.

Consolidated financial statements of the Rai Group as at 31 December 2020

Dear Shareholders,

the consolidated financial statements of the RAI Group as at 31 December 2020 – which are available to you – consist of the required consolidated accounting statements and related explanatory notes; it has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Commission and supplemented by the International Accounting Standards (IAS); it is accompanied by the Report on Operations, the certification of the Chief Executive Officer and of the Manager in charge of drawing up the corporate accounting documents on the RAI Group's consolidated financial statements and by a statement of the Group's scope of consolidation and equity investments, the latter being an integral part of the consolidated financial statements.

A statement of reconciliation is also provided between the separate financial statements of RAI S.p.A. and the consolidated financial statements of the RAI Group as at 31 December 2020 in respect of the result for the year and shareholders' equity, compared with the corresponding figures in the financial statements as at 31 December 2019.

In the Report on Operations, which has been audited by the independent auditors PRICEWATERHOUSECOOPERS S.p.A., the Directors have illustrated the overall performance of the Group's earnings, financial position and cash flows, together with that of the Parent Company, also providing details of the individual aspects of the activities of the consolidated companies and the outlook for operations.

Our supervisory activities were carried out in compliance with the principles of conduct for Boards of Statutory Auditors issued by Italy's Association of Chartered Accountants, the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. In accordance with these principles, we have referred to the legal provisions governing the preparation of consolidated financial statements.

The Board has ascertained:

- a) the correctness of the methods used to identify the scope of consolidation and the adoption of consolidation principles for investee companies in line with IFRS;
- b) compliance with the provisions of law concerning the formation and layout of the financial statements and the Report on Operations;
- c) the adequacy of the organisation of the Parent Company, as regards the flow of information into the consolidation procedures;
- d) compliance with the principles of consolidation with regard to the elimination of the consolidated companies' income and expenses, receivables and payables;
- e) the consistency of the Group's Report on Operations with the data and results of the consolidated financial statements, in order to provide full information on the Group's earnings and financial performance and the risks to which it is exposed, as well as on significant events occurring after the end of the year that did not have an impact on the 2020 Financial Statements.

The scope of consolidation was considered, the principles of consolidation were examined and the appropriateness of the valuation criteria applied was verified.

The documentation examined and the information obtained do not show any departures from the laws governing the preparation of consolidated financial statements.

The independent auditors released the report pursuant to art. 14 of Italian Legislative Decree No. 39/2010 and art. 10 of Regulation (EU) No. 537 of 16 April 2014, which shows that the consolidated financial statements as at 31 December 2020 comply with IFRS

and are drawn up with clarity and truthfully and correctly represent the equity and financial position, earnings and the cash flows for the year ended 31 December 2020 of the RAI Group.

Rome, 24 May 2021

The Board of Statutory Auditors

Carmine di Nuzzo	Chairman
Maria Teresa Mazzitelli	Standing auditor
Giovanni Ciuffarella	Standing auditor

Independent Auditor's Report



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
RAI – Radiotelevisione Italiana SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the RAI Group (the "Group" or "RAI Group"), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement for the year then ended, statement of changes in consolidated equity and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of RAI – Radiotelevisione Italiana SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>Evaluation of the recoverability of investments in programmes</p> <p><i>“Valuation criteria” paragraphs “Intangible assets” and “Impairment of non-financial assets” and Note 12.4 “Intangible assets” of the consolidated financial statements as at 31 December 2020</i></p> <p>The item “Intangible assets” of the consolidated financial statements of the RAI Group as at 31 December 2020 includes programmes totalling Euro 825.3 million (of which Euro 274.4 million as intangible assets under development), which account for 95 per cent of the consolidated intangible assets.</p> <p>Starting from the moment programmes are declared to be ready for use or from the date of efficacy of related rights, if acquired, they are systematically amortised on a straight-line basis over the assets’ maximum useful life of 7 years. Such duration represents the estimate made by the management of the RAI Group in order to relate the abovementioned amortisation to revenue from core business.</p> <p>The recoverability of investments in programmes is verified by the RAI Group management at least at each year-end.</p> <p>If events are identified which lead to presume an impairment loss on investments in programmes, their recoverability is verified by comparing the book value with the corresponding recoverable amount, determined on the basis of assumptions about their future use.</p> <p>The evaluation of the recoverability of investments in programmes represented a key matter in our audit strategy given the significance of this item in the consolidated</p>	<p>As part of our audit we mainly performed the following procedures aimed at verifying the evaluations made by the RAI Group with reference to investments in programmes:</p> <ul style="list-style-type: none"> i) discussions with the contact persons of the RAI Group regarding their conclusions on the existence of possible impairment losses in the item “programmes”; ii) analysis of the assumptions underlying the identification of the impairment losses in programmes and of the reasonability of the related write-downs performed by the RAI Group management; iii) analysis and understanding of the system of internal control over the programme cycle; identification and validation of the operation and efficacy of the relevant controls under this process; iv) comparative analysis and examination by discussions with the corporate functions about the most significant differences compared with the previous year values and review of documents, on a sample basis, regarding the increases and decreases in the item “programmes”; v) review, on a sample basis, of the useful life estimated by the Group companies based on the previous years’ evidence and the actual possibility of use and, in the circumstances, the possibility to re-broadcast programmes in the future, as well as checking, on a sample basis, the accurate and consistent determination of the amortisation quotas charged to the income statement; vi) verification of the accuracy and



financial statements as at 31 December 2020, its direct correlation with the Group business, as well as the degree of complexity characterising the estimates made by management.

completeness of the disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate RAI – Radiotelevisione Italiana SpA or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:



- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 10 March 2016, the shareholders of RAI – Radiotelevisione Italiana SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2015 to 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of RAI – Radiotelevisione Italiana SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the RAI Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the RAI Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the RAI Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.



***Statement in accordance with article 4 of Consob's Regulation implementing
Legislative Decree No. 254 of 30 December 2016***

The directors of RAI – Radiotelevisione Italiana SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by another auditor.

Rome, 24 May 2021

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.



The background features a complex geometric design. A large green area is on the right and top. On the left, there are blue and red shapes that appear to be part of a 3D structure. A yellow shape is positioned in the middle, overlapping the red and blue areas. The text is centered in a dark blue rectangle.

Shareholders' resolutions

Shareholders' resolutions

In its meeting of 15 July 2021, the Shareholders' Meeting of Rai resolved:

- to approve the Separate Financial Statements as at 31 December 2020 which show a loss of €35,028,088.44 (thirty-five million twenty-eight hundred and eighty-eight dot forty-four);
- to cover the loss of the year of Euro 35,028,088.44 (thirty-five million twenty-eight hundred and eighty-eight dot forty-four) using the same amount of the IFRS first time adoption reserve - distributable;
- to acknowledge the Consolidated Financial Statements for the year 2020, which show a break-even result.



Corporate directory

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00195 Rome

Production centre
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Production centre
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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.

Rai

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