# Consolidated Financial Statements as at 31 December 2022

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# Financial statements of the Rai Group

## Consolidated Statement of Financial Position

| (€/million) | Note | Year ended | |
|---|---|---|---|
| | | 31.12.2022 | 31.12.21 |
| Property, plant and equipment | 12.1 | 1,194.5 | 1,153.1 |
| Real estate investments | 12.2 | 2.8 | 2.5 |
| Lease rights of use | 12.3 | 79.8 | 73.0 |
| Intangible assets | 12.4 | 869.1 | 899.6 |
| Equity investments | 12.5 | 5.4 | 11.6 |
| Non-current financial assets | 12.6 | 2.5 | 3.0 |
| Deferred tax assets | 12.7 | 2.0 | - |
| Other non-current assets | 12.8 | 30.6 | 12.0 |
| **Total non-current assets** | | **2,186.7** | **2,154.8** |
| Inventory | 13.1 | 1.3 | 1.6 |
| Trade receivables | 13.2 | 406.8 | 369.6 |
| Current financial assets | 13.3 | 6.7 | 6.7 |
| Current income tax assets | 13.4 | 1.1 | 2.1 |
| Other current receivables and assets | 13.5 | 91.4 | 147.4 |
| Cash and cash equivalents | 13.6 | 39.7 | 59.8 |
| **Total current assets** | | **547.0** | **587.2** |
| **Total assets** | | **2,733.7** | **2,742.0** |
| | | | |
| Share capital | | 242.5 | 242.5 |
| Reserves | | 96.5 | 115.7 |
| Retained earnings (losses) | | (30.8) | (72.2) |
| **Total Group shareholders' equity** | | **308.2** | **286.0** |
| Third-party capital and reserves | | 35.5 | 34.9 |
| Third-party retained earnings (losses) | | 0.1 | (0.3) |
| Profit (loss) for the year of minority interests | | 25.2 | 22.6 |
| Third-party retained earnings (losses) | | 25.3 | 22.3 |
| **Total shareholders' equity attributable to minority interests** | | **60.8** | **57.2** |
| **Total shareholders' equity** | **14** | **369.0** | **343.2** |
| Non-current financial liabilities | 15.1 | 299.6 | 368.3 |
| Non-current lease liabilities | 15.2 | 56.7 | 50.3 |
| Employee benefits | 15.3 | 288.1 | 368.9 |
| Provisions for non-current risks and charges | 15.4 | 207.4 | 239.1 |
| Deferred tax liabilities | 15.5 | - | 28.0 |
| Other non-current payables and liabilities | 15.6 | 53.0 | 1.6 |
| **Total non-current liabilities** | | **904.8** | **1,056.2** |
| Trade payables | 16.1 | 713.2 | 686.1 |
| Provisions for current risks and charges | | 0.1 | - |
| Current financial liabilities | 16.2 | 324.9 | 196.9 |
| Current lease liabilities | 15.2 | 25.7 | 24.1 |
| Current income tax liabilities | 16.3 | 27.7 | 30.5 |
| Other current payables and liabilities | 16.1 | 368.3 | 405.0 |
| **Total current liabilities** | | **1,459.9** | **1,342.6** |
| **Total liabilities** | | **2,364.7** | **2,398.8** |
| **Total shareholders' equity and liabilities** | | **2,733.7** | **2,742.0** |

## Consolidated Income Statement

| (€/million) | Note | Year ended | |
|---|---|---|---|
| | | 31.12.2022 | 31.12.21 |
| Revenue from sales and services | 17.1 | 2,695.8 | 2,665.1 |
| Other revenue and income | 17.2 | 41.8 | 22.6 |
| **Total revenue** | | **2,737.6** | **2,687.7** |
| Costs for the purchase of consumables | 17.3 | (12.2) | (11.9) |
| Costs for services | 17.3 | (1,079.2) | (982.9) |
| Other costs | 17.3 | (51.6) | (50.0) |
| HR expenses | 17.4 | (1,007.4) | (1,038.6) |
| Impairment of financial assets | 17.5 | (0.6) | (2.1) |
| Depreciation, amortisation and other write-downs | 17.6 | (616.0) | (578.3) |
| Provisions | 17.7 | 17.6 | (13.2) |
| **Total costs** | | **(2,749.4)** | **(2,677.0)** |
| **EBIT** | | **(11.8)** | **10.7** |
| Financial income | 17.8 | 1.7 | 3.2 |
| Financial expense | 17.8 | (16.2) | (14.3) |
| Earnings from equity investments recognised at equity | 17.9 | 0.6 | 7.5 |
| **Pre-tax profit/(loss)** | | **(25.7)** | **7.1** |
| Income tax | 17.10 | 25.7 | (7.1) |
| **Profit/(loss) for the year** | | **0.0** | **0.0** |
| *of which attributable:* | | | |
| *– to the Group* | | *(25.2)* | *(22.6)* |
| *– to minority interests* | | *25.2* | *22.6* |

## Consolidated Statement of Comprehensive Income

| (€/million) | Year ended | |
|---|---|---|
| | 31.12.2022 | 31.12.21 |
| **Profit/(loss) for the year** | **0.0** | **0.0** |
| **Items that can be reclassified to the income statement:** | | |
| Profit/(loss) on cash flow hedge | 3.7 | 3.4 |
| Conversion of balances with currency that is not the Euro | (0.3) | (0.3) |
| **Total** | **3.4** | **3.1** |
| **Items that cannot be reclassified to the income statement:** | | |
| Recalculation of defined-benefit plans | 44.4 | (9.9) |
| **Total** | **44.4** | **(9.9)** |
| **Total profit/(loss) for the year** | **47.8** | **(6.8)** |
| *of which attributable:* | | |
| *– to the Group* | *22.0* | *(29.2)* |
| *– to minority interests* | *25.8* | *22.4* |

## Consolidated Cash Flow Statement

| (€/million) | Note | Year ended 31.12.2022 | 31.12.21 |
|---|---|---|---|
| **Pre-tax profit/(loss)** | | **(25.7)** | **7.1** |
| Adjustments for: | | | |
| Depreciation, amortisation and write-downs | 17.5 - 17.6 | 616.6 | 580.4 |
| Provisions and (issues) to personnel provisions and other provisions | 17.7 | 76.5 | 96.8 |
| Net financial charges (income) | 17.8 | 14.5 | 11.1 |
| Earnings from equity investments recognised at equity | 17.9 | (0.6) | (7.5) |
| Other non-monetary items | | 1.8 | (4.7) |
| **Cash flow generated by operating activities before changes in net working capital** | | **683.1** | **683.2** |
| Change in inventory | 13.1 | 0.3 | 0.1 |
| Change in trade receivables | 13.2 | (37.8) | 44.8 |
| Change in trade payables | 16.1 | 27.1 | 33.1 |
| Change in other assets/liabilities | | 44.5 | 67.4 |
| Use of provisions for risks | 15.4 | (68.4) | (32.7) |
| Payment of employee benefits | 15.3 | (77.8) | (83.6) |
| Taxes paid | | (4.7) | (5.3) |
| **Net cash flow generated by operating activities** | | **566.3** | **707.0** |
| Investments in property, plant and equipment and real estate investments | 12.1 - 12.2 | (157.9) | (163.5) |
| Disposal of property, plant and equipment and real estate investments | 12.1 - 12.2 | 0.2 | 8.1 |
| Investments in intangible assets | 12.4 | (444.7) | (477.8) |
| Disposal of intangible assets | 12.4 | 1.2 | 1.6 |
| Equity investment disposal | 12.5 | - | 0.5 |
| Dividends collected | | 7.0 | 2.3 |
| Interest collected | | 0.4 | 0.2 |
| Change in financial assets | 12.6 - 13.3 | 0.7 | (1.3) |
| **Net cash flow generated by investing activities** | | **(593.1)** | **(629.9)** |
| Long-term loans taken out | 15.1 | - | 54.0 |
| Long-term loan repayments | 15.1 | (0.1) | (5.2) |
| Repayments of lease liabilities | 15.2 | (23.5) | (23.3) |
| (Decrease)/increase in short-term borrowings and other loans [1] | 16.2 | 58.8 | (30.4) |
| Interest paid [2] | | (6.3) | (6.0) |
| Dividends paid | | (22.2) | (21.9) |
| **Net cash flow generated by financial activities** | | **6.7** | **(32.8)** |
| **Change in cash and cash equivalents** | | **(20.1)** | **44.3** |
| Cash and cash equivalents at the beginning of the year | 13.6 | 59.8 | 15.5 |
| **Cash and cash equivalents at the end of the year** | **13.6** | **39.7** | **59.8** |

[1] The value includes the amount of €32.0 million referring to the drawdown, carried out during the year, of the Term Line of the medium-term loan agreement signed by Rai Way in October 2020, that will be fully repaid in October 2023.
[2] Referring to financial interest.

## Statement of changes in consolidated equity

| (€/million) | Share capital | Legal reserve legal | Other reserves | Retained earnings (losses) | Group shareholders' equity | Non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balances as at 1 January 2021** | **242.5** | **12.0** | **122.5** | **(61.9)** | **315.1** | **56.6** | **371.7** |
| **Allocation of profit/loss** | **-** | **-** | **(22.0)** | **22.0** | **-** | **-** | **-** |
| Distribution of dividends | - | - | - | - | - | (21.9) | **(21.9)** |
| Reserve for share-based payments | - | - | 0.1 | - | 0.1 | 0.1 | **0.2** |
| **Transactions with shareholders** | **-** | **-** | **0.1** | **-** | **0.1** | **(21.8)** | **(21.7)** |
| Profit/(loss) for the year | - | - | - | (22.6) | (22.6) | 22.6 | **-** |
| Statement of comprehensive income components | - | - | 3.1 | (9.7) | (6.6) | (0.2) | **(6.8)** |
| **Total profit/(loss) for the year** | **-** | **-** | **3.1** | **(32.3)** | **(29.2)** | **22.4** | **(6.8)** |
| **Balances as at 31 December 2021** | **242.5** | **12.0** | **103.7** | **(72.2)** | **286.0** | **57.2** | **343.2** |
| **Allocation of profit/loss** | **-** | **-** | **(22.6)** | **22.6** | **-** | **-** | **-** |
| Distribution of dividends | - | - | - | - | - | (22.3) | **(22.3)** |
| Reserve for share-based payments | - | - | 0.2 | - | 0.2 | 0.1 | **0.3** |
| **Transactions with shareholders** | **-** | **-** | **0.2** | **-** | **0.2** | **(22.2)** | **(22.0)** |
| Profit/(loss) for the year | - | - | - | (25.2) | (25.2) | 25.2 | **-** |
| Statement of comprehensive income components | - | - | 3.2 | 44.0 | 47.2 | 0.6 | **47.8** |
| **Total profit/(loss) for the year** | **-** | **-** | **3.2** | **18.8** | **22.0** | **25.8** | **47.8** |
| **Balances as at 31 December 2022** | **242.5** | **12.0** | **84.5** | **(30.8)** | **308.2** | **60.8** | **369.0** |

# Notes to the Consolidated Financial Statements as at 31 December 2022

## 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 2022 (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. Under Article 12 of Law No. 14 of 24 February 2023, converting Decree Law No. 198 of 29 December 2022, into law, the expiration date of the existing Contract was postponed to September 30, 2023. In this regard, it should be noted that the effects of the existing contract will be valid until the new service contract comes into effect.

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 subject to legal 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.

## 2 Preparation criteria

In view the provisions of Legislative Decree 38 of 28 February 2005, when 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 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 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 that the Group has selected provides for:
- the items in the consolidated statement of financial position to be classified as current and non current;
- the items in the consolidated income statement to be classified by kind;
- the consolidated statement of comprehensive income to be presented separately to the consolidated income

statement and indicate the economic result integrated with income and expenses which through specific IFRS provisions are recognised directly in shareholders' equity;
- the consolidated 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 consolidated statement of changes in equity presents the total income (expenses) of the year, transactions with Shareholders and changes to 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 method applied by the Group to manage financial risks is contented in Note 8 concerning the "Management of financial risks".

The values of the items in the financial statements and related notes, taking into account their significance, are expressed in millions of euros, unless otherwise indicated.

# 3 Principles of consolidation

The Consolidated Financial Statements were prepared using the financial statements 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 the scope of consolidation as at 31 December 2022 are listed in Note 21 "Appendix", an integral part of the Consolidated Financial Statements. The same annex also shows any change in the scope of consolidation that occurred during the year.

## 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.

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 equity transferred;

- of the effect of remeasuring 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. Investments in associate companies are valued using the equity method as indicated in Note 4 "Valuation 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 the represent an effective lesser value of the asset transferred.

## Conversion of balances 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 Evaluation criteria

Described below are the most significant accounting policies and measurement criteria used to prepare the Consolidated Financial Statements, which are essentially unchanged from those used to prepare the Separate Financial Statements as of 31 December 2021.

## Activities

**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 calculation of the service life related to costs for improvements, modernisation and transformation of leased assets also take into account the remaining duration of lease contracts.

Expenses for ordinary maintenance and repairs are recognised in the consolidated income statement in the year they are sustained.

**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 occur that lead to assuming a reduction in the value of real estate investments, 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.

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.

The following main types of contracts fall under this accounting method agreed by the Group:

- 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 able to generate future economic benefits, as well as the goodwill when acquired against payment. Identifiabiility 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 along 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 months |
|---|---|
| Rights to use pay TV, video on demand and similar relative to films and series acquired by Rai Cinema | 18 |
| Drama produced (excluding soap operas) | 36 |
| Soap opera produced | 13 |
| Documentary works | 36 |
| Rights other than free-to-air TV, pay TV, video on demand and the like related to films and series acquired by Rai Cinema | 36 |
| Exploitation rights of football library | 48 |
| Cartoons | 60 |
| Free TV rights related to films and series acquired by Rai Cinema | 60 |
| "Full rights", i.e. products for which Rai Cinema has purchased the full chain of rights (film, television, home video, etc.) | 84 |

For programs included in the Fiction genre, in the financial year, in line with the accounting standard IAS 8 par. 34, a revision of the service life estimate was carried out. In particular, for the long serial Soap opera production programs, based on the increased experience on the mode of use, it was deemed prudent to reduce it from 36 to 13 months.

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 or the beginning 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**

Non-financial assets are analysed on every reporting date of the Consolidated Financial Statements in order to check whether there are indicators showing a loss in value 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 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 such 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 consolidated 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. The equity method also considers the amendments provided for the consolidation process.

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 consolidated 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 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 the other consolidated 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 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 of the Consolidated Financial Statements, 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. Discounting is done by applying 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 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 consolidated 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 that is not 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 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 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 case 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). Incremental Borrowing Rate o Tasso Incrementale).

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 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 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 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 n 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 consolidated income statement under financial income or financial expense.

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. For the other long-term benefits, actuarial profits and losses are recognised in the consolidated 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 consolidated income statement.

As for redundancy incentives, the liability and expenditure related to the termination benefits payable as a result of the termination of the employment, when the redundancy incentive is not included in a restructuring programme, are calculated when the Company is no longer entitled to withdraw the termination benefits payable as a result of the termination of the employment. Otherwise, if the termination of the employment occurs following a structured redundancy incentive plan that has been notified to the concerned employees, the liability and costs related to the employment are calculated on the financial year in which the employees have a valid expectation on the fact that the restructuring will occur within the terms defined. If those benefits are expected to be settled wholly within twelve months after the end of the period in which the benefits are recognised, the requirements for short-term employee benefits are applied, and if they are not expected to be settled wholly within twelve months after the end of the period, the entity shall apply the requirements for other long-term employee benefits.

**Derivative 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 ant 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 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 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 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 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, 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.

**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 contributions 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.

The financial income and expenses are recognised in the consolidated 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 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. Non-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 "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 Consolidated 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.

# 5 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. Estimates and assumptions are reviewed periodically and the effects of each 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 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.

## 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. 2021/2036 issued by the European Commission on 19 November 2021 approved the IFRS 17 “Insurance Contracts” published by IASB on 18 May 2017 and following amendments published on 25 June 2020. The principle provides a full approach for the accounting of insurance contracts and applies to the issued insurance contracts, and reassurance contracts issued or held, and investment contracts with discretionary participation features issued.
  The IFRS 17 provisions and following amendments are effective starting from the financial years starting from or after 1 January 2023.

- By Regulation No. 2022/357 issued by the European Commission on 2 March 2022, the document "Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors". The amendments clarifies how to distinguish changes in accounting principles from changes in accounting estimates. The distinction is relevant because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events.
  The amendments are effective starting from reporting periods beginning on or after 1 January 2023. Early application is allowed.

- Regulation No. 2022/357 issued by the European Commission on 2 March 2022 endorsed "Amendments to IAS 1, Presentation of Financial Statements: Disclosure of Accounting Policies". The aim of the amendments is to develop guidance and examples to assist entities in applying a judgement of materiality in disclosing accounting policies.
  The amendments are effective starting from reporting periods beginning on or after 1 January 2023. Early application is allowed.

- Regulation No. 2022/1392 issued by the European Commission on 11 August 2022 endorsed "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The document addresses the uncertainty in practice about applying the exemption in paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability on initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that, when these occur, give rise to equal and offsetting amounts of taxable and deductible temporary differences.
  The amendments are effective starting from reporting periods beginning on or after 1 January 2023. Early application is allowed.

- Regulation No. 2022/1491 issued by the European Commission on 8 September 2022 endorsed "Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”. The amendments, which are narrow in scope, address an important issue related to accounting mismatches between insurance contract liabilities and financial assets arising from comparative information presented with the initial application of IFRS 17 and IFRS 9.
  The amendments are effective starting from reporting periods beginning on or after 1 January 2023.

The Group has considered these changes will not have a significant impact on the Consolidated Financial Statements.

## Accounting standards not yet endorsed by the European Union

- On 23 January 2020, 15 July 2020 and 31 October 2022, respectively, the IASB issued the documents “Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current”, and “Classification of Liabilities as Current or Non-current - Deferral of Effective Date”, and “Non-current Liabilities with Covenants” 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 2024, to give companies more time to implement any classification changes resulting from the amendments.

- On 22 September 2022, IASB issued the document "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. The amendment specifies the criteria a lessee must use to measure the lease liability arising from a leaseback transaction to avoid recognizing gain or loss on the right-of-use recognized in the financial statements. The amendments are effective starting from reporting periods beginning on or after 1 January 2023. Early application is allowed.

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

## Management of financial risks

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 and options 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 2021, are shown in the table hereafter, valued at fair value;

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Non-current financial assets** | | |
| Rate options | - | 0.1 |
| | **-** | **0.1** |
| **Current financial assets** | | |
| Options on currencies | - | 0.2 |
| Rate options | 0.9 | - |
| | **0.9** | **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 (or the spot exchange rate between the date of purchase and 31.12) and the overall fair value of 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.

For interest rate hedging transactions, the change in fair value is suspended in the cash flow hedge reserve and attributed to the income statement in the years in which the coupon or interest flow related to the hedged item occurs.

The component linked to the time of forward purchase is registered in the income statement during the hedging duration.

| (€/million) | Cash flow hedge reserve | | | |
|---|---|---|---|---|
| | Options on currencies(*) | Interest rate swaps | Rate options | Total Cash flow hedge reserve |
| **Year ended 31 December 2021** | **0.1** | **(9.2)** | **-** | **(9.1)** |
| Fair value measurement (**) | - | - | 0.9 | 0.9 |
| Reclassification to the value of the acquired right | (0.2) | - | - | (0.2) |
| Reclassification from OCI to financial expense | - | 3.1 | - | 3.1 |
| Deferred tax assets | 0.1 | - | (0.2) | (0.1) |
| **Year ended 31 December 2022** | **-** | **(6.1)** | **0.7** | **(5.4)** |

(*) Includes the time value recognised as at 31 December 2022 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 2022, 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.

The associate Rai Way, in response to the variable-rate Term Loan maturing in October 2023 (utilized for €101 million as of 31 December 2022) ratified an Interest Rate Cap contract to cover the risk of increase in the 6-month Euribor rates over 0.0% applying to a notional amount of €34.5 million.

A summary of the financial effects resulting from the said contract, positive by approximately €0.9 million, as of 31 December 2022 is reported below:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| | Rate Option | Rate Option |
| Book value | 0.9 | 0.1 |
| Notional amount in Euro | 34.5 | 34.5 |
| Maturity of transactions | Oct. 23 | Oct. 23 |
| Hedge ratio | 1:1 | 1:1 |
| Change in fair value of the hedging instrument | 0.9 | - |
| Change in value of the hedged item | (0.9) | - |
| Cap Rate on Euribor (6 months) | 0.0% | 0.0% |

### Sensitivity analysis

The sensitivity analysis was carried out on the unhedged and floating rate financial positions (excluding lease liabilities arising from the application of IFRS 16) on Rai Way's interest rate cap contract outstanding at 31 December considering a shift in the curve of +/- 50 bp.

| (€/million) | Interest rate change | Change in economic result before tax effect | Cash flow hedge reserve change |
|---|---|---|---|
| **Year ended 31 December 2022** | **+50** | **(1.2)** | **0.1** |
| | **-50** | **1.2** | **(0.1)** |
| Year ended 31 December 2021 | +50 | (0.8) | - |
| | -50 | 0.8 | - |

## 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 2022, these commitments generated payments for about USD 90 million (USD 94 million in 2021). Further exposure currencies, with split disbursements and of a modest amount all in all, are to the Swiss Franc and British Sterling totalling approximately €11 million.

As at 31 December 2022 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 2022 | | Year ended 31 December 2021 | |
|---|---|---|---|---|
| | USD | Other foreign currencies | USD | Other foreign currencies |
| Trade receivables | 2.5 | 1.0 | 3.6 | 1.0 |
| Trade payables (*) | (5.7) | (1.2) | (5.5) | (2.2) |
| Cash on hand | 0.8 | 0.2 | 1.4 | 0.1 |
| Other non-current assets | - | 0.1 | - | 0.1 |
| Other current receivables and assets | - | - | 0.1 | - |
| Non-current lease liabilities | (1.1) | (0.3) | - | (0.2) |
| Current lease liabilities | (0.3) | (0.3) | (0.2) | (0.3) |
| Other current payables and liabilities | (0.4) | (0.1) | (0.7) | - |

(*) Amount hedged by derivative financial instruments for a value of USD 0.5 million as at 31 December 2022 and USD 1.6 million as at 31 December 2021.

Below is a table summing up the financial effects of hedging instruments in place as at 31 December 2022, for invoices, assessments or binding commitments of Rai Cinema:

| (€/million) | Year ended 31 December 2022 | | Year ended 31 December 2021 | |
|---|---|---|---|---|
| | Options on currencies | Forward purchases of currency | Options on currencies | Forward purchases of currency |
| Book value | - | - | 0.2 | - |
| Notional amount in USD | 5.6 | 4.5 | 9.7 | 10.9 |
| Maturity of transactions | June Jul. 23 | Feb. Jun. 23 | Mar. 22-Oct. 22 | Mar. 22-Jun. 22 |
| Hedge ratio | 1:1 | 1:1 | 1:1 | 1:1 |
| Change in fair value of the hedging instruments (*) | - | - | 0.2 | - |
| Change in value of the hedged item | - | - | (0.2) | - |
| Average weighted exchange rate for the year | 1.06 | 1.06 | 1.15 | 1.14 |

(*) 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 2022 and as at 31 December 2021 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 EUR/USD exchange rate | Recalculated EUR/USD exchange rate | Change in economic result before tax effect | Change in Cash flow hedge reserve |
|---|---|---|---|---|---|
| **Year ended 31 December 2022** | **1.0666** | **-10%** | **0.9599** | **(0.4)** | **0.9** |
| | | **+10%** | **1.1733** | **0.3** | **(0.7)** |
| Year ended 31 December 2021 | 1.1326 | -10% | 1.0193 | (0.3) | 1.8 |
| | | +10% | 1.2459 | 0.3 | (1.4) |

## 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 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Invoices to be issued** | **135.3** | **102.3** |
| Falling due | 223.8 | 189.8 |
| Expired from 0-90 days | 60.0 | 77.6 |
| Expired from 91-180 days | 2.6 | 9.9 |
| Expired over 180 days | 38.2 | 44.2 |
| **Invoices issued** | **324.6** | **321.5** |
| **Total trade receivables** | **459.9** | **423.8** |

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. During the 2022 financial year, only time or demand deposits with bank counterparties having investment grade rating were used.

## 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.

The Group long-term financial structure as of 31 December 2022 mainly consists 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")
- 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 €101 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 €400 million and revolving line with a pool of banks totalling €320 million maturing in December 2023.

The Rai revolving line, used as at 31 December 2022 for €190 million requires that the following Consolidated Balance Sheet parameters/ratios be met:

- net financial debt (adjusted for receivables from the Government 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 1.39.

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 appropriate corrective measures can be taken.

The following table includes the analysis by due date of the financial liabilities as at 31 December 2022 and 31 December 2021. 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 2022 | | | | Year ended 31 December 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| **Trade payables and other liabilities:** | | | | | | | | |
| Trade payables | 713.2 | - | - | **713.2** | 686.1 | - | - | **686.1** |
| Other payables and liabilities | 368.3 | 22.7 | 30.3 | **421.3** | 405.0 | 0.9 | 0.7 | **406.6** |
| **Medium/long-term financial liabilities:** | | | | | | | | |
| Medium/long-term loans | 104.6 | - | - | **104.6** | 0.6 | 69.5 | - | **70.1** |
| Bonds | 4.1 | 304.1 | - | **308.2** | 4.1 | 308.3 | - | **312.4** |
| **Short-term financial liabilities:** | | | | | | | | |
| Due to banks | 223.3 | - | - | **223.3** | 196.7 | - | - | **196.7** |
| Other current financial liabilities | 0.2 | - | - | **0.2** | 0.1 | - | - | **0.1** |

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 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Shareholders' equity | 369.0 | 343.2 |
| Total shareholders' equity and liabilities | 2,733.7 | 2,742.0 |
| *Ratio* | *13.5%* | *12.5%* |

Note no. 21.2 "Consolidated net financial debt" reports the Group's net financial debt for the periods under analysis.

## 10

## 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.

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 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;
- 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 2022 and 31 December 2021 have been valued according to the Level 2 methodology.

| (€/million) | Year ended 31 December 2022 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Derivatives on interest rates | - | 0.9 | - |

| (€/million) | Year ended 31 December 2021 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Derivatives on exchange rates | - | 0.2 | - |
| Derivatives on interest rates | - | 0.1 | - |

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".

## 11

## Reconciliation between classes of financial assets and financial liabilities and types of financial assets and 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 hereafter:

| (€/million) | Year ended 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | **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 (***)** |
| **Activities** | | | | | |
| Trade receivables (*) | 407.2 | - | - | 407.2 | 12.8 - 13.2 |
| Current financial assets | 5.8 | - | 0.9 | 6.7 | 13.3 |
| Cash and cash equivalents | 39.7 | - | - | 39.7 | 13.6 |
| Non-current financial assets | 2.5 | - | - | 2.5 | 12.6 |
| Equity investments in other companies (**) | - | 1.0 | - | 1.0 | 12.5 |
| **Total financial assets** | **455.2** | **1.0** | **0.9** | **457.1** | |
| **Liabilities** | | | | | |
| Trade payables | (713.2) | - | - | (713.2) | 16.1 |
| Current financial liabilities | (324.9) | - | - | (324.9) | 16.2 |
| Current lease liabilities | (25.7) | - | - | (25.7) | 15.2 |
| Non-current financial liabilities | (299.6) | - | - | (299.6) | 15.1 |
| Non-current lease liabilities | (56.7) | - | - | (56.7) | 15.2 |
| **Total financial liabilities** | **(1,420.1)** | **-** | **-** | **(1,420.1)** | |

(*) 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.

| (€/million) | Year ended 31 December 2021 | | | | |
|---|---|---|---|---|---|
| | **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** | **Notes (***)** |
| **Activities** | | | | | |
| Trade receivables (*) | 375.4 | - | - | 375.4 | 12.8- 13.2 |
| Current financial assets | 6.5 | - | 0.2 | 6.7 | 13.3 |
| Cash and cash equivalents | 59.8 | - | - | 59.8 | 13.6 |
| Non-current financial assets | 2.9 | 0.1 | - | 3.0 | 12.6 |
| Equity investments in other companies (**) | - | 1.0 | - | 1.0 | 12.5 |
| **Total financial assets** | **444.6** | **1.1** | **0.2** | **445.9** | |
| **Liabilities** | | | | | |
| Trade payables | (686.1) | - | - | (686.1) | 16.1 |
| Current financial liabilities | (196.9) | - | - | (196.9) | 16.2 |
| Current lease liabilities | (24.1) | - | - | (24.1) | 15.2 |
| Non-current financial liabilities | (368.3) | - | - | (368.3) | 15.1 |
| Non-current lease liabilities | (50.3) | - | - | (50.3) | 15.2 |
| **Total financial liabilities** | **(1,325.7)** | **-** | **-** | **(1,325.7)** | |

(*) 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

Non-current assets

## 12.1 Property, plant and equipment

Property, plant and equipment, which amounted to €1,194.5 million (€ 1,153.1 million as at 31 December 2021), are broken down as follows:

| (€/million) | Land | Buildings | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under development and payments on account | Total |
|---|---|---|---|---|---|---|---|
| Cost | 379.1 | 626.7 | 2,356.4 | 107.9 | 118.9 | 118.4 | **3,707.4** |
| Provisions for write-downs | - | - | - | - | - | - | **-** |
| Accumulated depreciation | - | (312.0) | (2,053.5) | (96.9) | (91.9) | - | **(2,554.3)** |
| **Balance as at 31 December 2021** | **379.1** | **314.7** | **302.9** | **11.0** | **27.0** | **118.4** | **1,153.1** |
| **Change in the year** | | | | | | | |
| Increases and capitalisation | - | 10.5 | 69.8 | 2.4 | 4.7 | 70.0 | **157.4** |
| Disposals (1) | - | (0.1) | (1.7) | - | - | (0.2) | **(2.0)** |
| Reclassifications (2) | - | 6.9 | 85.6 | 0.8 | 1.6 | (94.9) | **-** |
| Write-downs | (6.3) | - | - | - | - | - | **(6.3)** |
| Depreciation | - | (15.1) | (81.5) | (3.6) | (7.5) | - | **(107.7)** |
| **Balance as at 31 December 2022** | **372.8** | **316.9** | **375.1** | **10.6** | **25.8** | **93.3** | **1,194.5** |
| *broken down as follows:* | | | | | | | |
| *Cost* | *379.1* | *643.4* | *2,457.7* | *110.0* | *122.6* | *93.3* | ***3,806.1*** |
| *Provisions for write-downs* | *(6.3)* | - | - | - | - | - | ***(6.3)*** |
| *Accumulated depreciation* | - | *(326.5)* | *(2,082.6)* | *(99.4)* | *(96.8)* | - | ***(2,605.3)*** |
| Detail: | | | | | | | |
| (1) Of which: | | | | | | | |
| Cost | - | (0.7) | (54.1) | (1.1) | (2.6) | (0.2) | **(58.7)** |
| Accumulated depreciation | - | 0.6 | 52.4 | 1.1 | 2.6 | - | **56.7** |
| | **-** | **(0.1)** | **(1.7)** | **-** | **-** | **(0.2)** | **(2.0)** |
| (2) Reclassifications broken down as follows: | | | | | | | |
| **Cost** | **-** | **6.9** | **85.6** | **0.8** | **1.6** | **(94.9)** | **-** |

Investments for the year, which amounted to €157.4 million (€163.5 million in 2021), fall within the scope of the modernisation and technological development initiatives that the Group implemented.

The write-downs recognised during the year amounted to € 6.3 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 property, plant and equipment is specified in Note 18.2 "Commitments".

## 12.2 Real estate investments

Real estate investments amount to €2.8 million (€2.5 million as at 31 December 2021) 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 2022 (€1.7 million as at December 2021).

Real estate investments break down as follows:

| (€/million) | Buildings | Assets under construction and payments on account | Total |
|---|---|---|---|
| Cost | 7.2 | - | **7.2** |
| Accumulated depreciation | (4.7) | - | **(4.7)** |
| **Balance as at 31 December 2021** | **2.5** | **-** | **2.5** |
| **Change in the year** | | | |
| Increases and capitalisation | - | 0.5 | **0.5** |
| Amortisation | (0.2) | - | **(0.2)** |
| **Balance as at 31 December 2022** | **2.3** | **0.5** | **2.8** |
| *broken down as follows:* | | | |
| *Cost* | *7.2* | *0.5* | ***7.7*** |
| *Accumulated depreciation* | *(4.9)* | *-* | ***(4.9)*** |

During financial year 2022, investments of €0.5 million were made for the purpose of plant and seismic upgrading of buildings located in Rome - Via Teulada, which was not completed as of 31 December 2022.

Based on the latest estimates, the market value as at 31 December 2022 of the buildings entered under real estate investments ranges between €23.9 million and €28.9 million.

## 12.3 Lease rights of use

Lease rights of use, which amounted to € 79.8 million (€ 73.0 million as at 31 December 2021), are broken down as follows:

| (€/million) | Land and buildings | Other assets | Total |
|---|---|---|---|
| Cost | 122.6 | 9.8 | **132.4** |
| Accumulated depreciation | (52.8) | (6.6) | **(59.4)** |
| **Balance as at 31 December 2021** | **69.8** | **3.2** | **73.0** |
| **Change in the year** | | | |
| Increases | 22.7 | 9.1 | **31.8** |
| Reductions (1) | (0.3) | - | **(0.3)** |
| Amortisation | (21.8) | (2.9) | **(24.7)** |
| **Balance as at 31 December 2022** | **70.4** | **9.4** | **79.8** |
| *broken down as follows:* | | | |
| *Cost (2)* | *140.1* | *15.4* | ***155.5*** |
| *Accumulated depreciation (2)* | *(69.7)* | *(6.0)* | ***(75.7)*** |
| | | | |
| Detail: | | | |
| (1) Of which: | | | |
| Cost | (1.1) | (0.2) | **(1.3)** |
| Accumulated depreciation | 0.8 | 0.2 | **1.0** |
| | **(0.3)** | **-** | **(0.3)** |
| (2) Amounts net of assets related to concluded contracts equal to: | | | |
| Cost | (4.1) | (3.3) | **(7.4)** |
| Accumulated depreciation | 4.1 | 3.3 | **7.4** |
| | **-** | **-** | **-** |

Investments in the year, amounting to €31.8 million (€16.6 million in 2021), 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".

Income from the subleasing of assets that led to the recognition of a right of use is reported for a non significant amount in €/million under the item other revenue and income.

During the financial year the Group did not benefit from any suspension of payments of leases due by June 30 2022 and falling within the scope of the amendment to IFRS 16 "Covid-19-Related Rent Concessions in force starting from 30 June 2021", as granted as a direct result of the Covid-19 pandemic.

## 12.4 Intangible assets

Intangible assets, which amounted to € 869.1 million (€ 899.6 million as at 31 December 2021), are broken down as follows:

| (€/million) | Programmes | Software | Digital terrestrial | Goodwill | Other intangible assets | Fixed assets assets under construction and payments on account | Total |
|---|---|---|---|---|---|---|---|
| Cost | 1,382.9 | 43.1 | - | 5.8 | 3.5 | 338.9 | **1,774.2** |
| Provisions for write-downs | (83.7) | - | - | - | - | (53.8) | **(137.5)** |
| Accumulated depreciation | (715.1) | (20.8) | - | - | (1.2) | - | **(737.1)** |
| **Balance as at 31 December 2021** | **584.1** | **22.3** | **-** | **5.8** | **2.3** | **285.1** | **899.6** |
| **Change in the year** | | | | | | | |
| Increases and capitalisation | 250.6 | 9.1 | - | - | - | 185.0 | **444.7** |
| Disposals (1) | - | - | - | - | - | (1.2) | **(1.2)** |
| Reclassifications (2) | 160.4 | 11.9 | 7.9 | - | - | (180.2) | **-** |
| Write-downs (3) | (69.7) | - | - | - | - | (1.2) | **(70.9)** |
| Amortisation (4) | (385.7) | (16.7) | (0.5) | - | (0.2) | - | **(403.1)** |
| **Balance as at 31 December 2022** | **539.7** | **26.6** | **7.4** | **5.8** | **2.1** | **287.5** | **869.1** |
| *broken down as follows (5):* | | | | | | | |
| *Cost* | *1,334.9* | *51.1* | *7.9* | *5.8* | *3.5* | *339.6* | ***1,742.8*** |
| *Provisions for write-downs* | *(94.8)* | - | - | - | - | *(52.1)* | ***(146.9)*** |
| *Accumulated depreciation* | *(700.4)* | *(24.5)* | *(0.5)* | - | *(1.4)* | - | ***(726.8)*** |

| Detail: | | | | | | | |
|---|---|---|---|---|---|---|---|
| (1) Of which: | | | | | | | |
| Cost | - | - | - | | - | (1.3) | **(1.3)** |
| Provisions for write-downs | - | - | - | | - | 0.1 | **0.1** |
| | **-** | **-** | **-** | | **-** | **(1.2)** | **(1.2)** |
| (2) Reclassifications broken down as follows: | | | | | | | |
| Cost | 160.9 | 11.9 | 7.9 | - | - | (180.7) | **-** |
| Provisions for write-downs | (0.5) | - | - | - | - | 0.5 | **-** |
| | **160.4** | **11.9** | **7.9** | **-** | **-** | **(180.2)** | **-** |
| (3) Write-downs broken down as follows: | | | | | | | |
| Cost | - | - | - | - | - | (2.0) | **(2.0)** |
| Provisions for write-downs | (69.7) | - | - | - | - | 0.8 | **(68.9)** |
| | **(69.7)** | **-** | **-** | **-** | **-** | **(1.2)** | **(70.9)** |
| (4) Net of use of the provisions for write-downs for: | | | | | | | |
| Provisions for write-downs | 59.1 | - | - | - | - | - | **59.1** |
| Accumulated depreciation | (59.1) | - | - | - | - | - | **(59.1)** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (5) Amounts net of assets amortised in full at year end and, for work in progress, net of assets eliminated, amounting to: | | | | | | | |
| Cost | (459.5) | (13.0) | - | - | - | (0.3) | **(472.8)** |
| Provisions for write-downs | - | - | - | - | - | 0.3 | **0.3** |
| Accumulated depreciation | 459.5 | 13.0 | - | - | - | - | **472.5** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

Investments, which amounted to € 444.7 million (€ 477.8 million in 2021) mainly refer to Dramas for € 277.5 million and films for € 120.5 million.

The amount of assets under development and payments on account refers to programmes for € 276.7 million, software for € 10.6 million and other rights for € 0.2 million.

The write-downs recognised during the year amounted to € 70.9 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 € 5.4 million (€ 11.6 million as at 31 December 2021), are broken down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Joint ventures | 2.8 | 9.1 |
| Associates | 1.6 | 1.5 |
| **Equity investments in associates and joint ventures** | **4.4** | **10.6** |
| **Equity investments in other companies** | **1.0** | **1.0** |
| **Total equity investments** | **5.4** | **11.6** |

Here below are the movements of investments measured using the equity method:

### Equity investments in joint ventures and associates

| (€/million) | Year ended 31 December 2021 | | | Change in the year | | | Year ended 31 December 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 1.2 | 1.5 | - | - | - | 0.3 | 1.2 | 1.5 | |
| Tivù Srl | 0.5 | 7.1 | 7.6 | - | 0.5 | (6.8) | 0.5 | 0.8 | 1.3 | |
| **Associates:** | | | | | | | | | | |
| Auditel Srl | - | 1.4 | 1.4 | - | - | - | - | 1.4 | 1.4 | |
| Euronews SA | 0.9 | (0.9) | - | - | - | - | - | - | - | (a) |
| Player Editori Radio Srl | - | - | - | - | - | - | - | - | - | |
| Tavolo Editori Radio Srl | - | 0.1 | 0.1 | - | 0.1 | - | - | 0.2 | 0.2 | |
| **Total equity investments in joint ventures and associates** | **1.7** | **8.9** | **10.6** | **-** | **0.6** | **(6.8)** | **0.8** | **3.6** | **4.4** | |

(b) Following Rai's exit from the shareholding structure, the value of shareholding was reduced to zero as follows:

| | |
|---|---|
| Cost | (0.9) |
| Adjustment to shareholders' equity | 0.9 |
| **Carrying amount** | **-** |

Investments in joint ventures concern:

- **San Marino RTV SpA** (50% Rai): the company, incorporated in 1991 with joint shares of Rai and E.RA.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. In connection with the company's negative result in 2022, the equity investment was written down, by an insignificant amount in millions of euros, to adjust it to the value of €1.5 million, corresponding to Rai's share of the company's equity as of 31 December 2022.

- **Tivù Srl** (48.16% Rai): the share capital of €1,0 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 2022, a dividend the distribution of € 14,2 million was resolved. The amount due to Rai, amounting to €6,8 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 2022, equal to €1,2 million equity investment was revalued for Rai's share in the amount of €0.5 million. The equity investment was therefore recognised at a value of €1,3 million, corresponding to Rai's share of the company's shareholders' equity at 31 December 2022.

Equity investments in associates concern:

- **Auditel Srl** (33% Rai): the share capital amounts to €0.3 million. The equity investment was recognised for the value of €1,4 million, corresponding to the percentage concerning Rai on the shareholders' equity of the company posted in the Financial Statements as at 31 December 2022. In relation to the positive result recorded by the company in 2022, equal to €0.2 million, the equity investment was revalued for Rai's share for an insignificant amount in millions of Euros.

- **Euronews - Société Anonyme** (0% Rai): the extraordinary shareholders' meeting of held on 7 June 2022 resolved to reduce the share capital to zero against accumulated losses and its subsequent reconstitution offered as an option to old shareholders. Rai, following an agreement with the majority shareholder, waived the recapitalisation of the company and any legal action related to the transaction in exchange for compensation of € 15 for each share held, equal to the nominal value of the shares themselves, for a total value of € 0.8 million, recognised under other revenue and income. Therefore, the shareholding was zeroed out.

- **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 2022, for an insignificant amount in millions of Euros, a revaluation was recorded for Rai's share. The equity investment was recognised at an insignificant amount in millions of Euros, corresponding to Rai's share of the company's shareholders' equity at 31 December 2022.

- **Tavolo Editori Radio Srl** (13.6% Rai): the share capital, €0.2 million, is divided between national publishers (70%, of which Rai 13.6%) and local ones (30%). During the year, the company carried out a revision of shares, in accordance with the provisions of the Articles of Association, in order to allow two new members to join the company's membership. The transaction resulted in a 0.3% reduction in Rai's share, going from 13.9% to 13.6%. In relation to the positive result recorded by the company in 2022, equal to €0.2 million, a revaluation was recorded for Rai's share for an insignificant amount in millions of Euros. The equity investment was recognised at a value of €0.2 million, corresponding to Rai's share of the company's shareholders' equity at 31 December 2022.

Below are the changes in the investments in other companies:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Almaviva SpA | 0.3 | 0.3 |
| Istituto della Enciclopedia Italiana Treccani SpA | 0.8 | 0.8 |
| Others (1) | 0.1 | 0.1 |
| **Gross value** | **1.2** | **1.2** |
| Provisions for the write-down of equity investments in other companies | (0.2) | (0.2) |
| **Total equity investments in other companies** | **1.0** | **1.0** |

(1) Banca di Credito Cooperativo di Roma Scpa, International Multimedia University Umbria Srl in bankruptcy and Immobiliare Editori Giornali Srl.

Equity investments in other companies concern:

- **Almaviva - The Italian Innovation Company SpA** (0.83% Rai): the book value of the equity investment, € 0.3 million, remained unchanged compared to the previous year. The share capital, which is €154,9 million, is represented by 107,567,301 ordinary shares and by 47,331,764 special shares, both of the face value of €1.00 each Over 2022, two distributions of dividends for accumulated reserves were resolved for a total amount of €25,0 million. The amount due to Rai, amounting to €0.2 million, was posted under financial income.

- **Istituto della Enciclopedia Italiana Treccani SpA** (0.76% 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 meeting of the company's shareholders held on December 22, 2022, resolved to increase the company's share capital for cash and in divisible form, excluding pre-emptive rights, by a total amount of €5 million, including a 3.5% premium, to be offered for subscription to two new shareholders. At the conclusion of the transaction, Rai's share was reduced to 0.76%. The current share capital of €82,9 million is represented by 82,852,121 shares with a par 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 referred to as "Rai Com"), with an insignificant value in millions of Euros, comprised 23,815 against payment and 4,306 share without a consideration for a total of 28,121 shares with a nominal value of €0.51 out of the total of 1,608,000 shares composing the share capital.

- **International Multimedia University Umbria Srl in bankruptcy** (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.

## 12.6 Non-current financial assets

Non-current financial assets, which amounted to € 2.5 million (€ 3.0 million as at 31 December 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Financial receivables from personnel | 0.1 | 0.1 |
| Securities | 2.4 | 2.5 |
| Derivative instruments | - | 0.1 |
| Other non-current financial assets | - | 0.3 |
| **Total non-current financial assets** | **2.5** | **3.0** |

The item Securities, equal to € 2.4 million (€ 2.5 million as at 31 December 2021), was entirely made up of government bonds maturing in June 2027, securing the Service Agreement and the special services agreement with the Government.

The maturity of current and non-current financial assets is broken down as shown below:

| (€/million) | Year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Financial receivables from personnel | - | 0.1 | - | **0.1** |
| Securities | - | 2.4 | - | **2.4** |
| Receivables from joint ventures and associates | 2.1 | - | - | **2.1** |
| Derivative instruments | 0.9 | - | - | **0.9** |
| Blocked bank deposits | 3.3 | - | - | **3.3** |
| Other financial assets | 0.4 | - | - | **0.4** |
| **Total current and non-current financial assets** | **6.7** | **2.5** | **-** | **9.2** |

| (€/million) | Year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Financial receivables from personnel | - | 0.1 | - | **0.1** |
| Securities | - | 2.5 | - | **2.5** |
| Receivables from joint ventures and associates | 1.4 | - | - | **1.4** |
| Derivative instruments | 0.2 | 0.1 | - | **0.3** |
| Blocked bank deposits | 4.6 | - | - | **4.6** |
| Other financial assets | 0.5 | 0.3 | - | **0.8** |
| **Total current and non-current financial assets** | **6.7** | **3.0** | **-** | **9.7** |

The short-term portion of the financial which amounted to € 6.7 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

Deferred tax assets amounted to €2.0 million (negative for €28.0 million as of 31 December 2021) and were determined by the difference between deferred tax assets of €151.1 million (€122.7 million as of 31 December 2021) and deferred tax liabilities eligible for offset of €149.1 million (€150.7 million as of 31 December 2021).

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Deferred tax assets eligible for offset | 151.1 | 122.7 |
| Deferred tax liabilities eligible for offset | (149.1) | (150.7) |
| **Net deferred tax assets** | **2.0** | **-** |
| **Net deferred tax liabilities** | **-** | **(28.0)** |

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 2021 | Changes | | | Year ended 31 December 2022 |
|---|---|---|---|---|---|
| | | Income statement | Other comprehensive income | Balance sheet | |
| Statutory/tax differences on property, plant and equipment | (148.2) | 1.9 | | - | **(146.3)** |
| Currency and interest-rate derivatives | - | - | (0.2) | - | **(0.2)** |
| Other equity investments | (1.8) | 0.1 | | - | **(1.7)** |
| Deferred tax liabilities on consolidation adjustments | (0.6) | (0.2) | | - | **(0.8)** |
| Others | (0.1) | - | | - | **(0.1)** |
| **Deferred tax liabilities eligible for offset** | **(150.7)** | **1.8** | **(0.2)** | **-** | **(149.1)** |
| | | | | | |
| Negative taxable income | 115.2 | 59.3 | | (29.4) | **145.1** |
| Write-downs of programmes | 0.9 | - | | - | **0.9** |
| Statutory/tax difference on programmes | 0.1 | - | | - | **0.1** |
| Employee benefits | 0.6 | (0.1) | (0.3) | - | **0.2** |
| Estimate of provisions recovered | 4.3 | (0.9) | | - | **3.4** |
| Deferred tax assets on consolidation adjustments | 1.1 | (0.2) | | - | **0.9** |
| Other | 0.5 | - | | - | **0.5** |
| **Deferred tax assets eligible for offset** | **122.7** | **58.1** | **(0.3)** | **(29.4)** | **151.1** |
| **Net deferred tax liabilities** | **(28.0)** | **59.9** | **(0.5)** | **(29.4)** | **2.0** |

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

Deferred tax assets on tax losses carried forward totalled € 145.1 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.

Changes in other comprehensive income essentially consisted of deferred and prepaid tax recognised under shareholders' equity and referred to the tax effect on the redetermining of cash flow hedging instruments recognised under hedge accounting rules and employees benefits.

Income taxes are reported in Note 17.10 "Income tax".

## 12.8 Other non-currents assets

Other non-current assets, which amounted to € 30.6 million (€12.0 million as at 31 December 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Advances for sport events | 32.2 | 6.9 |
| Advances for trade initiatives | 15.6 | 17.9 |
| Non-current portion of trade receivables | 0.4 | 5.8 |
| Receivables from personnel | 0.5 | 0.5 |
| Amounts committed to cautionary deposit with third parties | 2.1 | 2.3 |
| Other non-current receivables | 0.7 | 0.8 |
| – Provisions for write-down of other non-current assets | (20.9) | (22.2) |
| **Total other non-current assets** | **30.6** | **12.0** |

Other non-current receivables refer to 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 € 20.9 million (€ 22.2 million as at 31 December 2021), is broken down below:

| (€/million) | Year ended 31 December 2021 | Provisions | Drawdowns | Year ended 31 December 2022 |
|---|---|---|---|---|
| Provisions for write-down of advances for trade initiatives | (15.8) | (0.7) | 1.9 | (14.6) |
| Provision for write-down of advances for sports events | (6.2) | (0.1) | - | (6.3) |
| Provisions for write-down of other non-current assets | (0.2) | - | 0.2 | - |
| **Total provisions for write-down of other non-current assets** | **(22.2)** | **(0.8)** | **2.1** | **(20.9)** |

## 13.1 Inventory

13

Current assets

Inventory, net of its provisions for write-downs, amounted to € 1.3 million (€ 1.6 million as at 31 December 2021), and is broken down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Technical materials | 11.2 | 11.4 |
| Provisions for write-down of technical materials | (10.6) | (10.7) |
| Contract work in progress | 0.2 | 0.2 |
| Finished products and goods | 0.5 | 0.7 |
| **Total inventory** | **1.3** | **1.6** |

The final inventory of technical materials, equal to € 0.6 million net of the provision for write-down (€ 0.7million as at 31 December 2021), 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 2021), 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 € 0.5 million (€ 0.7 million as at 31 December 2021), mainly concern inventories related to magazines and books and home video distribution.

## 13.2 Trade receivables

Trade receivables, which amounted to € 406.8 million (€ 369.6 million as at 31 December 2021), are broken down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Trade:** | | |
| Government and other public bodies for services under the agreement | 78.4 | 66.7 |
| Other receivables | 380.9 | 356.6 |
| Provision for write-downs of trade receivables | (53.1) | (54.2) |
| **Joint ventures and associates** | **0.6** | **0.5** |
| **Total trade receivables** | **406.8** | **369.6** |

Receivables from joint ventures and associates refer to:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| San Marino RTV SpA | 0.4 | 0.3 |
| Tivù Srl | 0.2 | 0.2 |
| **Total trade receivables from joint ventures and associates** | **0.6** | **0.5** |

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 € 78.4 million (€ 66.7 million as at 31 December 2021), refers to:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Prime Minister's Office:** | | |
| Operating grants to be paid to San Marino RTV | 2.9 | 4.9 |
| Radio, television and multimedia offer for abroad | 6.2 | 6.7 |
| Broadcasts from Trieste in Slovenian | 14.2 | 11.9 |
| Radio and TV broadcasts in French for the Valle d'Aosta Autonomous Region | 2.5 | 2.1 |
| Radio and television broadcasts in Sardinian for the Autonomous Region of Sardinia | 1.1 | 1.0 |
| **Revenue Office:** | | |
| Management of ordinary TV licence fees | 24.0 | 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 | 8.3 | 8.9 |
| **Total receivables from the Government and other public bodies for services under the agreement** | **78.4** | **66.7** |

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 € 53.1 million (€ 54.2 million as at 31 December 2021), with movements itemised below:

| (€/million) | Year ended 31.12.2021 | Provisions | Drawdowns | Reversals | Year ended 31.12.2022 |
|---|---|---|---|---|---|
| **Provision for write-downs of trade receivables** | **(54.2)** | **(1.4)** | **1.7** | **0.8** | **(53.1)** |

Receivables in foreign currency amount to €3.5 million (€4.6 million as at 31 December 2021) as indicated in Note 8.1 "Market risk".

## 13.3 Current financial assets

Current financial assets amounted to € 6.7 million (€ 6.7 million at 31 December 2021). The breakdown of the item and the comparison with the previous year are shown below:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Receivables from joint ventures and associates | 2.1 | 1.4 |
| Derivative instruments | 0.9 | 0.2 |
| Blocked bank deposits | 3.3 | 4.6 |
| Other current financial assets | 0.4 | 0.5 |
| **Total current financial assets** | **6.7** | **6.7** |

Receivables from joint ventures and associates as at 31 December 2022 and 31 December 2021 refer to San Marino RTV.

Blocked bank deposits, which came to € 3.3 million (€ 4.6 million as at 31 December 2021) 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 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Currency hedging derivatives | - | 0.2 |
| Rate hedging derivatives | 0.9 | - |
| **Total derivative financial instruments - current portion** | **0.9** | **0.2** |
| Rate hedging derivatives | - | 0.1 |
| **Total derivative financial instruments - non-current portion** | **-** | **0.1** |
| **Total derivative financial instruments** | **0.9** | **0.3** |

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".

Interest rate hedging derivatives, amounting to € 0.9 million (€ 0.1 million as of 31 December 2021), refer to the fair value relative to the Cap option purchased by Rai Way on 29 December 2021 to hedge the risk of an increase in the 6-month Euribor interest rate. 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 receivables, which totalled € 1.1 million (€ 2.1 million as at 31 December 2021), are specified as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| IRES refund requested | 0.1 | 0.1 |
| Withheld taxes | 1.1 | 0.8 |
| **Total IRES** | **1.2** | **0.9** |
| **IRAP** | **0.9** | **1.3** |
| **Advance for substitute tax on goodwill** | **0.1** | **0.1** |
| **Provisions for write-downs of current income tax assets** | **(1.1)** | **(0.2)** |
| **Total current income tax assets** | **1.1** | **2.1** |

Current income tax assets are shown net of the provisions for write-downs of € 1.1 million (€ 0.2 million as at 31 December 2021), related to withheld taxes on income risking recoverability.

| (€/million) | Year ended 31 December 2021 | Provisions | Year ended 31 December 2022 |
|---|---|---|---|
| **Provisions for write-downs of current income tax assets** | **(0.2)** | **(0.9)** | **(1.1)** |

The IRAP receivable, amounting to €0.9 million (€1.3 million as at 31 December 2021) 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 € 0.7 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 totalled € 91.4 million (€ 147.4 million as at 31 December 2021) break down as follows

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Advances for sport events | 10.8 | 99.7 |
| Advances for trade initiatives | - | 0.3 |
| Advances to suppliers, collaborators and agents | 11.5 | 9.7 |
| Credits for compensatory measures for transmission plant upgrades - MISE decree June 27, 2022 | 7.5 | - |
| Receivables from social security and welfare institutions | 3.6 | 4.0 |
| Other tax receivables | 10.7 | 2.8 |
| Receivables from personnel | 8.5 | 8.6 |
| Receivables from entities, companies, bodies and others | 28.2 | 16.2 |
| Receivables for subsidies and grants from the Government, EU and other public entities | 0.3 | 0.3 |
| Other receivables | 16.1 | 10.6 |
| - Provision for write-downs of other current receivables and assets | (5.8) | (4.8) |
| **Total other current receivables and assets** | **91.4** | **147.4** |

It should be noted 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.

Other tax receivables break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| IVA refund requested | 2.5 | 1.9 |
| Energy and gas tax credit | 7.8 | - |
| Other | 0.4 | 0.9 |
| **Total other tax receivables** | **10.7** | **2.8** |

The provisions for write-downs of other current receivables and assets, which amounted to € 5.8 million (€4.8 million as at 31 December 2021), is broken down below:

| (€/million) | Year ended 31 December 2021 | Provisions | Drawdowns | Reversals | Year ended 31 December 2022 |
|---|---|---|---|---|---|
| **Provision for write-downs of other current receivables and assets** | **(4.8)** | **(1.5)** | **0.4** | **0.1** | **(5.8)** |

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed there are significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

## 13.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to € 39.7 million (€ 59.8 million as at 31 December 2021), are broken down into the following items:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Bank and postal deposits | 39.4 | 59.5 |
| Cash at bank and in hand | 0.3 | 0.3 |
| **Total cash and cash equivalents** | **39.7** | **59.8** |

Bank and postal deposits amounted to € 39.4 million (€ 59.5 million as at 31 December 2021) 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 2021) and include the liquidity represented by cash in the company's coffers as at 31 December 2022.

The following table shows cash and cash equivalents by currency as of 31 December 2022 and 31 December 2021:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Cash on hand in Euro | 38.7 | 58.4 |
| Cash on hand in USD | 0.8 | 1.3 |
| Cash on hand in other currencies | 0.2 | 0.1 |
| **Total cash and cash equivalents** | **39.7** | **59.8** |

# 14 Shareholders' equity

Reported below is the breakdown of shareholders' equity, attributable to the Group and minority interests:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Share capital** | **242.5** | **242.5** |
| **Legal reserve** | **12.0** | **12.0** |
| IFRS first-time adoption reserve | (169.4) | (139.0) |
| Translation difference reserve | 0.3 | 0.6 |
| Cash flow hedge reserve | (5.6) | (9.1) |
| Reserve for share-based payments | 0.5 | 0.2 |
| Other reserves | 258.7 | 251.0 |
| **Total other reserves** | **84.5** | **103.7** |
| Actuarial reserves for employee benefits | (2.3) | (46.3) |
| Retained earnings (losses | (3.3) | (3.3) |
| Profit (loss) for the year | (25.2) | (22.6) |
| **Total retained earnings (losses carried forward)** | **(30.8)** | **(72.2)** |
| **Total Group shareholders' equity** | **308.2** | **286.0** |
| Third-party capital and reserves | 35.5 | 34.9 |
| Third-party retained earnings (losses) | 25.3 | 22.3 |
| **Total shareholders' equity attributable to minority interests** | **60.8** | **57.2** |
| **Total shareholders' equity** | **369.0** | **343.2** |

## 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 2022, the share capital of the Parent Company consisted of 242,518,100 ordinary shares with a unit par value of € 1.00. The share capital, fully subscribed and paid up, is held by:

- the Ministry of 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 €84.5 million (€103.7 million as at 31 December 2021) and losses carried forward, for €30.8 million (€72.2 million as at 31 December 2021) are broken down as shown below.

The reserve for stock plan consists of reserves allocated to the long-term incentive plan for the free transfer of Rai Way ordinary shares to the executives of the company awarded by reaching specific performance objectives.

## 15.1 Non-current financial liabilities and current portions of non current financial liabilities

Non-current financial liabilities, including current portions, total € 400.6 million (€ 368.4 million as at 31 December 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Non-current portion | Current portion | Total | Non-current portion | Current portion | Total |
| Bonds | 299.6 | - | **299.6** | 299.3 | - | **299.3** |
| M/L-term payables to banks | - | 101.0 | **101.0** | 69.0 | 0.1 | **69.1** |
| **Total non-current financial liabilities and current portions of non current financial liabilities** | **299.6** | **101.0** | **400.6** | **368.3** | **0.1** | **368.4** |

Non-current financial liabilities, including current portions, were up € 32.2 million compared with 31 December 2021, mainly due to Rai Way's use of an additional €32 million from the Term bank credit line.

As at 31 December 2022, medium- and long-term payables consisted mainly of:

- Rai bond issue with a notional amount of € 300 million maturing in December 2024;
- Term credit line granted to Rai Way by a syndicate of banks and used for € 101 million, maturing in October 2023;
- 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) to develop an industrial research, development and training project called "La Città Educante";

The new senior unsecured bond 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:

- 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.

The current portion of m/l-term bank debt amounting to €101.0 million (€0.1 million as of 31 December 2021) refers exclusively, for the year ending, to the Term credit line granted to Rai Way by a pool of banks and maturing in October 2023.

On 11 August 2022, Moody's published a credit opinion that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with negative outlook, later reconfirmed on 19 January 2023.

Derivative financial instruments, recognised at fair value, in the liability component, including the current and non-current portions, have an insignificant value in millions of Euro (insignificant value as of 31 December 2021).

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 2022 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Bonds | - | 299.6 | - | 299.6 |
| M/L-term payables to banks | 101.0 | - | - | 101.0 |
| Short-term payables to banks | 223.3 | - | - | 223.3 |
| Other financial liabilities | 0.6 | - | - | 0.6 |
| **Total current and non-current financial liabilities** | **324.9** | **299.6** | **-** | **624.5** |

| (€/million) | Year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Bonds | - | 299.3 | - | 299.3 |
| M/L-term payables to banks | 0.1 | 69.0 | - | 69.1 |
| Short-term payables to banks | 196.7 | - | - | 196.7 |
| Other financial liabilities | 0.1 | - | - | 0.1 |
| **Total current and non-current financial liabilities** | **196.9** | **368.3** | **-** | **565.2** |

In compliance with accounting standards, also 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 2022 was measured at the market price, including accrued interest, equal to 94.45201;
- Rai Way loan: the fair value of the portion used at 31 December 2022 was estimated to be close to the nominal value.

| (€/million) | Year ended 31 December 2022 | | Year ended 31 December 2021 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Rai - Bond issue € 300 million - maturity 12.04.2024 | 299.6 | 283.4 | 299.3 | 307.4 |
| Rai Way - Syndicated loan - maturity 27.10.2023 | 101.0 | 101.0 | 69.0 | 69.0 |

## 15.2 Lease liabilities

Non-current lease liabilities, including the current portion, amounted to € 82,4 million (€ 74,4 million as of 31 December 2021), and related entirely to operating leases. An analysis is provided below:

| (€/million) | Year ended 31 December 2022 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Non-current portion | Current portion | Total | Non-current portion | Current portion | Total |
| Liabilities for operating lease contracts | 56.7 | 25.7 | **82.4** | 50.3 | 24.1 | **74.4** |
| **Total lease liabilities** | **56.7** | **25.7** | **82.4** | **50.3** | **24.1** | **74.4** |

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 for the financial year was € 23,5 million, plus interest of € 1.1 million.

Interest expense accrued on lease liabilities is detailed in Note 17.8 “Financial income and expenses,” to which reference should be made.

The due dates lease liabilities (current and non-current) are shown below:

| (€/million) | Year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Liabilities for operating lease contracts | 25.7 | 40.1 | 16.6 | **82.4** |
| **Total lease liabilities** | **25.7** | **40.1** | **16.6** | **82.4** |

| (€/million) | Year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Within 12 months | Between 1 and 5 years | Beyond 5 years | Total |
| Liabilities for operating lease contracts | 24.1 | 41.6 | 8.7 | **74.4** |
| **Total lease liabilities** | **24.1** | **41.6** | **8.7** | **74.4** |

## 15.3 Employee benefits

Employee benefits totalled € 288.1 million (€ 368.9 million as at 31 December 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Provisions for employee severance pay | 151.8 | 189.4 |
| Provisions for supplementary pension benefits | 75.4 | 102.3 |
| Provisions in lieu of the former fixed indemnity for journalists | 46.9 | 62.8 |
| Health insurance fund for Rai senior managers (FASDIR) | 13.2 | 13.5 |
| Seniority bonuses | 0.6 | 0.6 |
| Others | 0.2 | 0.3 |
| **Total employee benefits** | **288.1** | **368.9** |

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, delegated management of the supplementary pensions of Rai personnel since 1989, 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 senior managers of the Group 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 by the Group over the last four years in to the fund, multiplied by the average residual life of the retired senior managers at the valuation date, which as at 31 December 2022 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 2022 | | | | | Year ended 31 December 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits |
| **Present value of the liability at the start of the financial year** | **189.4** | **102.3** | **62.8** | **13.5** | **0.9** | **205.0** | **109.8** | **68.8** | **13.8** | **1.0** |
| Current cost of defined benefit plans | 1.4 | - | - | - | - | - | - | - | - | 0.1 |
| Current cost of defined contribution plans | 43.1 | - | - | 0.6 | - | 44.4 | - | - | 0.7 | - |
| Interest expenses | 0.6 | 0.7 | 0.3 | 0.1 | - | 0.3 | 0.3 | 0.1 | 0.1 | - |
| Revaluations: | | | | | | | | | | |
| – Actuarial gains/losses resulting from changes in financial assumptions | (27.0) | (18.1) | (9.1) | - | - | 2.7 | 2.6 | (0.5) | - | - |
| – Actuarial gains/losses from past experience | 10.1 | (0.3) | (0.3) | - | - | 6.2 | (0.8) | (0.2) | - | - |
| Cost of past benefits and (gains)/losses on settlement | - | - | (4.6) | - | - | - | - | (2.0) | - | - |
| Benefits paid | (21.3) | (9.2) | (2.2) | (1.0) | (0.1) | (24.8) | (9.6) | (3.4) | (1.1) | (0.2) |
| Transfers to external funds for defined contribution plans | (44.0) | - | - | - | - | (44.5) | - | - | - | - |
| Other movements | (0.5) | - | - | - | - | 0.1 | - | - | - | - |
| **Present value of the liability at the end of the financial year** | **151.8** | **75.4** | **46.9** | **13.2** | **0.8** | **189.4** | **102.3** | **62.8** | **13.5** | **0.9** |

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 2022 | | | | | Year ended 31 December 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits |
| Current cost of defined benefit plans | (1.4) | - | - | - | - | - | - | - | - | (0.1) |
| Current cost of defined contribution plans | (43.1) | - | - | (0.6) | - | (44.4) | - | - | (0.7) | - |
| Cost of past benefits and (gains)/losses on settlement | - | - | 4.6 | - | - | - | - | 2.0 | - | - |
| Interest expenses | (0.6) | (0.7) | (0.3) | (0.1) | - | (0.3) | (0.3) | (0.1) | (0.1) | - |
| **Total** | **(45.1)** | **(0.7)** | **4.3** | **(0.7)** | **-** | **(44.7)** | **(0.3)** | **1.9** | **(0.8)** | **(0.1)** |

Costs for defined benefit plans recognised in other comprehensive income break down as follows:

| (€/million) | Year ended 31 December 2022 | | | | | Year ended 31 December 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Other benefits |
| Revaluations: | | | | | | | | | | |
| – Actuarial gains/losses resulting from changes in financial assumptions | 27.0 | 18.1 | 9.1 | - | - | (2.7) | (2.6) | 0.5 | - | - |
| – Actuarial gains/losses from past experience | (10.1) | 0.3 | 0.3 | - | - | (6.2) | 0.8 | 0.2 | - | - |
| **Total** | **16.9** | **18.4** | **9.4** | **-** | **-** | **(8.9)** | **(1.8)** | **0.7** | **-** | **-** |

The main actuarial assumptions adopted are reported below:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Financial assumptions** | | |
| Average discount rate (1) | 3.55% to 3.54% | 0.47% to 0.82% |
| Inflation rate | 2.30% | 1.75% |
| Expected rate of growth in remuneration/benefits (2) | 1.84% to 3.25% | 1.40% to 2.81% |
| **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 | 9.98% to 11.9% | 5.80% to 9.20% |
| Annual probability of advance requests | 1.50% | 1.50% |

(1) Measured as the weighted average of the Eur Composite AA 2022 interest rate curve for 31 December 2022 and Eur Composite AA 2021 31 December 2021.
(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 2022 and as at 31 December 2021 are shown below:

| (€/million) | | Year ended 31 December 2022 | | | | Year ended 31 December 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR | Employee severance pay | Supplementary pension | Provisions in lieu of the former fixed indemnity for journalists | FASDIR |
| Discount rate | +0.50% | 147.8 | 73.0 | 45.9 | - | 185.3 | 98.2 | 61.4 | - |
| | -0.50% | 156.3 | 78.1 | 48.0 | - | 193.6 | 106.7 | 64.1 | - |

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 31.12.2023 | 25.2 | 8.7 | 7.0 |
| Expected payments as at 31.12.2024 | 17.3 | 8.3 | 4.9 |
| Expected payments as at 31.12.2025 | 16.6 | 7.8 | 5.6 |
| Expected payments as at 31.12.2026 | 14.8 | 7.4 | 4.5 |
| Expected payments as at 31.12.2027 | 6.6 | 4.1 | 5.8 |
| Payments planned from 01.01.2028 and subsequent years | 111.0 | 61.1 | 28.9 |

## 15.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges totalled € 207.4 million (€ 239.1 million as at 31 December 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2021 | Provisions | Drawdowns | Reversals | Conversion differences | Year ended 31 December 2022 |
|---|---|---|---|---|---|---|
| Provisions for legal disputes | 68.3 | 14.8 | (9.4) | (0.1) | 0.4 | 74.0 |
| Provisions for building renovation and refurbishment | 24.0 | 5.1 | (0.8) | - | - | 28.3 |
| Provisions for dismantling and restoration costs | 15.0 | 0.2 | (0.1) | (0.2) | - | 14.9 |
| Provisions for accrued remuneration costs | 43.9 | 28.2 | (33.9) | (2.0) | - | 36.2 |
| Provision for user rights to digital television frequencies contributions | 20.4 | 9.9 | (19.9) | (0.5) | - | 9.9 |
| ISC ICM provisions Agents | 2.6 | 0.3 | (0.2) | (0.1) | - | 2.6 |
| Provisions for licence fee refunds | 0.2 | 0.2 | (0.2) | - | - | 0.2 |
| Provisions for disputes over leases | 0.1 | 0.1 | - | - | - | 0.2 |
| Provisions for default interest payment risks | 0.6 | - | (0.1) | - | - | 0.5 |
| Other provisions | 64.0 | 6.2 | (3.8) | (25.8) | - | 40.6 |
| **Total provisions for risks and charges** | **239.1** | **65.0** | **(68.4)** | **(28.7)** | **0.4** | **207.4** |

Provisions for legal disputes, totalling € 74.0 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 € 38,8 million in provisions for civil, administrative and criminal litigation (including legal costs) and € 35,2 million in provisions for labour law and social security disputes

Provisions for accrued remuneration costs, totalling € 36.2 million, include the overall costs estimated in relation to employment contracts in place.

Provisions for building renovation and refurbishment, totalling € 28.3 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.

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 € 9,9 million, was set aside pending the issue of the decree that will determine the amount to be paid for the 2022 financial year.

ISC (Supplementary Customer Indemnities) and ICM (Meritocratic Customer Indemnities) provisions for agents, for € 2.6 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.

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

As at 31 December 2022, the net balance of deferred tax liabilities and deferred tax assets shows a negative amount, and is therefore recognised under assets in the consolidated statement of financial position. Please refer to Note 12.7 "Deferred tax assets" for the relevant analyses.

## 15.6 Other non-current payables and liabilities

Other non-current payables and liabilities, relating to items denominated in Euros, amounted to € 53.0 million (€ 1.6 million as at 31 December 2021), referred entirely to the deferred income non-current component, detailed as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Compensatory measure deferred income for upgrading broadcasting systems | 51.1 | - |
| Compensatory measure deferred income for the release of radio links | 1.3 | 1.6 |
| Other deferrals | 0.6 | - |
| **Total other non-current payables and liabilities** | **53.0** | **1.6** |

In this regard, it should be noted that deferrals for compensatory measures in favour of network operators refer to amounts assigned to the Parent Company for:

- upgrading of broadcasting systems, pursuant to the MISE decree of 27 June 2022, allocated for a total amount of € 60.1 million in relation to the investment expenses incurred from 1 January 2020 to 8 February 2022 by Rai Way, subject to remuneration under the service contract;
- release of radio links in the 3.6-3.8 GHz bands, pursuant to the MISE-MEF interministerial decree of 4 September 2019, allocated for a total amount of € 3,1 million, in relation to the investment expenses made by Rai Way, which are remunerated under the service contract.

Both duties are charged to the income statement for each period in relation to the depreciation charge that would have been recognised if the investment had been made by Rai, taking Rai Way's amortisation plan as a reference.

The current portion is recorded under trade and other payables and current liabilities, to which reference should be made.

Payables to related parties are disclosed in Note 13.4 "Transactions with related parties".

# 16 Current liabilities

## 16.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities, which totalled € 1.081.5 million (€ 1.091.1 million as at 31 December 2021) break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Trade payables to suppliers | 707.7 | 679.9 |
| Trade payables to joint ventures and associates | 5.5 | 6.2 |
| **Total trade payables** | **713.2** | **686.1** |
| Payables to personnel | 157.0 | 184.5 |
| Payables to social security and welfare institutions | 78.7 | 63.0 |
| Other tax payables | 41.5 | 41.8 |
| Other payables for assessments | 7.5 | 4.5 |
| Advances: | | |
| – Ordinary licence fees | 57.4 | 87.8 |
| – Other advances | 7.4 | 8.9 |
| Deferrals: | | |
| – Advertising | 3.2 | 2.6 |
| – TV licence fees | 1.9 | 5.1 |
| – Compensatory measures for upgrading broadcasting systems | 5.5 | - |
| – Compensatory measure deferred income for the release of radio links | 0.2 | 0.3 |
| – Other deferrals | 1.1 | 0.7 |
| Accruals | 0.4 | 0.4 |
| Other payables | 6.5 | 5.4 |
| **Total other current payables and liabilities** | **368.3** | **405.0** |
| **Total trade payables and other current payables and liabilities** | **1,081.5** | **1,091.1** |

Trade payables to joint ventures and associates are as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Auditel Srl | 2.2 | 0.5 |
| San Marino RTV SpA | 2.9 | 4.9 |
| Tivù Srl | 0.4 | 0.8 |
| **Total trade receivables from joint ventures and associates** | **5.5** | **6.2** |

Payables to personnel totalled € 157.0 million (€ 184.5 million as at 31 December 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Untaken paid annual leave | 54.3 | 57.6 |
| Untaken time in lieu | 45.4 | 45.5 |
| Salary assessment | 52.0 | 50.3 |
| Redundancy incentives | 4.3 | 30.1 |
| Others | 1.0 | 1.0 |
| **Total payables to personnel** | **157.0** | **184.5** |

Payables to social security and welfare institutions totalled €78,7 million (€63,0 million as at 31 December 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Payables to supplementary pension funds for personnel | 25.1 | 9.1 |
| Payables to INPGI | 13.9 | 13.9 |
| Payables to INPS | 26.5 | 27.4 |
| Payables to CASAGIT | 1.4 | 1.5 |
| Contributions on assessed salaries | 10.9 | 10.2 |
| Other payables | 0.9 | 0.9 |
| **Total payables to social security and welfare institutions** | **78.7** | **63.0** |

Other tax payables show taxes payable to the Inland Revenue other than current income tax. The item breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Group VAT | 4.6 | 3.1 |
| Suspended VAT | 0.9 | 1.0 |
| Withholding tax on salaries and wages for employees and contractors, substitution tax and other withholdings | 35.2 | 37.0 |
| Other | 0.8 | 0.7 |
| **Total other tax payables** | **41.5** | **41.8** |

Deferrals include the current portion of compensatory measures in favour of network operators assigned to the Parent Company, the details of which are shown in Note 15.6 “Other non-current payables and liabilities” to which reference should be made.

The amount of debt in currencies other than Euro is shown in Note No. 8.1 "Market Risk."

Payables to related parties are disclosed in Note 18.4 “Transactions with related parties”.

## 16.2 Current financial liabilities

Current financial liabilities totalled € 324.9 million (€ 196.9 million as at 31 December 2021). The breakdown is shown in the table below:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| M/L-term payables to banks (current portion) | 101.0 | 0.1 |
| Short-term payables to banks | 223.3 | 196.7 |
| Other current financial liabilities | 0.6 | 0.1 |
| **Total current financial liabilities** | **324.9** | **196.9** |

Short-term payables to banks amounted to € 223,3 million (196.7 as at 31 December 2021) and consisted of €190,0 million from the use of the revolving line and the remainder of uncommitted bank loans.

The current portion of non-current financial liabilities 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, amounting to € 27.7 million (€ 30.5 million as at 31 December 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| IRES | 27.3 | 29.6 |
| IRAP | 0.4 | 0.9 |
| **Total current income tax liabilities** | **27.7** | **30.5** |

As concerns amounts payable to the Inland Revenue for IRES, totalling € 27.3 million (€ 29.6 million as at 31 December 2021), the 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 - Tax consolidation".

Income taxes are reported in Note 17.10 "Income tax".

## 17.1 Revenue from sales and services

The main items are analyzed below:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| TV licence fees | 1,864.3 | 1,819.8 |
| Advertising | 642.6 | 681.9 |
| Other revenue | 188.9 | 163.4 |
| **Total revenue from sales and services** | **2,695.8** | **2,665.1** |



The breakdown of revenues by geographical area shows a predominantly national origin.

### TV licence fees

Licence fees, amounting to € 1,819,8 million (€ 1,819,8 million in 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Licence fees for the year - household licences | 1,738.5 | 1,714.3 |
| Licence fees for the year- special licences | 76.7 | 80.2 |
| Licence fees collected by enforcement order | 15.1 | 11.7 |
| Licence fees for prior years- household licences | 34.2 | 13.6 |
| Licence fees redemption | (0.2) | - |
| **Total TV licence fees** | **1,864.3** | **1,819.8** |

In determining the amount of the licence fees for the period for private users, the information and data made available with reference to the current collection methods were used, taking into account the provisions of Law no. 178 of 30 December 2020 “State Budget estimates for the financial year 2021 and multi-year budget for the three-year period 2021-2023” published in the Official Gazette no. 322 of 30 December 2020, which provided that the revenue from the radio and TV licence fee should be used for the following purposes:

- € 110 million per year to the Fund for pluralism and innovation in information set up in the budget of the Ministry of Economy and Finance;
- for the remainder, to Rai, without prejudice to the amounts of licence fee revenue already allocated by current legislation for specific purposes.

The current collection methods were introduced by Law 208 of 28 December 2015 (the “2016 Stability Law”) the 2016 “Stability Law”), which provided, in art.1 (152 et seq.), for TV licence fees for household licences to be charged, as of 1 January 2016, directly in power bills issued by electricity companies, under a separately detailed item.

That law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for power supply to a registered home address, then it can be presumed that the household is in possession of a television set. That presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidation Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

Law no. 145 of 30 December 2018 confirmed the amount of € 90 due for the Rai licence fee for private use on a permanent basis.

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;
- licence fees for prior years – household licences related to 2021 fees which became known in the year 2022, as they were paid to the State during the year.

The separate annual accounts, designed to determine the costs incurred by Rai for the performance of the Public Service to be covered by resources from licence fee show a lack of public funding for the period 2005-2021 amounting to approximately €2.6 billion. It is recalled that separate accounts are certified by an auditing firm selected through a public procedure over which the Regulatory Authority oversees.

## Advertising

Advertising revenues, for € 642,6 million (€ 681,9 million in 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Advertising in own media: | | |
| Television advertising on general-interest channels: | | |
| *– commercial* | *315.5* | *352.1* |
| *– promotions, sponsorships and special initiatives* | *185.7* | *206.9* |
| *– product placement and branded content* | *11.8* | *10.0* |
| Television advertising on specialist channels | 51.5 | 63.3 |
| Radio advertising | 23.2 | 23.6 |
| Web advertising (1) | 28.5 | 26.5 |
| Other advertising | 1.6 | - |
| Share due to third parties | (2.7) | (3.1) |
| Contingencies | 0.4 | 0.4 |
| **Total advertising financed by equity** | **615.5** | **679.7** |
| | | |
| **Advertising financed by third-parties:** | | |
| Television advertising on specialist channels | 2.6 | - |
| Radio advertising | 20.6 | - |
| Cinema advertising | 2.1 | 1.3 |
| Web advertising | 0.4 | - |
| Other advertising | 1.4 | 0.9 |
| **Total advertising financed by third-parties** | **27.1** | **2.2** |
| **Total advertising** | **642.6** | **681.9** |

(1) Includes advertising on Rai content broadcast on third-party platforms.

## Other revenue

Other revenue from sales and services, for € 188,9 million (€ 163,4 million in 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Special services under agreement | 48.2 | 45.2 |
| Sale of music rights and editions | 58.8 | 63.4 |
| Film and home video distribution | 8.6 | 6.3 |
| Distribution and sale of channels | 24.0 | 13.3 |
| Sale of patents and trademarks | 2.0 | 1.7 |
| Fees for hosting plant and equipment | 28.2 | 28.7 |
| Sundry services, mainly for institutional purposes | 13.3 | 14.3 |
| Signal diffusion services, rental of circuits, radio links and connections | 7.6 | 2.5 |
| Pay TV public shows | 5.6 | 0.1 |
| Production services and facility supply | 3.7 | 0.5 |
| Revenues from sales | 0.8 | 1.1 |
| Other | 1.2 | 0.7 |
| Share due to third parties | (24.4) | (19.2) |
| Contingencies | 11.3 | 4.8 |
| **Total other revenue** | **188.9** | **163.4** |

# 17.2 Other revenue and income

Other revenue and income, for € 41,8 million (€ 22,6 million in 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Operating grants | 29.9 | 10.1 |
| Contribution to program production | 5.0 | 1.6 |
| Income from real estate investments and rentals | 1.9 | 1.9 |
| Compensation for damages | 0.3 | 0.2 |
| Gains from disposals | - | 5.0 |
| Contingencies | 0.9 | 1.3 |
| Other | 4.6 | 3.3 |
| NCI grants related to income | (0.8) | (0.8) |
| **Total other revenue and income** | **41.8** | **22.6** |

# 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 € 1,143.0 million (€ 1,044.8 million in 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Costs for the purchase of consumables | 12.2 | 11.9 |
| Costs for services | 1,079.2 | 982.9 |
| Other costs | 51.6 | 50.0 |
| **Total costs for the purchase of consumables, services and other costs** | **1,143.0** | **1,044.8** |

Costs for the purchase of consumables, equal to €12.2 million (€11.9 million in 2021), referred to purchases of various production materials for €3.9 million (€3.4 million in 2021), technical inventories for €0.3 million (€0.4 million in 2021) and other materials for €8.0 million (€8.1 million in 2021).

The breakdown of costs for services is shown in the table below. The item totalled € 1,079.2 million (€ 982.9 million in 2021), net of discounts and rebates obtained. These include, inter alia, fees, allowances and reimbursements paid by the Parent Company to the Directors for € 1.0 million and to the Statutory Auditors for € 0.2 million. It should also be noted that none of the members of the Board of Directors and Board of Statutory Auditors of the Parent Company held overlapping, similar positions in other subsidiaries.

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Freelance services | 126.8 | 115.5 |
| Services for programme acquisition and production | 210.0 | 205.7 |
| Daily allowances, travel expenses and accessory costs for personnel | 34.3 | 25.6 |
| Maintenance, repairs, transport and similar | 44.6 | 44.2 |
| IT system documentation and assistance services | 59.0 | 58.5 |
| Other outsourced services (telephone, supply services, cleaning, postal, insurance etc.) | 210.4 | 147.4 |
| Leases and rentals | 54.1 | 50.8 |
| Recording rights | 257.5 | 249.5 |
| Rights of Use | 107.0 | 107.0 |
| Contingencies | (17.3) | (13.1) |
| Recovery of expenses | (7.2) | (8.2) |
| **Total costs for services** | **1,079.2** | **982.9** |

Pursuant to article 2427, no. 16-*bis* of the Italian Civil Code, fees for the year ended 31 December 2022 for services provided by the external auditors totalled €0.5 million and break down as follows:

- for annual auditing of accounts € 0.4 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, for € 51,6 million (€ 50,0 million in 2021), break down following:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Administrative fees and rights for use of frequencies | 10.6 | 10.9 |
| Fees to control authorities | 5.4 | 5.7 |
| TASI/IMU tax | 8.9 | 9.4 |
| Other indirect taxes and other duties | 9.9 | 10.9 |
| Prizes and winnings | 5.1 | 2.9 |
| Newspaper, magazines, books and publications | 1.6 | 1.7 |
| Membership fees | 3.6 | 3.4 |
| Losses on disposals | 1.8 | 0.3 |
| Others | 4.9 | 5.0 |
| Contingencies | (0.2) | (0.2) |
| **Total other costs** | **51.6** | **50.0** |

## 17.4 HR expenses

HR expenses, which amounted to € 1,007.4 million (€ 1,038.6 million in 2021), break down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Salaries and social security costs | 956.2 | 965.4 |
| Employee severance pay | 44.5 | 44.4 |
| Pensions and similar obligations | 12.9 | 13.4 |
| Others | 14.5 | 10.1 |
| **HR expenses** | **1,028.1** | **1,033.3** |
| Costs for redundancy incentives | 1.5 | 30.7 |
| Recovery of expenses | (1.5) | (2.1) |
| Capitalised HR expenses | (18.4) | (19.0) |
| **Other HR expenses** | **(18.4)** | **9.6** |
| Contingencies and releases of provisions | (2.3) | (4.3) |
| **Total HR expenses** | **1,007.4** | **1,038.6** |

The item includes € 43.7 million of charges for defined contribution plans and € 3.2 million of income from defined benefit plans, net of past benefits, as reported in Note 15.3 "Employee benefits".

The Company applies five Collective Bargaining Agreements, respectively the CCL for middle managers, office staff and workers employed by Rai, Rai Way, Rai Cinema and Rai Com; 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, and the CCL for Rai Pubblicità middle managers and office staff.

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 09 March 2022, for the period 2019–2022;
- 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 four-year period 2020-2023 was renewed on February 2, 2023.
- the collective bargaining agreement for Rai's middle managers and office staff was renewed, by agreement made on 1 August 2022, for the four-year period 2019–2022.

The average number of employees of the companies included in the scope of consolidation broken down by category is as follows:

| | Year ended 31 December 2022 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | 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) | - | 311 | **311** | - | 308 | **308** |
| Middle managers | - | 1,445 | **1,445** | - | 1,539 | **1,539** |
| Journalists (3) | 59 | 1,961 | **2,020** | 133 | 1,907 | **2,040** |
| Office staff (4) | 70 | 7,639 | **7,709** | 67 | 7,767 | **7,834** |
| Workers | - | 795 | **795** | 2 | 820 | **822** |
| Orchestra players | 1 | 118 | **119** | 1 | 118 | **119** |
| **Total** | **130** | **12,269** | **12,399** | **203** | **12,459** | **12,662** |
| (1) Of which apprentices | | 239 | | | 440 | |
| (2) Of which senior staff with temporary contracts | | 3 | | | 3 | |

(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.

## 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 € 0.6 million (€ 2.1 million in 2021), 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 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Write-downs of trade receivables | 0.6 | 2.1 |
| **Total impairment of financial assets** | **0.6** | **2.1** |

## 17.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs totalled €616.0 million (€578.3 million in 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Amortisation** | | |
| **Property, plant and equipment** | | |
| Buildings | 15.1 | 14.6 |
| Plant and machinery | 81.5 | 84.8 |
| Industrial and commercial equipment | 3.6 | 3.5 |
| Other assets | 7.5 | 7.2 |
| **Total depreciation of property, plant and equipment** | **107.7** | **110.1** |
| **Depreciation of real estate investments** | **0.2** | **0.2** |
| **Lease rights of use** | | |
| Land and buildings | 21.8 | 21.2 |
| Other assets | 2.9 | 3.5 |
| **Total amortisation and depreciation of lease rights of use** | **24.7** | **24.7** |
| **Intangible assets** | | |
| Programmes | 385.7 | 341.7 |
| Software | 16.7 | 14.1 |
| Digital terrestrial frequencies | 0.5 | - |
| Other intangible assets | 0.2 | 0.2 |
| **Total amortisation of intangible assets** | **403.1** | **356.0** |
| **Total amortisation** | **535.7** | **491.0** |
| **Other write-downs** | | |
| Property, plant and equipment | 6.3 | - |
| Programmes under amortisation | 69.7 | 63.2 |
| Programmes in progress | 0.8 | 1.6 |
| Sports libraries | 0.4 | 20.8 |
| Other intangible assets | - | 0.1 |
| Other non-current receivables and assets | 0.8 | 2.3 |
| Current income tax receivables | 0.9 | (0.9) |
| Other current receivables and assets | 1.4 | 0.2 |
| **Total other write-downs** | **80.3** | **87.3** |
| **Total depreciation, amortisation and other write-downs** | **616.0** | **578.3** |

The review of the estimated useful life from 36 to 13 months of long seriality Soap opera production programs included in the Fiction genre, already highlighted in Note No. 4 "Valuation Criteria", resulted in higher costs included in the item amounting to €27,7 million.

## 17.7 Provisions

The item, which recognizes provisions for risks and charges and any issues not classifiable under specific income statement items, shows net removals for € 17.6 million (net provisions amounting to € 13.2 million in 2021), caused by releases for € 25.1 million (€1.6 million in 2021), offset by issues for € 7,5 million (€14.8 million in 2021).

## 17.8 Financial income and expenses

Net financial expenses totalled € 14.5 million (€ 11.1 million in 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| **Financial income** | | |
| Dividends | 0.2 | 0.2 |
| Interest income from banks | 0.1 | - |
| Gains from currency valuation | 0.4 | 0.3 |
| Currency gains realised | 0.4 | 0.1 |
| Income from currency derivatives | 0.1 | 0.1 |
| Others | 0.5 | 2.5 |
| **Total financial income** | **1.7** | **3.2** |
| **Financial expense** | | |
| Interest expense due to banks | (1.6) | (0.8) |
| Interest expense on bonds | (7.5) | (7.5) |
| Foreign exchange losses | (0.6) | (0.5) |
| Foreign exchange losses realised | (1.0) | (0.5) |
| Interest on employee benefit liabilities | (1.7) | (0.8) |
| Interest expense on lease contracts | (1.1) | (1.2) |
| More | (2.7) | (3.0) |
| **Total financial expense** | **(16.2)** | **(14.3)** |
| **Total net financial income (expense)** | **(14.5)** | **(11.1)** |

## 17.9 Earnings from investments recognised at equity

Earnings from equity investments recognised at equity, positive for € 0.6 million (€ 7,5 million in 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Auditel Srl | - | 0.3 |
| Euronews SA | - | 0.3 |
| Tavolo Editori Radio Srl | 0.1 | - |
| Tivù Srl | 0.5 | 6.9 |
| **Total earnings from equity investments recognised at equity** | **0.6** | **7.5** |

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 a positive €25.7 million (negative €7.1 million 2021). The figure breaks down as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| IRES | (28.0) | (30.4) |
| IRAP | (6.2) | (6.4) |
| **Total current taxes** | **(34.2)** | **(36.8)** |
| Deferred tax liabilities | 1.8 | 3.0 |
| Deferred tax assets | 58.1 | 26.3 |
| **Total deferred taxes** | **59.9** | **29.3** |
| **Direct taxes of previous years and others** | **-** | **0.4** |
| **Total income tax** | **25.7** | **(7.1)** |

The analysis of the difference between theoretical and actual taxation is as follows:

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Pre-tax profit/(loss) | (25.7) | 7.1 |
| IRES tax rate | 24.0% | 24.0% |
| Theoretical tax gain (expense) | 6.2 | (1.7) |
| Direct taxes of previous years and other taxes | - | 0.4 |
| Tax differences | 25.7 | 0.6 |
| IRAP tax | (6.2) | (6.4) |
| **Total income tax** | **25.7** | **(7.1)** |

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.

It should also be noted that the deferred tax assets incorporate the effect determined by the signing with the Italian Tax Revenue Office on 12 December 2022, of the agreement on the Patent Box Trademarks, pursuant to Article 1, paragraphs 37 to 45, of Law No. 190 of 23 December 2014, which defines the criteria and methods for calculating the share of income eligible for tax relief for the five-year period 2015-2019."

## 18.1 Guarantees

Guarantees provided, which amounted to € 4.7 million (€ 5.6 million as at 31 December 2021), are broken down as follows

| (€/million) | Year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Sureties | Other personal guarantees | Collateral | Total |
| Due to third parties | 2.5 | - | 2.2 | **4.7** |
| **Total** | **2.5** | **-** | **2.2** | **4.7** |

| (€/million) | Year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Sureties | Other personal guarantees | Collateral | Total |
| Due to third parties | 3.4 | - | 2.2 | **5.6** |
| **Total** | **3.4** | **-** | **2.2** | **5.6** |

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 € 2.5 million (€ 2.4 million as at 31 December 2021) in favour of subsidiaries.

The Group has also recognised € 412.4 million of guarantees provided by third parties (€ 408.8 million as at 31 December 2021) on commercial and financial obligations. Those guarantees mainly consist of:

i) guarantees received from various banks and insurance institutions to guarantee the purchase of goods and services and the full performance of contracts for the production of radio and television productions;
ii) guarantees given by third parties for Group obligations: mainly for sureties for the acquisition of television rights relating to football events UEFA EURO 2024, UEFA EURO 2028 and various UEFA events and for the surety issued in favor of the Parent Company by the Ministry of Economic Development to guarantee of prize competitions.

## 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 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Sports broadcasting rights | 461.9 | 118.0 |
| Investments in audiovisual works | 264.7 | 282.4 |
| Rights and services for the production of programmes | 40.2 | 28.8 |
| Technical Investments | 104.5 | 93.5 |
| **Total commitments** | **871.3** | **522.7** |

## 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 "Related Party Disclosures", for the years ended 31 December 2022 and 31 December 2021.

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 managers with strategic responsibilities with the power and direct or indirect responsibility for the planning, management and control of Group business, including therein the members of the Board of Directors of Group companies. For information on emoluments paid to statutory auditors of the Parent Company, see Note 17.3 "Costs for the purchase of consumables, costs for services and other costs".

The follow tables detail the balance sheet totals as at 31 December 2022 and as at 31 December 2021 and the income effects of transactions between the Group and related parties conducted in financial years ended 31 December 2022 and 31 December 2021, except transactions between Group companies, consolidated on a line-by-line basis:

| (€/million) | Senior management | Other related parties | Total |
|---|---|---|---|
| **Trade receivables** | | | |
| As at 31 December 2022 | - | 0.6 | **0.6** |
| As at 31 December 2021 | - | 0.5 | **0.5** |
| **Current financial assets** | | | |
| As at 31 December 2022 | - | 2.1 | **2.1** |
| As at 31 December 2021 | - | 1.4 | **1.4** |
| **Employee benefits** | | | |
| As at 31 December 2022 | (4.4) | (13.2) | **(17.6)** |
| As at 31 December 2021 | (5.5) | (13.6) | **(19.1)** |
| **Trade payables** | | | |
| As at 31 December 2022 | - | (5.6) | **(5.6)** |
| As at 31 December 2021 | - | (6.2) | **(6.2)** |
| **Other current payables and liabilities** | | | |
| As at 31 December 2022 | (6.2) | (16.3) | **(22.5)** |
| As at 31 December 2021 | (6.9) | (0.1) | **(7.0)** |

| (€/million) | Senior management | Other related parties | Total |
|---|---|---|---|
| **Revenue from sales and services** | | | |
| As at 31 December 2022 | - | 1.8 | **1.8** |
| As at 31 December 2021 | - | 1.1 | **1.1** |
| **Other revenue and income** | | | |
| As at 31 December 2022 | - | 0.1 | **0.1** |
| As at 31 December 2021 | - | - | **-** |
| **Costs for services** | | | |
| As at 31 December 2022 | (1.9) | (12.4) | **(14.3)** |
| As at 31 December 2021 | (1.6) | (12.3) | **(13.9)** |
| **HR expenses** | | | |
| As at 31 December 2022 | (23.5) | (12.3) | **(35.8)** |
| As at 31 December 2021 | (25.2) | (12.9) | **(38.1)** |

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:
- 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 implementation and/or management of phone interaction and/or interactive initiatives;
- 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
- the overseas marketing activities of channels under Rai.

In addition, Rai awarded a mandate with representation concerning:
- the management of ticketing services;
- the design, development, definition, stipulation and/or management of projects aimed at Rai's participation in Italian and European calls for tenders for non-repayable or subsidised loans.

### 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 by Rai Cinema in various ways.

### 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 there from payments for services provided under the service agreement in place and hedging transactions.

## Agreements for the provisions of services to 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 2022. Statutory and financial relationships under the procedure are governed by a specific agreement between the parties.

## Other related parties

Related party dealings are mainly of a commercial and financial nature and involve the following related parties:

### Auditel

It 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, with scaled-up ceilings, of €2.5 million until 31 August 2023, €2.0 million from 1 September 2023 to 31 August 2024, and €1.4 million from 1 September 2024 to 31 December 2024, which the company can use for overdrafts arising from ordinary operations. The credit facility is 50% counter-guaranteed by ERAS (the San Marino radio broadcasting body).

Moreover, an agreement for the transfer of broadcasting capacity has been arranged to broadcast San Marino RTV programmes across Italy;

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

It provides radio audience share measurement and data publication services.

### Tivù

Service agreements are in place, under which:

- Rai: provides EPG (Electronic Program Guide) processing and management services and editorial and advisory services, as well as satellite transmission capacity to enable the offer of EPG services;
- Tivù provides an EPG (Electronic Program Guide) service for the digital terrestrial and satellite platforms, a key encryption service, smart card supply and management, user assistance services for issued related to the Tivù Sat platform and its promotion.

# 19 Subsequent events

No relevant event to report.

# 20 Reconciliation between the Separate and Consolidated Financial Statements

The analysis of items reconciling the result of the income statement and shareholders' equity of the Separate Financial Statements and respective figures of the Consolidated Financial Statements is presented below:

| (€/million) | Profit/(loss) | | Shareholders' equity | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| **Rai Financial Statements** | **(29.8)** | **(30.4)** | **673.9** | **657.8** |
| Elimination of the value of equity investments against respective shareholders' equity and of dividends distributed against profits for the year | **29.3** | 29.4 | **(306.4)** | (315.6) |
| Adjustment of deferred taxes on the Rai Way equity investment revaluation | **-** | - | **5.0** | 5.0 |
| Other consolidation adjustments | **0.5** | 1.0 | **(3.5)** | (4.0) |
| **Consolidated Financial Statements** | **0.0** | **0.0** | **369.0** | **343.2** |
| ***of which: minority interests*** | ***25.2*** | ***22.6*** | ***60.8*** | ***57.2*** |

# 21 Appendix

## 21.1 Rai equity investments in subsidiaries

The following table reports the equity investments held by Rai in domestic and foreign subsidiaries.

As at 31 December 2022, the above investments are unchanged from 31 December 2021.

| (values as at 31 December 2022) | Registered office | No. shares/ units held | Nominal value (€) | Share capital (€/'000) | Equity interest held % |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| 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 2022 was € 5.41.

## 21.2 Consolidated Net Financial Debt

The following is the Net Financial Debt of the Group, determined in accordance with the provisions of paragraph 175 et seq. of the recommendations contained in the document prepared by ESMA, no. 32-382-1138 of 4 March 2021 (guidelines on disclosure requirements under EU Regulation 2017/1129, so called "Prospectus Regulation")

| (€/million) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| A. Cash | 39.7 | 59.8 |
| B. Cash equivalents | - | - |
| C. Other current financial assets (*) | 6.7 | 6.7 |
| **D. Liquidity (A+B+C)** | **46.4** | **66.5** |
| **E. Current financial debt** | **(249.6)** | **(220.9)** |
| F. Current portion of non-current financial debt | (101.0) | (0.1) |
| **G. Current financial debt (E + F)** | **(350.6)** | **(221.0)** |
| **H. Net current financial debt (G - D)** | **(304.2)** | **(154.5)** |
| I. Non-current financial debt | (56.7) | (119.3) |
| J. Debt instruments | (299.6) | (299.3) |
| K. Non-current trade payables and other payables | - | - |
| **L. Non-current financial debt (I + J + K)** | **(356.3)** | **(418.6)** |
| **M. Total financial debt (H + L)** | **(660.5)** | **(573.1)** |
| Of which operating lease liabilities | (82.4) | (74.4) |
| **Net financial debt excluding operating lease liabilities** | **(578.1)** | **(498.7)** |

| | | |
|---|---|---|
| (*) It includes financial assets for hedging derivatives for an amount equal to: | 0.9 | 0.2 |

## 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 the amounts collected in the year 2022 falling within the scope of IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", which are not directly or indirectly attributable to public entities of foreign states, where the total amount collected by the entity is greater than or equal to €10 thousand.

| Entity | Grant received in 2022 | Amount (Thousands €) |
|---|---|---|
| City of Turin | City of Turin - contribution to the Eurovision Song Contest | 1,250 |
| Ministry of Economic Development | Compensatory measures for transmission facilities upgrading following the release of frequencies for digital terrestrial television service - MISE decree of 27 June 2022 | 52,572 |

## Payments made (Art. 1, para. 126)

The following table includes sums paid in 2022 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 2022 | Amount (Thousands €) |
|---|---|---|
| SOS Villaggi dei bambini | Prizes donated to charity | 415 |
| ECOS European Culture and Sport Organization | Prizes donated to charity | 267 |
| Actionaid International Italia Onlus | Prizes donated to charity | 181 |
| Fondazione Humanitas per la Ricerca | Prizes donated to charity | 175 |
| Associazione volontari Dokita Onlus | Prizes donated to charity | 68 |
| ABF - Andrea Bocelli Foundation | Prizes donated to charity | 48 |
| Association "Associazione amici di Roberto Morrione" | Roberto Morrione Award | 30 |
| Associazione della Croce Rossa Italiana ODV | Prizes donated to charity | 24 |
| UNHCR - The UN Refugee Agency | Prizes donated to charity | 24 |
| UNICEF Italy | Prizes donated to charity | 24 |

## 22 Climate change

With reference to risks related to climate change, the Group companies is conducting in-depth assessments of the potential impacts on the business with an objective of continuous monitoring: to date, it is believed that these risks are not found to be directly affecting the Company's core business.

The main risks, arising from the Parent Company's activities, were identified as part of the Integrated Risk Assessment project, approved by the Board of Directors at its meeting on 21 December 2022, and were associated with the processes of the Rai Group Value Chain. Risks with the highest degree of residual riskiness included cost increases related to gas and electricity price trends for which energy-saving initiatives have been undertaken.

That said, the Parent Company will monitor the evolution of climate change risks with an approach that will take into consideration emerging legislation and its role as a Public Service.

Nevertheless, it is noteworthy to represent here how the electromagnetic risk has been considered in the Group's perimeter as an effect of the characteristic activity of the subsidiary Rai Way, which has carried out its activities with constant attention to environmental protection, monitored and managed through a dedicated organizational structure, while defining action plans for the efficient management of energy resources, water resources and waste with a view to the circular economy, with the aim of reducing its ecological footprint.

## 23 Direct financial effects resulting from the Russian-Ukrainian conflict

The context of instability generated as a result of the Russia-Ukraine conflict, which began on 24 February 2022, and still ongoing, represents to date an additional and unexpected event that has further aggravated the European economic scenario already negatively and previously affected by the consequences resulting from the Covid-19 pandemic. In this context, it should be pointed out that the profound uncertainty associated with the duration of the conflict, as well as the resulting climate of distrust and the numerous implications, makes it very complex to predict its effects on the macroeconomic scenario in the medium and long term. In general terms, the economic effects of the conflict may impact trade relations, gas and oil supplies with concomitant effect on rising inflation as well as reduced energy supplies, in addition to uncertainty in financial markets and geopolitical instability. In connection with this, constant monitoring of the development of the situation will be necessary, as it has been done so far.

With this in mind, in relation to the activities that the Group companies have in place for the conduct of its business activities, it should be noted that they have limited dealings with counterparts involved in the Russian-Ukrainian conflict.

Considering the increase in interest rates, the generalized increase in inflation and specifically in the prices of energy sources, especially electricity, effects, which have already been noted in the budget as of 31 December 2022, of an increase in interest financing costs and the costs of delivery services are being determined.

Finally, with regard to the additional areas potentially subject to possible impacts related to the Russian-Ukrainian conflict, such as fair value measurement, contingent liabilities, and reductions in the value of financial and non-financial assets, no critical issues or significant impacts on the Company are noted.

# Certification pursuant to art. 154-*bis* of Italian Legislative Decree 58/98

The undersigned Carlo Fuortes, in the capacity as Chief Executive Officer, and Marco Brancadoro, 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 2022 during the 2022 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 2022 of the Rai Group:
  a) have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  b) correspond to the entries in the books and accounting records;
  c) are suitable to provide a true and fair representation of the equity, economic and financial position of the issuer and 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, 20 April 2023

Carlo Fuortes

*Chief Executive Officer*

Marco Brancadoro

*Manager in charge of drawing up the corporate accounting documents*

# Independent Auditors' Report

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## *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 2022, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated cash flow statement for the year then ended, 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 2022, 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. 38/2005.

### *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* |
|---|---|
| **Evaluation of the recoverability of investments in programmes**<br><br>*"Measurement 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 2022*<br><br>The item "Intangible assets" of the consolidated financial statements of the RAI Group as at 31 December 2022 includes programmes totalling Euro 816.4 million (of which Euro 276.7 million as intangible assets under development), which account for 94 per cent of the consolidated intangible assets as of said date.<br><br>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 84 months (7 years). Such duration represents the estimate made by the RAI Group management in order to relate amortisation to revenue from core business.<br><br>The recoverability of investments in programmes is verified by the RAI Group management at least at each year-end, coinciding with the closing of each fiscal year.<br><br>If events are identified which lead to presume an impairment loss of programmes, their recoverability is verified by comparing the book value with the corresponding recoverable amount, determined on the basis of the assumptions made by the RAI Group management about their future use.<br><br>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 financial statements as at 31 December 2022, its direct correlation with the Group business, as well as the degree of complexity characterising the estimates adopted by the RAI Group's management. | 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:<br><br>i) discussions with the contact persons of the RAI Group regarding their conclusions on the existence of possible impairment losses in the item "programmes";<br>ii) analysis of the assumptions made by the RAI Group management underlying the identification of the impairment losses in programmes and of the reasonability of the related write-downs performed by the RAI Group management;<br>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;<br>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";<br>v) review, on a sample basis, of the useful life estimated by the management of the RAI 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;<br>vi) verification of the accuracy and completeness of the disclosures provided in the notes to the consolidated financial statements. |

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***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. 38/2005 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. 58/1998*

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 2022, 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. 58/1998, with the consolidated financial statements of the RAI Group as of 31 December 2022 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 2022 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. 39/2010, 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, 22 maggio 2023

PricewaterhouseCoopers SpA

*Signed by*

Luigi Necci
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.*

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