Consolidated Financial Statements as at 31 December 2023

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Contents

Financial statements of the Rai Group

Consolidated Statement of Financial Position

(€/million)	Note	Year ended	
		31 December 2023	31 December 2022
Property, plant and equipment	12.1	1,214.1	1,194.5
Real estate investments	12.2	2.7	2.8
Lease rights of use	12.3	91.6	79.8
Intangible assets	12.4	848.4	869.1
Equity investments	12.5	4.5	5.4
Non-current financial assets	12.6	2.4	2.5
Deferred tax assets	12.7	-	2.0
Other non-current assets	12.8	18.4	30.6
Total non-current assets		**2,182.1**	**2,186.7**
Inventory	13.1	1.1	1.3
Trade receivables	13.2	378.8	406.8
Current financial assets	13.3	3.9	6.7
Current income tax assets	13.4	1.0	1.1
Other current receivables and assets	13.5	175.8	91.4
Cash and cash equivalents	13.6	39.7	39.7
Total current assets		**600.3**	**547.0**
Total assets		**2,782.4**	**2,733.7**
Share Capital		242.5	242.5
Reserves		74.3	96.5
Retained earnings (losses)		(43.0)	(30.8)
Total Group shareholders' equity		**273.8**	**308.2**
Third-party capital and reserves		35.3	35.5
Third-party retained earnings		29.8	25.3
Total shareholders' equity attributable to minority interests		**65.1**	**60.8**
Total Group shareholders' equity	**14**	**338.9**	**369.0**
Non-current financial liabilities	15.1	100.4	299.6
Non-current lease liabilities	15.2	61.6	56.7
Employee benefits	15.3	281.4	288.1
Provisions for non-current risks and charges	15.4	226.0	207.4
Deferred tax liabilities	15.5	4.5	-
Other non-current payables and liabilities	15.6	73.5	53.0
Total non-current liabilities		**747.4**	**904.8**
Trade payables	16.1	683.4	713.2
Provisions for current risks and charges		-	0.1
Current financial liabilities	16.2	510.9	324.9
Current lease liabilities	15.2	31.8	25.7
Current income tax liabilities	16.3	37.3	27.7
Other current payables and liabilities	16.1	432.7	368.3
Total current liabilities		**1,696.1**	**1,459.9**
Total liabilities		**2,443.5**	**2,364.7**
Total shareholders' equity and liabilities		**2,782.4**	**2,733.7**

Consolidated Income Statement

(€/million)	Note	Year ended	
		31 December 2023	31 December 2022
Revenues from sales and services	17.1	2,705.5	2,695.8
Other revenue and income	17.2	30.7	41.8
Total revenue		**2,736.2**	**2,737.6**
Costs for the purchase of consumables	17.3	(12.2)	(12.2)
Costs for services	17.3	(944.0)	(1,079.2)
Other costs	17.3	(57.4)	(51.6)
HR expenses	17.4	(1,069.2)	(1,007.4)
Impairment of financial assets	17.5	0.6	(0.6)
Depreciation and other write-downs	17.6	(611.2)	(616.0)
Provisions	17.7	6.9	17.6
Total costs		**(2,686.5)**	**(2,749.4)**
EBIT		**49.7**	**(11.8)**
Financial income	17.8	6.0	1.7
Financial expense	17.8	(30.3)	(16.2)
Earnings from equity investments recognised at equity	17.9	(0.4)	0.6
Pre-tax profit/(loss)		**25.0**	**(25.7)**
Income tax	17.10	(25.0)	25.7
Profit/(loss) for the year		**0.0**	**0.0**
of which attributable:			
– *to the Group*		*(29.7)*	*(25.2)*
– *to third parties*		*29.7*	*25.2*

Consolidated Statement of Comprehensive Income

(€/million)	Year ended	
	31 December 2023	31 December 2022
Profit/(loss) for the year	**0.0**	**0.0**
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	2.5	3.7
Conversion of balances with currency that is not the Euro	0.2	(0.3)
Total	**2.7**	**3.4**
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	(7.8)	44.4
Total	**(7.8)**	**44.4**
Total profit/(loss) for the year	**(5.1)**	**47.8**
of which attributable:		
– *to the Group*	*(34.6)*	*22.0*
– *to third parties*	*29.5*	*25.8*

Consolidated Cash Flow Statement

(€/million)	Note	Year ended	
		31 December 2023	31 December 2022
Pre-tax profit/(loss)		**25.0**	**(25.7)**
Adjustments for:			
Depreciation and amortisation	17.5 - 17.6	610.6	616.6
Provisions and (issues) to personnel provisions and other provisions	17.7	98.6	76.5
Net financial charges (income)	17.8	24.3	14.5
Earnings from equity investments recognised at equity	17.9	0.4	(0.6)
Other non-monetary items		0.4	1.8
Cash flow generated by operating activities before changes in net working capital		**759.3**	**683.1**
Change in inventory	13.1	0.2	0.3
Change in trade receivables	13.2	28.6	(37.8)
Change in trade payables	16.1	(28.9)	27.1
Change in other assets/liabilities		4.5	44.5
Use of provisions for risks	15.4	(36.5)	(68.4)
Payment of employee benefits	15.3	(69.1)	(77.8)
Taxes paid		(3.9)	(4.7)
Net cash flow generated by operating activities		**654.2**	**566.3**
Investments in property, plant and equipment and real estate investments	12.1 - 12.2	(132.2)	(157.9)
Disposal of property, plant and equipment and real estate investments	12.1 - 12.2	0.1	0.2
Investments in intangible assets	12.4	(452.4)	(444.7)
Disposal of intangible assets	12.4	0.5	1.2
Dividends collected		0.6	7.0
Interest collected		3.1	0.4
Change in financial assets	12.6 - 13.3	2.4	0.7
Net cash flow generated by investment activity		**(577.9)**	**(593.1)**
Long-term loans taken out	15.1	100.4	-
Long-term loan repayments	15.1	(101.0)	(0.1)
Repayments of lease liabilities	15.2	(25.3)	(23.5)
(Decrease)/increase in short-term borrowings and other loans	16.2	(13.9)	58.8
Interests paid [1]		(11.4)	(6.3)
Dividend paid		(25.1)	(22.2)
Net cash flow generated by financial activities		**(76.3)**	**6.7**
Change in cash and cash equivalents		**-**	**(20.1)**
Cash and cash equivalents at the beginning of the year	13.6	39.7	59.8
Cash and cash equivalents at the end of the year	**13.6**	**39.7**	**39.7**

[1] Referring to financial interest.

Statement of changes in consolidated equity

(€/million)	Share Capital	Legal reserve	Others reserves	Profit (loss) retained	Group shareholders' equity	Non-controlling interests	Total Shareholders' equity (note 14)
Balances as at 1 January 2022	**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**
Allocation of profit/loss	**-**	**-**	**(25.2)**	**25.2**	**-**	**-**	**-**
Distribution of dividends	-	-	-	-	-	(25.2)	**(25.2)**
Reserve for share-based payments	-	-	0.1	0.1	0.2	-	**0.2**
Transactions with shareholders	**-**	**-**	**0.1**	**0.1**	**0.2**	**(25.2)**	**(25.0)**
Profit/(loss) for the year	-	-	-	(29.7)	(29.7)	29.7	**-**
Statement of comprehensive income components	-	-	2.9	(7.8)	(4.9)	(0.2)	**(5.1)**
Total profit/(loss) for the year	**-**	**-**	**2.9**	**(37.5)**	**(34.6)**	**29.5**	**(5.1)**
Balances as at 31 December 2023	**242.5**	**12.0**	**62.3**	**(43.0)**	**273.8**	**65.1**	**338.9**

Notes to the Consolidated Financial Statements as at 31 December 2023

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 2023 (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 Journal on 7 March 2018. Pursuant to Article 12 of Law No. 14 of 24 February 2023 converting into law Decree-Law No. 198 of 29 December 2022, the expiry date of the current Contract was postponed to 30 September 2023. Pursuant to the provisions of Article 30 of the Agreement, the same is to expire upon the date of publication of the following Agreement on the Official Journal.

As for the Service Agreement related to 2023-2028, reference should be made to note no. 19 "Events following the balance sheet date".

The Agreement relates to the activity that Rai performs in order to carry out the public service and, in particular, the radio, television and multimedia services broadcast through the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the provisions of technological services for the production and transmission of the signal using analogue and digital technology, and the preparation and management of control and monitoring systems.

The capital of the Company is respectively held by:
- the Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%)

The Separate Financial Statements are subject to auditing by the company PricewaterhouseCoopers SpA (hereinafter the "External Auditor") to which the Rai Ordinary General Meeting of Shareholders, upon the proposal put forward by the Board of Statutory Auditors, assigned the appointment for the financial years until 2023 on 10 March 2016, in consideration of Rai's acquisition of status of Public Interest Entity.

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 Separate Financial Statements, the Company provided complete information, applying the IFRS consistently to the periods stated in these Consolidated Financial Statements.

The structure of the Consolidated Financial Statements of the Group provides for:

- the items of the consolidated statement of financial position being classified as current and non-current;
- the items of the consolidated income statement being classified by type;
- the consolidated statement of comprehensive income being presented separately from the consolidated income statement and indicating the integrated economic result of the income and charges that are directly recognised in Shareholders' Equity pursuant to the IFRS;
- the consolidated cash flow statement being prepared according to the "indirect method", adjusting the result (pre-tax profit/loss) of the year of the non-monetary components; and
- the consolidated Statement of Changes in Equity showing the total income (charges) of the year, transactions with shareholders and the other changes in Shareholders' Equity.

This layout best reflects the elements that led to the Group's earnings for the year, in addition to its financial and capital structure.

The Consolidated Financial Statements were prepared on a going concern basis since it is not believed that there are financial, operation or other type of ratios that might indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future, and more specifically in the next 12 months.

The description of the methods through which the Group manages its financial risks is contained in Note 8 below regarding "Management of financial risks".

Values of items in the financial statements and relative notes, considering their importance, are expressed in millions of euro, unless indicated otherwise.

3 Principles of consolidation

The Consolidated Financial Statements were prepared using financial statements for the year of the Company and its subsidiaries drafted in compliance with the IFRS. Please note that all Group companies close their financial years as at 31 December.

The companies included in consolidation as at 31 December 2023 and 31 December 2022 are detailed in Note 21 "Appendix", an essential part of the Consolidated Financial Statements. The same annex includes any change to the consolidation area that occurred in the period.

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 the consolidated shareholders' equity sold;
- the effect of the revaluation of any residual investment kept to align it with the relative fair value;
- any values entered in other consolidated comprehensive income related to the former subsidiary for which a turnaround to the income statement is foreseen, or when the turnaround to the consolidated income statement is not foreseen to profits (losses) carried forward.

The value of any equity investment retained, aligned with its fair value at the date control was lost, is the new book value of the equity investment; thus the value of reference for the subsequent valuation of equity investments according to the applicable valuation criteria.

Business combinations

Business combinations are entered in compliance with IFRS 3 "*Business combinations*"applying the so called acquisition method. The combination consideration is calculated at the date control is assumed and is the fair value of assets transferred, liabilities sustained, and of any capital instrument issued by the purchaser.

On the date control is acquired, the shareholders' equity of investee companies is calculated attributing their fair value at the acquisition date 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 income statement as income for the period.

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. Jointly controlled arrangements in which the parties have rights to the net assets of the arrangement are referred to as joint ventures. Equity investments of joint ventures are recognised under the equity method as indicated in Note 4 "Measurement criteria".

Equity investments in associate companies

An associate company is one in which the Group exercises a considerable influence, intended as the power to take part over deciding financial and management choices without having control or joint control. Equity investments in associates are recognised under the equity method as indicated in Note 4 "Measurement criteria".

Infra-group transactions

The profits from transactions between consolidated companies are eliminated as are the receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies. Profits not earned with companies measured applying the equity method are eliminated for the Group's share. In both cases, infra-group losses are not eliminated when the represent an effective lesser value of the asset transferred.

Conversion of balances with currency that is not the Euro

The Euro is the reporting currency of the Consolidated Financial Statements, as well as the functional currency of the Parent Company and its subsidiaries, with the exception of Rai Corporation in liquidation (hereinafter referred to as 'Rai Corporation') whose financial statements are drawn up in US Dollars (USD). For the purposes of consolidation, Rai Corporation's financial statements is converted into Euro by applying year-end exchange rates to asset and liability items, historical exchange rates to equity items, and average exchange rates for the year to income statement items.

Exchange differences arising from the application of different exchange rates for assets and liabilities, for equity and for the income statement, are recognised in the equity item other reserves as a reserve for translation exchange differences. The exchange rate difference reserve is recognised in the consolidated income statement when the investee is no longer a subsidiary.

4 Evaluation criteria

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.

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.

The most significant accounting standards and measurement criteria used in the preparation of the Consolidated Financial Statements, which are unchanged from those used in the preparation of the Consolidated Financial Statements for the year ended 31 December 2022, are described below.

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 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.

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 separate financial statements through the recognition in the statement of financial position of a liability consisting of the present value of the lease payments, as set out in the valuation criteria for lease liabilities. At the same time and as an entry balancing the recognition of the liability, the corresponding right of use is recorded under assets, amortised on a straight line basis over the duration of the lease contract or the related economic-technical useful life, if shorter. The lease term is the non-cancellable period for which the counterparty is entitled to use the underlying asset.

Mainly the following types of contracts entered into by the Group fall under this accounting method:
- property leases;
- car rentals;
- office equipment rental.

Typically, contracts for the rental of buildings for industrial use provide for tacit renewals on expiry, which can be further renewed for the same term. Consequently, each renewal gives rise to a new right of use representative of the new (albeit tacit) agreement reached between the parties.

At the commencement date of the lease, the cost of the right-of-use asset shall comprise:
a) the amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date;
c) any initial direct costs (e.g., mediation costs);
d) in the presence of current obligations for the dismantling, removal of assets and recovery of sites, the registration value of costs estimated (actualised) to be sustained when the structures are abandoned, recognised as a balancing item to a specific provisions for non-current risks and charges.

The amount under a), recorded as a balancing entry to the lease liability item, recognises:

- fixed lease payments;
- variable lease payments that depend on an index or a rate (e.g., ISTAT adjustment index);
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

If the lease contract provides for the possibility to exercise the purchase option and there is reasonable certainty of exercising it, the right of use is recorded under property, plant and equipment in the corresponding class of assets and is amortised over the useful life of the asset.

The Company has availed itself of the option provided for by IFRS standards to recognise payments due for short-term leases (of no more than 12 months) and for leases for which the underlying asset is of modest value (approximately less than € 5,000), as costs for services.

Intangible assets

Intangible assets concern the identifiable assets without physical consistency, controlled by the Company and able to generate future economic benefits, as well as the goodwill when acquired against payment. Identifiability is defined with reference to the possibility to distinguish the intangible asset acquired from goodwill. This requirement is normally met when:

- the intangible asset can be traced back to a legal or contractual right; or
- the asset is separable, meaning it can be assigned, transferred, rented or traded autonomously or as an integral part of other assets.

The Group's control consists in the right to enjoy future economic benefits arising from the asset and in the possibility to limit its access to others.

Intangible assets are recognised at purchase or production cost, including directly allocated accessory charges necessary to make the assets ready for use. Revaluations cannot be made, not even when applying specific laws.

The intangible assets having a defined useful life are systematically amortised during their useful life meant as the estimate of the period in which the assets will be used by the Group, and are broken down into:

a) Programmes – Audiovisual Works: the costs for acquiring and producing TV programmes, of audiovisual, cinema and multimedia works, made up of the external costs directly allocated to each production and the costs of the internal resources used to make single programmes, are represented according to the following criteria:
    1) costs referring to television productions with repeat utility and with contractual rights exceeding 12 months are capitalised as intangible assets and, if these productions are ready for use at year-end, are amortised on a straight-line basis, starting from the month they are ready or the right becomes available, with regard to the duration of their expected useful life. If, on the other hand, these productions with repeat utility are not yet usable at year-end or rights become available in the future, their costs are deferred as work in progress and payments on account.
    Taking into account the objective difficulties in identifying elements able to guarantee a correct correlation between revenue from advertising and licence fees and the amortisation of the rights, to which the indeterminable nature of the varied methods of exploitation is added, the useful life of the programmes with repeated usefulness is shown in the following table:

	Useful life in months
Production soap opera	13
Rights to use pay TV, video on demand and similar related to films and series acquired by Rai Cinema	18
Production drama (other than soap operas)	36
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

The costs referring to rights under concession for shorter durations are amortised on a straight-line basis corresponding to the period of availability. Should the rights have depleted the contractually available passages, the residual value is fully expensed;

2) The costs referring to television productions intended for immediate use are posted to the income statement in a single year, which usually coincides with that of use or the start of the concession. More specifically:
   - news reporting, light entertainment, documentaries, classical music, prose and the entire radio production: the costs are recognised during the year in which they are incurred, which usually coincides with the one in which they are broadcast;
   - sports events: the costs are recognised in the year in which the event takes place.

b) Software user licences are depreciated in three years starting from the month they become available for use, generally coinciding with the months when use starts.
c) Software produced in-house: depreciated over three years on a straight-line basis from the year in which it is ready for use.
d) Trademarks are depreciated in ten years from when they are available for use, generally corresponding to the year in which use starts.

Goodwill and other intangible assets having an indefinite useful life are not amortised; the recoverability of their book value is checked at least once a year and in any case whenever events that lead to an assumption of impairment occur.

Impairment of non-financial assets
The non-financial assets are analysed on every reporting date in order to check whether there are indicators 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 income statement as a revaluation (recovery of value). The impairment loss is reversed at the recoverable value or the book value before the impairment previously made and reduced by the amortisation quotas that would have been allocated if the impairment had not been made, whichever is the least.

Equity investments
Equity investments in joint ventures and in associates are carried as Equity.

On applying the equity method, equity investments are initially recognised at purchase cost, attributing any difference between cost sustained and the interest share in the fair value of the identifiable net assets of the investee in a similar way to what is set forth in IFRS 3 "*Business combinations*". The book value is then adjusted to take into account:
- the shareholder's portion of the economic results of the investee made following the date of acquisition; and
- the shareholder's portion of the other Statement of Comprehensive Income components of the investee.

The changes in shareholders' equity of an investee other than those specified above are recognised to the consolidated income statement when they represent, in substance, the effects of a transfer of a shareholding in the investee. The dividends that the investee distributes are recognised to reduce the book value of the equity investment. 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 the write-downs cease to exist, the value of the equity investments is restored within the limits of the write-downs made with the effect recognised to the consolidated income statement.

After an investment measured applying the equity method, or a share of that investment, is classified as held for sale as it meets the criteria for that classification, the investment, or investment share, is no longer measured by the equity method. Any shares of that investment not classified as held for sale are measured applying the equity method until disposal of the investment share held for sale has been concluded. Any residual share kept after the sale is measured based on the applicable valuation criteria.

The other investments, recognised in non-current assets as they are not held for negotiation, are measured at fair value with balancing entry to the income statement. When the investments are not listed on a regulated market, where information available to measure fair value is not sufficient, it is felt that the cost represents an adequate estimate.

The shareholder's portion of any losses of the investee exceeding the book value of the equity investment is recognised in a special provisions to the extent in which the shareholder is committed to fulfilling legal or implicit obligations of the investee, or in any case to covering its losses.

Inventory
The final inventory of technical materials are recognised at purchase cost, calculated using the weighted average cost formula, adjusted in connection with market performance and the estimated non-uses tied to obsolescence and slow turnaround phenomena. 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 comprehensive income; (iii) financial assets recognised at fair value with balancing entry in the income statement.

Trade receivables, financial and other assets, if they only generate contractual cash flows representing capital and interest and if managed with a business model whose goal is to hold the asset to collect the aforementioned flows, are initially recognised at fair value rectified by directly attributable transaction costs and then recognised applying the amortised cost criterion based on the effective interest rate method (that is the rate that makes the current value of cash flows expected and the recognition value equal, at the time of initial recognition), suitably rectified to take any impairments into account, by recognition in the provisions for write-down of receivables.

Trade receivables, financial and other assets with the aforementioned contractual characteristics, if managed applying a business model whose goal is both to hold the asset to collect its contractual flows represented by the return of capital and interest accrued and to realise the investment through a sale, are recognised after initial entry, at fair value with balancing entry in the other comprehensive income components.

Financial assets whose contractual cash flows do not represent payment solely of capital and interest, are recognised at fair value with balancing entry in the income statement except for derivative instruments used to hedge financial flows, recognised at fair value with balancing entry in the other comprehensive income statement components.

Trade receivables, financial and other assets are included in current assets, except for those with contractual maturity exceeding twelve months compared to the financial statement date, classified in non-current assets.

Impairment of financial assets
At each financial statement reference date, all financial assets that are not those recognised at fair value with balancing entry in the income statement are analysed to check whether there is objective evidence that an asset or group of financial assets has suffered or could suffer a loss in value based on the expected losses model.

The 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 performed 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 financial statement reference date, losses are estimated over a twelve months time horizon. The Group believes that a debt security has a low credit risk when its rating is equal to or higher than at least one of the following levels: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch.

To calculate whether the credit risk of a financial asset other than trade receivables has increased considerably following initial recognition, the Group uses all pertinent information, considered reasonable, that is adequately supported and available with no costs or excessive efforts needed.

Impairment losses related to financial assets are presented separately in the income statement.

If the amount of a loss in value of an asset previously recognised drops and that reduction can objectively be connected to an event that occurred after the loss in value was recognised, it is re-credited to the income statement.

Derecognition of financial assets and liabilities
Financial assets are derecognised when one of the following conditions is met:
- the contractual right to receive the cash flows from the asset has expired;
- the 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).

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 provisions increase connected to time going by is recognised in 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. When the liability regards property, plant and equipment (e.g. dismantling and restoration of sites), the changes in provisions estimate are recognised as a balancing entry for the asset to which they refer within the limits of the book values; any surplus is recognised in the income statement.

If it is expected that all the expenses (or a part of them) required to settle an obligation are repaid by third parties, the indemnity – when it is virtually certain – is recognised as a separate asset.

For contracts whose non-discretionary costs necessary for fulfilling the obligations undertaken are greater than the economic benefits expected to be obtainable from the contract (onerous contracts), the 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 Group's control, or the amount of which cannot be reliably estimated, occur, or not occur, will not give rise to the recognition of liabilities recorded in the financial statements, but is explained in a specific note contained in the Separate Financial Statements.

Employee benefits

Taking into account their characteristics, benefits following employment are either “defined-contribution” plans or “defined-benefit” plans. In the defined-contribution plans, the Company’s obligation limited to paying contributions to the State, to an estate or to a legally distinct entity is determined based on the contributions due. Costs related to those plans are recognised in the consolidated income statement based on the contribution made in the year. In the defined-benefit plans, on the other hand, the company’s obligation is determined, separately for each plan, based on actuarial assumptions by estimating (in compliance with the projected unit credit method) the amount of the future benefits that the employees have accrued as at the date of reference. More specifically, the current value of the defined-benefits plans is calculated using a rate determined based on market performance as at the reporting date of the bonds of primary companies or, if there is no active market in which they are traded, government bonds. The liability is recognised on an accrual basis over the vesting period and is net of any plan assets. The liability is measured by independent actuaries.

Net interest includes the interest expense to be recognised in profit or loss net of any return component of plan assets. Net interest is determined by applying the discount rate defined for the liabilities to the liabilities, net of any assets servicing the plan; Net interest of defined-benefits plans is recognised to the consolidated income statement as “Financial income” or “Financial expenses”.

The actuarial gains and losses arising from the actuarial assessment of the defined-benefits plans are recognised as other components of the consolidated comprehensive income statement. The actuarial gains and losses for the other long-term benefits are recognised to the consolidated income statement. If a defined-benefits plan is changed, or if a new plan is introduced, the pension cost, if any, related to past service is recognised to the consolidated income statement.

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 financial instruments

A derivative is a financial instrument or another contract:

- whose value changes depending on the changes in an underlying parameter, such as interest rate, price of a note or goods, exchange rate in foreign currency, index of prices or rates, rating of a receivable or another variable;
- that requires a net initial investment equal to zero or less than what would be required for contracts with a response similar to the changes in market conditions;
- that is settled at a future date.

Derivatives are classified as financial assets or liabilities based on the positive or negative fair value and are classified as “held for trading” and recognised at fair value in the income statement, except for those designated as effective hedging instruments.

Derivatives are designated as hedging instruments when the ratio between the derivative and the hedged item is formally documented and the hedging effectiveness (periodically checked) is high. When derivatives hedge the risk of a change in cash flows of instruments being hedged (cash flow hedge: e.g. hedging the variability of asset/liability cash flows due to exchange rates fluctuating), the changes in fair value of derivatives considered effective are initially recognised in the equity reserve for the other comprehensive income statement components (cash flow hedge reserve) and then attributed to the income statement consistent with the economic effects produced by the transaction hedged. The changes to the fair value of derivatives that cannot be qualified as hedging are recognised in the 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.

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 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 Group 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 Group 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 normally acknowledge the possibility for customers to use the works granted through different multimedia means, for a limited period of time or for a pre-defined number of passages, in set territorial areas.

User licences normally acknowledge licensees the right to access audio-visual works as they are when the licence is granted; therefore, recognition of the relative revenue takes place when the licensee is able to start exploiting the rights granted; the fee due is calculated as a fixed, non-refundable amount. However, when contracts foresee an amount calculated based on the results from the distribution of the right, the revenue is recognised when the results are achieved.

When rights sold have shares owned by third parties, the expense resulting from the share due to them is recognised as a reduction of revenues.

Film and home video distribution
Cinema distribution contracts require material necessary for broadcasting films to be made available to cinema operators for a certain period of time. In exchange, the Group is entitled to receive consideration, which is usually variable and commensurate with the number of tickets sold and the percentage agreed on in the contract for commission on cinema takings. Sometimes, a guaranteed minimum is established (if exceeded, additional income based on ticket sales, is provided), or instead a fixed consideration. The Group recognises revenues associated with film distribution in keeping with the type of contract: (i) for contracts with a guaranteed minimum or fixed consideration, it recognises revenues at the time when control of the material necessary for broadcasting films is transferred to operators, complying with the principle of accrual; (ii) for contracts with a variable consideration, it recognises revenues as tickets are sold and the consideration is accrued.

In the case of contracts for the home video distribution of audiovisual works, the Group usually distributes, on a sale or return basis, DVDs and Blu Ray Discs to its customers, for sale to the public. The Group therefore accrues the right to the consideration for the sale of the aforementioned goods, when the goods are sold to the customer and on an accrual basis.

Generally both types of contracts require operators or retailers (or the chains they belong to) to charge the Group for costs relative to promotional activities carried out at cinemas, sales outlets or in their immediate vicinity. As these activities, in most cases, are not separate from film and home video distribution, the Group records the expense directly deducting it from the consideration accrued, therefore recognising its revenues net of sums deducted for this reason.

Distribution and sale of channels
Contracts for the distribution and sale of channels oblige making the contents of an entire programme available to customers, for a limited period and to be broadcast on platforms and in contractually defined territories.

The type of obligation taken, normally satisfied over time, implies recognition of the relative revenues over the period in which the obligation is fulfilled; regardless of whether the fee could have been quantified as fixed and have been definitely recognised in advance.

Fees for hosting plant and equipment
Revenues from services for hosting plants and equipment are recognised when the customer obtains access to the sites where the plants and equipment are to be located. These revenues are recognised over the entire duration of the hosting contract, therefore regardless of the time-related distribution of the consideration.

Public funding

Public funding, including non-monetary 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 income statement over the duration of the contract.

The financial income and expenses are recognised in the income statement during the year in which they are accrued.

Exchange rate differences

Revenues and costs relating to transactions in a currency that is not the functional one are recorded at the current exchange rate of the day on which the transaction is recognised.

Monetary assets and liabilities stated in a currency other than the functional one are converted into the functional one at the current exchange rate at the financial statement reference date and are entered in the income statement. Monetary assets and liabilities stated in a currency other than the functional one recognised at cost are recorded at the initial recognition exchange rate; when measurement is at fair value or at the recoverable or collection value, the current exchange rate at the date that value is calculated is adopted.

Dividends

Dividends are recognised as at the date the General Meeting that establishes the right to receive payment passes the resolution except for when it is reasonably certain that the shares will be sold before the coupon date.

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 income statement, except for those related to items directly attributable to equity.

The item also includes an estimate of the charges that could burden the 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 tax assets and liabilities are recognised in the income statement, except for those related to items directly attributable to equity.

As a result of applying regulations referring to the same tax authority, the deferred income tax assets and liabilities are offset if there is a legally exercisable right to offset the current tax assets with the current tax liabilities that will be generated at the time of their payment.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at the single tax jurisdiction level if referring to offsettable taxes. The offset balance, if receivable, is entered under deferred tax assets, if payable, under deferred tax liabilities.

Related parties

Related parties are those that share the same parent company with Rai, the companies that control it directly or indirectly, are subsidiaries, or are subject to joint control of the Parent Company and those in which it holds an equity investment such as to be able to exercise considerable influence. The definition of related parties also includes entities that manage the benefit plans following the end of a working relationship solely for Company or Group employees (indicated specifically in Note 18.4 “Transactions with related parties”) and key management personnel, that is those with powers and responsibilities, direct or indirect, for the planning, management, control of Rai’s and subsidiaries’ activities, including Directors.

In compliance with IAS 24 “*Related party disclosures*”, paragraph 26, Rai is exempted from the disclosure requirements under paragraph 18 (according to which the Company must indicate the type of relationship with the related party, in addition to providing information on said transactions and on the existing balances, including the commitments necessary for the users of the financial statements to comprehend the potential effects of this relationship on the consolidated financial statements) in the case of relations with another entity that is a related party because the same government entity has control over both the entity drawing up the financial statements and another entity.

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. The estimates and assumptions are periodically reviewed and the effects of every change are reflected in the consolidated income statement.

For better understanding of the Consolidated Financial Statements, the most significant estimates of the process of drafting the Consolidated Financial Statements because they involve making considerable recourse to subjective opinions, assumptions and estimates related to themes uncertain owing to their nature are provided below. The changes in the conditions at the root of adopted opinions and assumptions might have a large impact on the subsequent results.

Write-downs

Assets are written down when events or circumstances arising after their initial accounting 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

A part of Group employees are registered with plans allocating benefits after employment has been terminated (such as employee severance pay plus supplementary pension schemes indicated 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. Measurement impacts are recognised in the comprehensive income statement for the defined benefit plans and in the income statement for the defined contribution plans.

Litigation

The 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. 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.

6

Recently-issued accounting principles

Accounting standards approved by the European Union but still not mandatorily applicable

- Regulation n. 2023/2579 issued by the European Commission on 20 November 2023 approved the document "*Lease Liability in a Sale and Leaseback*" issued by IASB on 22 September 2022. The provision specifies the criteria that the lessee must use to measure the lease liability arising from a leaseback transaction to avoid recognising gains or losses on the right of use recognised in the balance sheet.

- Regulation no. 2023/2822 issued by the European Commission on 19 December 2023 approved the following documents "*IAS 1 Presentation of Financial Statements: classifcation into current and non-current liabilities*", the *"Classifcation of Liabilities into Current and Non-Current - Deferral of Effective Date"* and *"Non-current liabilities with covenants"* issued by the IASB on 23 January 2020, 15 July 2020 and 31 October 2022, respectively. The documents clarify the requirements for the classification of liabilities into current or non-current. More specifically:
  1) 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;
  2) 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;
  3) the amendments clarify situations that are considered as the payment of a liability.

  The amendments are effective starting from reporting periods beginning on or after 1 January 2024. Early application is allowed.
  The Group has considered these changes will not have a significant impact on the Financial Statements.

Accounting principles not yet approved by the European Union

- On 25 May 2023, the IASB issued the document "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures Supplier Finance Arrangements*".
  The arrangements introduce the obligation to provide a special disclosure on "Supplier Finance Arrangements" (SFAs), namely the transactions in which:
  - a lender pays amounts that a company owes to its suppliers:
    a) on the due date of the invoices;
    b) or on a date prior to the due date of the invoices.
  - the company repays the lender:
    a) in sub (a) in accordance with the terms and conditions of the agreements at a date later than the date on which the suppliers are paid;
    b) in sub b) on the due date of the invoices.

  In sub a) the Company obtains a deferred payment of its debts to suppliers; in sub b) it is the suppliers who benefit from an advance payment.
  The amendments respond to investors' need to obtain more information on SFAs in order to better understand the effects of these transactions on liabilities, cash flows and liquidity risks.
  The requested information concerns:
  - SFAs' terms and conditions;
  - the carrying amount of the financial liabilities arising from these transactions and the lines of the balance sheet in which they are recognised;
  - the value of the financial liabilities referred to in the previous point for which suppliers have already received

payment;
- the range of payments by due date for both financial liabilities that are part of SFAs and comparable trade payables that are not part of these agreements;
- the non-cash changes in the carrying amounts of financial liabilities arising from SFAs;
- the arrangements for access to SFAs and the concentration of liquidity risk with lenders.

The amendments are effective for annual reporting for the financial year beginning on, or after, 1 January 2024, and certain facilitations on comparative information are granted.

- On 15 August 2023, the IASB issued the document "*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*".
  The amendment clarifies, when one currency cannot be translated into another, how to estimate the exchange rate and the disclosures to be made in the notes to the financial statements.
  The amendment is effective starting from reporting periods beginning on or after 1 January 2025. Early application is allowed.

At present, the Group is analysing the amendments specified and 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 Board of Directors for the purposes referred to above, considers the activity carried out as an indistinct set; as a result, no information by operating segment is presented in the Separate Financial Statements. The information on the services carried out by the Group, the geographical area (nearly corresponding entirely to the territory of the Italian State) where it carries out its activity and their major users is provided in the pertinent Notes to these Separate Financial Statements to which the reader is therefore referred.

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 SpA (hereinafter "Rai Way") which, following listing, adopted its own policy which is however similar to Rai's. Those documents establish procedures, limits and tools for the monitoring and minimisation of financial risk to preserve the corporate value of the Group and of entities belonging to it.

The main risks identified by the Group are:
- market risk arising from exposure to fluctuations of interest rates and exchange rates connected with the financial assets and liabilities respectively owned/originated and assumed;
- credit risk arising from the possibility that one or more counterparties might be insolvent;
- liquidity risk arising from the Group's inability to obtain the financial resources needed to meet short-term financial commitments.

8.1 Market risk

Market risk consists of the possibility that changes in the interest and exchange rates might negatively influence the value of the assets, liabilities or expected cash flows.

When managing market risk, the Group uses the following derivative instruments:
- Interest rate swap to hedge exposure to interest rate risk;
- Forward currency purchase options to hedge exposure to the exchange risk.

Details of derivatives outstanding as at the reporting date, compared with the situation at 31 December 2022, are shown in the table below, valued at fair value;

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Current financial assets		
Rate options	-	0.9
Total	**-**	**0.9**

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 following table illustrates movements of the cash flow hedge provisions separately by financial instrument category:

(€/million)	Cash flow hedge reserve				
	Options on currencies (*)	Forward purchases of currency	Interest rate swap	Rate options	Total Cash flow hedge reserve
Year ended 31 December 2022	**-**	**-**	**(6.1)**	**0.7**	**(5.4)**
Change in fair value (**)	-	-	-	-	-
Hedging costs deferred and recognised in OCI (time value)	-	-	-	-	-
Reclassification to the value of the acquired right	-	-	-	-	-
Reclassification from OCI to financial expense and income	-	-	3.2	(0.9)	2.3
Deferred tax	-	-	-	0.2	0.2
Year ended 31 December 2023	**-**	**-**	**(2.9)**	**-**	**(2.9)**

(*) It includes the time value recognised as at 31 December 2023 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 of 31 December 2023, the Parent Company's indebtedness consisted entirely of positions maturing by 2024, and therefore, the effects of changes in rates fell solely on short-term items, of variable duration and sign during the year.

During the year under review, the Interest Rate Cap contract, entered into in 2021 by the affiliate Rai Way on a notional amount of € 34.5 million of the Term Loan repaid in October 2023, reduced the interest expense cost by about € 0.9 million.

Sensitivity analysis

The sensitivity analysis was carried out on the unhedged and floating rate financial positions (excluding lease liabilities arising from the application of IFRS16), outstanding at 31 December, considering a shift in the curve of +/-50 bps. As of 31 December 2022, the change in the Cash Flow Hedge Reserve refers to the Interest Rate Cap contract entered into by Rai Way.

(€/million)	Interest rate change	Change in economic result before tax effect	Total Cash flow hedge reserve
Year ended 31 December 2023	**+50**	**(1.3)**	**-**
	-50	**1.2**	**-**
Year ended 31 December 2022	+50	(1.2)	0.1
	-50	1.2	(0.1)

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 2023, these commitments generated payments for about USD 87 million (USD 90 million in 2022). Further exposure currencies, with split disbursements, are to the Swiss Franc and British Pound Sterling totalling approximately € 11 million.

As at 31 December 2023 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 2023		Year ended 31 December 2022	
	USD	Other foreign currencies	USD	Other foreign currencies
Trade receivables	2.6	0.9	2.5	1.0
Trade payables (*)	(4.2)	(0.9)	(5.7)	(1.2)
Cash on hand	1.6	0.3	0.8	0.2
Other non-current assets	-	0.1	-	0.1
Non-current lease liabilities	(1.4)	(0.3)	(1.1)	(0.3)
Current lease liabilities	(0.4)	(0.2)	(0.3)	(0.3)
Other current payables and liabilities	(0.4)	(0.1)	(0.4)	(0.1)

(*) Amount hedged by derivatives and foreign currency deposits for a nominal value of USD 1.3 million as at 31 December 2023 and USD 0.5 million as at 31 December 2022.

Below is a table summing up the financial effects of hedging instruments in place as at 31 December 2023, for invoices, assessments or binding commitments of Rai Cinema:

(€/million)	Year ended 31 December 2023		Year ended 31 December 2022	
	Options on currencies	Forward purchases of currency	Options on currencies	Forward purchases of currency
Book value	-	-	-	-
Notional amount in USD	6.9	3.1	5.6	4.5
Maturity of transactions	Jun. 24-Jun. 25	Feb. 24-Mar. 24	Jun. 23-Jul. 23	Feb. 23-Jun. 23
Hedge ratio	1:1	1:1	1:1	1:1
Change in fair value of the hedging instruments (*)	-	-	-	-
Change in value of the hedged item	-	-	-	-
Average weighted exchange rate for the year	1.10	1.10	1.06	1.06

(*) 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 2023 and as at 31 December 2022 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 are determined by the net positions which are hedged for exchange risk; whereas the cash flow hedge reserve includes the effective portion of hedging on commitments already undertaken but with no impact on equity in the Consolidated Financial Statements, and refers solely to the subsidiary Rai Cinema.

(€/million)	Eur/USD exchange rate	Change Eur/USD exchange rate	Eur/USD exchange rate (recalculated)	Change in economic result before tax effect	Total Cash flow hedge reserve
Year ended 31 December 2023	**1.1050**	**-10%**	**0.9945**	**(0.1)**	**0.7**
		+10%	**1.2155**	**0.1**	**(0.6)**
Year ended 31 December 2022	1.0666	-10%	0.9599	(0.4)	0.9
		+10%	1.1733	0.3	(0.7)

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.

Moreover, the Group measures the expected losses on trade receivables considering their entire duration based on a weighted estimate of the probabilities that those losses could occur. To this end, the Group uses historical experience, suitably integrated with forecasts on the expected evolution of circumstances. If the conditions exist, losses are measured as the current value of all differences between the cash flows due contractually and cash flows the Group expects to receive discounted at the effective interest rate of the financial asset. Discounting, where applicable, is performed by applying the effective interest rate of the financial asset.

Credit risk on uses of funds is limited since corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus.

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Invoices to be issued	**105.0**	**135.3**
Falling due	221.0	223.8
Expired from 0 to 90 days	59.8	60.0
Expired from 91 to 180 days	4.4	2.6
Expired over 180 days	37.7	38.2
Invoices issued	**322.9**	**324.6**
Total trade receivables	**427.9**	**459.9**

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 2023 financial year, only time or demand deposits with bank counterparties having investment grade rating were used.

8.3 Liquidity risk

On the strength of a central treasury contract, with the sole exception of the subsidiary Rai Way, Rai manages the Group financial resources through a cash-pooling system that involves daily transfer of the bank balances of the associates to the current accounts of the Parent, which grants the inter company credit facilities needed for the operations of these companies.

The Group financial structure as of 31 December 2023 mainly consists of:
- bond loan issued by Rai in December 2019 for € 300 million (for more details, please refer to Note 15.1 'Non-current financial liabilities and current portions of non-current financial liabilities'), maturing in December 2024, for which the necessary procedures for a new issue were already started in the last quarter of the year-end;
- a syndicated Rai Way loan signed in October 2023 with a duration of 3 years, to replace the one expiring in October 2023, for a total of € 185 million, divided into a maturity credit line (Term Line) of a maximum of € 143 million and a revolving credit line of € 42 million, usable in several tranches. At the reporting date the loan was used only for € 101 million from the Term credit line, while the Revolving line was not used.

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 on 31 December 2024 with renewal (or replacement) is planned by 2024.

The new Rai revolving line, € 160 million of which used as at 31 December 2023, 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 ≤2.2.

This ratio was fully met as at the reporting date, posted at 1.48.

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 ≤3.0) 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 2023 and 31 December 2022. 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 2023				Year ended 31 December 2022			
	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	683.4	-	-	**683.4**	713.2	-	-	**713.2**
Other payables and liabilities	432.7	34.5	39.0	**506.2**	368.3	22.7	30.3	**421.3**
Medium/long-term financial liabilities:								
Medium- long-term loans	4.9	107.6	-	**112.5**	104.6	-	-	**104.6**
Bonds	304.1	-	-	**304.1**	4.1	304.1	-	**308.2**
Medium/long-term financial liabilities:								
Due to banks	208.4	-	-	**208.4**	223.3	-	-	**223.3**
Other current financial liabilities	1.2	-	-	**1.2**	0.2	-	-	**0.2**

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 2023	Year ended 31 December 2022
Shareholders' equity	338.9	369.0
Total shareholders' equity and liabilities	2,782.4	2,733.7
Ratios	*12.2%*	*13.5%*

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, for Rai, of the securities issued by the Italian Government. The fair value of the derivative instruments represents the net position between assets and liabilities.

The values of the financial instruments classified based on a hierarchy of levels reflecting the significance of the inputs used for calculation (IFRS 13 "*Fair value measurement*") are provided below:

- Level 1: listed price (active market) - the data used in the measurements are represented by prices listed on markets in which assets and liabilities identical to those being measured are traded;
- Level 2: use of parameters observable on the market (e.g. for the derivatives, the exchange rates recorded by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated on the basis of the credit default swaps, etc.) different from the Level 1 listed prices;
- Level 3: use of parameters not observable on the market (internal assumptions, for example, cash flows, spreads adjusted for risk, etc.).

All the instruments present as at 31 December 2023 and 31 December 2022 have been valued according to the methodology of level 2.

For more information on the derivative instruments (assets and liabilities), please refer to Notes no. 13.3 "Current financial assets" and 16.2 "Current financial liabilities".

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 below:

(€/million)	Year ended 31 December 2023				
	Activities 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 (*)	379.0	-	-	379.0	12.8 - 13.2
Current financial assets	3.9	-	-	3.9	13.3
Cash and cash equivalents	39.7	-	-	39.7	13.6
Non-current financial assets	2.4	-	-	2.4	12.6
Equity investments in other companies (**)	-	1.0	-	1.0	12.5
Total financial assets	**425.0**	**1.0**	**-**	**426.0**	
Liabilities					
Trade payables	(683.4)	-	-	(683.4)	16.1
Current financial liabilities	(510.9)	-	-	(510.9)	16.2
Current lease liabilities	(31.8)	-	-	(31.8)	15.2
Non-current financial liabilities	(100.4)	-	-	(100.4)	15.1
Non-current lease liabilities	(61.6)	-	-	(61.6)	15.2
Total financial liabilities	**(1,388.1)**	**-**	**-**	**(1,388.1)**	

(*) 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 2022				
	Activities 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.

12
Non-current assets

12.1 Property, plant and equipment

Property, plant and equipment, which amounted to € 1,214.1 million (€ 1,194.5 million as at 31 December 2022), 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	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)**
Balance as at 31 December 2022	**372.8**	**316.9**	**375.1**	**10.6**	**25.8**	**93.3**	**1,194.5**
Change in the year							
Increases and capitalisation	-	13.4	58.0	2.2	2.7	55.8	**132.1**
Disposals (1)	(0.3)	(0.1)	(0.1)	-	-	(0.1)	**(0.6)**
Reclassifications (2)	-	7.3	40.5	0.5	2.4	(52.2)	**(1.6)**
Amortisation and depreciation	-	(16.3)	(83.3)	(3.4)	(7.3)	-	**(110.3)**
Balance as at 31 December 2023	**372.5**	**321.2**	**390.2**	**9.9**	**23.6**	**96.7**	**1,214.1**
broken down as follows:							
Cost	*378.8*	*662.6*	*2,518.8*	*110.0*	*122.3*	*96.7*	***3,889.2***
Provisions for write-downs	*(6.3)*	-	-	-	-	-	***(6.3)***
Accumulated depreciation	-	*(341.4)*	*(2,128.6)*	*(100.1)*	*(98.7)*	-	***(2,668.8)***
Details:							
(1) Of which:							
Cost	(0.3)	(1.5)	(37.4)	(2.7)	(5.4)	(0.1)	**(47.4)**
Accumulated depreciation	-	1.4	37.3	2.7	5.4	-	**46.6**
	(0.3)	**(0.1)**	**(0.1)**	**-**	**-**	**(0.1)**	**(0.6)**
(2) Reclassifications broken down as follows:							
Cost	**-**	**7.3**	**40.5**	**0.5**	**2.4**	**(52.3)**	**(1.6)**

Investments for the year, which amounted to € 132.1 million (€ 157.4 million in 2022), 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 € 2.7 million (€ 2.8 million as at 31 December 2022) 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 2023 (€ 1.7 million as at December 2022). Real estate investments break down as follows:

(€/million)	**Buildings**	**Assets under construction and payments on account**	**Total**
Cost	7.2	0.5	**7.7**
Accumulated depreciation	(4.9)	-	**(4.9)**
Balance as at 31 December 2022	**2.3**	**0.5**	**2.8**
Change in the year:			
Increases and capitalisation	-	0.1	**0.1**
Depreciation, amortisation	(0.2)	-	**(0.2)**
Balance as at 31 December 2023	**2.1**	**0.6**	**2.7**
broken down as follows:			
Cost	*7.2*	*0.6*	***7.8***
Accumulated depreciation	*(5.1)*	-	***(5.1)***

During financial year 2023 investments for € 0.1 million were carried out for plant and seismic upgrading of buildings in Rome - Via Teulada, not completed as of 31 December 2023.

Based on the latest estimates, the market value as at 31 December 2023 of the buildings entered under real estate investments equals to € 20.3 million.

12.3 Lease rights of use

Lease rights of use, which amounted to € 91,6 thousand (€ 79,8 million as at 31 December 2022), are broken down as follows:

(€/million)	Land and buildings	Other assets	Total
Cost	140.1	15.4	**155.5**
Accumulated depreciation	(69.7)	(6.0)	**(75.7)**
Balance as at 31 December 2022	**70.4**	**9.4**	**79.8**
Change in the year			
Increases	26.3	12.1	**38.4**
Reductions (1)	(0.4)	-	**(0.4)**
Amortisation and depreciation	(22.6)	(3.6)	**(26.2)**
Balance as at 31 December 2023	**73.7**	**17.9**	**91.6**
broken down as follows:			
Cost (2)	*152.9*	*27.3*	***180.2***
Accumulated depreciation (2)	*(79.2)*	*(9.4)*	***(88.6)***
Details:			
(1) Of which:			
Cost	(1.0)	(0.2)	**(1.2)**
Accumulated depreciation	0.6	0.2	**0.8**
	(0.4)	**-**	**(0.4)**
(2) Amounts net of totally amortised assets, amounting to:			
Cost	12.5	-	**12.5**
Accumulated depreciation	(12.5)	-	**(12.5)**
	-	**-**	**-**

Investments in the year, amounting to € 38.4 million (€ 31.8 million in 2022), 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.

12.4 Intangible assets

Intangible assets, which amounted to € 848.4 million (€ 869.1 million as at 31 December 2022), are broken down as follows:

(€/million)	Programmes	Software	Digital terrestrial	Goodwill	Other intangible assets	Fixed assets under construction and payments on account	Total
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)**
Balance as at 31 December 2022	**539.7**	**26.6**	**7.4**	**5.8**	**2.1**	**287.5**	**869.1**
Change in the year							
Increases and capitalisation	267.1	16.1	-	-	-	169.2	**452.4**
Disposals (1)	-	-	-	-	-	(0.4)	**(0.4)**
Reclassifications (2)	179.8	8.2	-	-	-	(186.4)	**1.6**
Write-downs (3)	(71.9)	-	-	-	-	(29.4)	**(101.3)**
Amortisation (4)	(354.6)	(17.4)	(0.8)	-	(0.2)	-	**(373.0)**
Balance as at 31 December 2023	**560.1**	**33.5**	**6.6**	**5.8**	**1.9**	**240.5**	**848.4**
broken down as follows (5):							
Cost	*1,402.3*	*54.9*	*7.9*	*5.8*	*3.3*	*319.6*	***1,793.8***
Provisions for write-downs	*(102.5)*	-	-	-	-	*(79.1)*	***(181.6)***
Accumulated depreciation	*(739.7)*	*(21.4)*	*(1.3)*	-	*(1.4)*	-	***(763.8)***

Details:							
(1) Of which:							
Cost	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
(2) Reclassifications broken down as follows:							
Cost	180.2	8.2	-	-	-	(186.8)	**1.6**
Provisions for write-downs	(0.4)	-	-	-	-	0.4	**-**
	179.8	**8.2**	**-**	**-**	**-**	**(186.4)**	**1.6**
(3) Write-offs broken down as follows:							
Cost	-	-	-	-	-	(1.5)	**(1.5)**
Provisions for write-downs	(71.9)	-	-	-	-	(27.9)	**(99.8)**
	(71.9)	**-**	**-**	**-**	**-**	**(29.4)**	**(101.3)**
(4) Net of use of the provisions for write-downs for:							
Provisions for write-downs	64.6	-	-	-	-	-	**64.6**
Accumulated depreciation	(64.6)	-	-	-	-	-	**(64.6)**
	-	**-**	**-**	**-**	**-**	**-**	**-**
(5) Amounts net of assets amortised in full at year end and, for work in progress, net of assets eliminated, amounting to:							
Cost	(379.9)	(20.5)	-	-	(0.2)	(0.5)	**(401.1)**
Provisions for write-downs	-	-	-	-	-	0.5	**0.5**
Accumulated depreciation	379.9	20.5	-	-	0.2	-	**400.6**
	-	**-**	**-**	**-**	**-**	**-**	**-**

Investments, which amounted to € 452.4 million (€ 444.7 million as at 2022) mainly refer to Dramas for € 284.5 million and films for € 110.9 million.

The amount of assets under construction and payments on account refers to programmes for € 226.1 million, software for € 14.2 million and other rights for € 0.2 million.

The write-downs recognised during the year amounted to € 101.3 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 intangible assets is specified in Note 18.2 "Commitments".

12.5 Equity investments

Equity investments, which amounted to € 4.5 million (€ 5.4 million as at 31 December 2022), are broken down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Joint venture	1.8	2.8
Associates	1.7	1.6
Equity investments in joint ventures and associates	**3.5**	**4.4**
Equity investments in other companies	**1.0**	**1.0**
Total equity investments	**4.5**	**5.4**

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

Equity investments in joint ventures and associates

(€/million)	Year ended 31 December 2022			Change in the year				Year ended 31 December 2023				
	Cost	Adjustment to shareholders' equity	Carrying amount	Acquisitions /Transfers	Profit/ (loss)	(Write-off) Revaluation	Decrease due to dividends	Cost	Adjustment to shareholders' equity	Provisions for write-downs	Carrying amount	
Joint venture:												
San Marino RTV SpA	0.3	1.2	1.5	-	-	(1.5)	-	0.3	1.2	(1.5)	-	(a)
Tivù Srl	0.5	0.8	1.3	-	1.0	-	(0.5)	0.5	1.3	-	1.8	
Associates:												
Auditel Srl	-	1.4	1.4	-	0.1	-	-	-	1.5	-	1.5	
Player Radio Publishers Srl	-	-	-	-	-	-	-	-	-	-	-	(b)
Tavolo Editori Radio Srl	-	0.2	0.2	-	-	-	-	-	0.2	-	0.2	(b)
Total equity investments in joint ventures and associates	**0.8**	**3.6**	**4.4**	**-**	**1.1**	**(1.5)**	**(0.5)**	**0.8**	**4.2**	**(1.5)**	**3.5**	

(a) Balance as of 31 December 2022, latest version available The shareholding was fully written down in connection with the company's state of economic and financial crisis.
(b) Values resulting from the balance as at 31 December 2022, latest available

Investments in joint ventures concern:

- **San Marino RTV SpA** (50% Rai): the company, established in 1991 with equal shares of Rai and E.RA.S. ("Ente di Radiodiffusione Sammarinese"), pursuant to Law n. 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. The equity investment, originally recorded at a value of € 1.5 million, corresponding to Rai's share of the company's net equity as of 31 December 2022, the last available financial statements, in relation to the economic and financial crisis situation the company is going through and pending extraordinary measures to rebalance the management, has been entirely written down.

- **Tivù Srl** (48.16% Rai): the share capital of € 1 million was subscribed by Rai and R.T.I. – Reti Televisive Italiane SpA - with equal shares of 48.16% and by other shareholders for the remaining part. In 2023, a dividend of € 1 million was paid out. The total amount due to Rai, amounting to € 0.5 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 2023, equal to € 2.0 million, the equity investment was revalued for Rai's share in the amount of € 1.0 million. The equity investment is, therefore, recognised at a value of € 1.8 million, corresponding to Rai's share of the company's shareholders' net equity as at 31 December 2023.

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 € 1.5 million, corresponding to the percentage concerning Rai on the shareholders' equity of the company as in the Financial Statements as at 31 December 2023. In relation to the positive result recorded by the company in 2023, equal to € 0.3 million, the equity investment was revalued for Rai's share in the amount of € 1.0 million.

- **Player Editori Radio Srl** (13.90 % Rai): the share capital, € 10 thousand, is divided between national radio publishers (70%, of which Rai 13.9%) and local ones (30%). On 31 July 2023, Rai declared its intention to withdraw from the participation, requesting the liquidation of the amount corresponding to the value of the shares. The equity investment was recognised for a non-significant value in millions of Euro, which corresponds to Rai's portion of the company's shareholders' equity as at 31 December 2022, latest financial statements available.

- **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%). On 27 June 2023, Rai declared its intention to withdraw from the participation, requesting the liquidation of the amount corresponding to the value of the shares. At present, the withdrawal from the company is suspended pending the establishment of a new audience survey organisation on the Audicom model. The equity investment was recognised for € 0.2 million, which corresponds to Rai's portion of the company's shareholders' equity as at 31 December 2022, latest financial statements available.

Below are the changes in the investments in other companies:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Almaviva SpA	0.3	0.3
Istituto dell'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 fallimento and Immobiliare Editori Giornali Srl.

Equity investments in associates 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 € 154,899 thousand, is represented by 107,567,301 ordinary shares and by 47,331,764 special shares, both of the face value of € 1.00 each. In 2023, the distribution of a dividend of € 11.9 million dividend from the result of the financial year 2022 was resolved. The total amount - equal to € 0.1 million - to be allocated to Rai, was calculated under the item 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 share capital, which is € 82.9 million, is represented by 82,852,121 with nominal value of € 1.00 each.

- **Banca di Credito Cooperativo di Roma ScpA** (company with variable capital, with non-significant percentage held by Rai): was recognised for a value of € 1 thousand, i.e., the amount paid for the acquisition of 100 shares.

- **Immobiliare Editori Giornali Srl** (1,75% Rai Com): the equity investment, recognised in the financial statements of Rai Com SpA (hereinafter "Rai Com"), for an insignificant value in millions of Euro, comprised 23,815 shares against payment and 4,306 shares without a consideration for a total of 28,121 shares of a nominal value of € 0.51 out of a total of 1,608,000 shares composing the share capital.

- **International Multimedia University Umbria Srl in bankruptcy proceedings** (1.533% Rai): the 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 € 2.4 million (€ 2.5 million as at 31 December 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Financial receivables from personnel	-	0.1
Securities	2.4	2.4
Total non-current financial assets	**2.4**	**2.5**

The item Securities, equal to € 2.4 million (€ 2.4 million as at 31 December 2022), 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 2023			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Financial receivables from personnel	-	-	-	**-**
Securities	-	2.4	-	**2.4**
Receivables from joint ventures and associates	2.2	-	-	**2.2**
Blocked bank deposits	0.9	-	-	**0.9**
Other financial assets	0.8	-	-	**0.8**
Total current and non-current financial assets	**3.9**	**2.4**	**-**	**6.3**

(€/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 financial 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**

The short-term portion of the financial assets, which amounted to € 3.9 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

As of 31 December 2023, the net balance of deferred tax assets and liabilities showed a negative amount of € 4.5 million (positive amount of € 2.0 million as of 31 December 2022) and is therefore shown under liabilities in the consolidated statement of financial position. Please refer to Note 15.5 “Deferred tax liabilities” for the relevant analyses.

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Deferred tax assets	142.5	151.1
Deferred tax liabilities	(147.0)	(149.1)
Net deferred tax assets	**-**	**2.0**
Net deferred tax liabilities	**(4.5)**	**-**

Income taxes are reported in Note 17.10 “Income tax”.

12.8 Other non-current assets

Other non-current assets, which amounted to € 18.4 million (€ 30.6 million as at 31 December 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Advances for sport events	20.6	32.2
Advances for trade initiatives	14.4	15.6
Non-current portion of trade receivables	0.3	0.4
Receivables from personnel	0.4	0.5
Amounts committed to cautionary deposit with third parties	2.1	2.1
Other non-current receivables	1.1	0.7
– Provisions for write-down of other non-current assets	(20.5)	(20.9)
Total other non-current assets	**18.4**	**30.6**

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 € 20.5 million (€ 20.9 million as at 31 December 2022), is broken down below:

(€/million)	Year ended 31 December 2022	Provisions	Drawdowns	Reversals	Year ended 31 December 2023
Provisions for write-down of advances for trade initiatives	(14.6)	(0.2)	0.4	0.2	(14.2)
Provision for write-down of advances for sports events	(6.3)	-	-	-	(6.3)
Total provisions for write-down of other non-current assets	**(20.9)**	**(0.2)**	**0.4**	**0.2**	**(20.5)**

13.1 Inventory

Inventory, net of its provisions for write-downs, amounted to € 1.1 million (€ 1.3 million as at 31 December 2022), and is broken down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Technical materials	10.9	11.2
Provisions for write-down of technical materials	(10.3)	(10.6)
Contract work in progress	0.2	0.2
Finished products and goods	0.3	0.5
Total inventory	**1.1**	**1.3**

The final inventory of technical materials, equal to € 0.6 million net of the provision for write-down (€ 0.6 million as at 31 December 2022), 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 2022), 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 € 0.3 million (€ 0.5 million as at 31 December 2022), mainly concern inventories related to magazines and books and home video distribution.

13.2 Trade receivables

Trade receivables, which amounted to € 378.8 million (€ 406.8 million as at 31 December 2022), are broken down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Trade:		
Government and other public bodies for services under the agreement	60.4	78.4
Other receivables	367.0	380.9
Provision for write-downs of trade receivables	(49.2)	(53.1)
Joint ventures and associates	**0.6**	**0.6**
Total trade receivables	**378.8**	**406.8**

Receivables from joint ventures and associates refer to:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
San Marino RTV SpA	0.4	0.4
Tivù Srl	0.2	0.2
Total trade receivables from joint ventures and associates	**0.6**	**0.6**

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 € 60.4 million (€ 78.4 million as at 31 December 2022), refers to:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Prime Minister's Office:		
Operating grants to be paid to San Marino RTV	2.9	2.9
Radio, television and multimedia offer for abroad	6.2	6.2
Broadcasts from Trieste in Slovenian	14.2	14.2
Radio and TV broadcasts in French for the Valle d'Aosta Autonomous Region	2.5	2.5
Radio and television broadcasts in Sardinian for the Autonomous Region of Sardinia	1.1	1.1
Revenue Office:		
Management of ordinary TV licence fees	6.0	24.0
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	8.3
Total receivables from the Government and other public bodies for services under the agreement	**60.4**	**78.4**

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 € 49.2 million (€ 53.1 million as at 31 December 2020), with movements itemised below:

(€/million)	Year ended 31 December 2022	Provisions	Drawdowns	Reversals	Year ended 31 December 2023
Provisions for write-downs of trade receivables	**(53.1)**	**(1.1)**	**3.4**	**1.6**	**(49.2)**

Receivables in foreign currency amount to € 3.5 million (€ 3.5 million as at 31 December 2022) as indicated in Note 8.1 "Market risk".

13.3 Current financial assets

Current financial assets amounted to € 3.9 million (€ 6.7 million at 31 December 2022). The breakdown of the item and the comparison with the previous year are shown below:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Receivables from joint ventures and associates	2.2	2.1
Derivative financial instruments	-	0.9
Blocked bank deposits	0.9	3.3
Other current financial assets	0.8	0.4
Total current financial assets	**3.9**	**6.7**

Receivables from joint ventures and associates as at 31 December 2023 and 31 December 2022 refer to San Marino RTV.

Blocked bank deposits, which came to € 0.9 million (€ 3.3 million as at 31 December 2022) 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 2023	Year ended 31 December 2022
Rate hedging derivatives	-	0.9
Total derivative financial instruments - current portion	**-**	**0.9**
Total derivative financial instruments - non-current portion	**-**	**-**
Total derivative financial instruments	**-**	**0.9**

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, nil in the current financial year (€ 0.19 million as of 31 December 2022), refer to the fair value relative to the Cap option purchased by Rai Way to hedge the risk of an increase in the 6-month Euribor interest rate and matured in October 2023. No non-current portions are recognised.

Information on risks hedged and on hedging policies is disclosed in Note 8.1 "Market risk".

13.4 Current income tax assets

Current income tax assets, which amounted to € 1.0 million (€ 1.1 million as at 31 December 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
IRES refund requested	0.1	0.1
Withheld taxes	1.2	1.1
Total IRES	**1.3**	**1.2**
IRAP	**0.1**	**0.9**
Advance for substitute tax on goodwill	**0.1**	**0.1**
Provisions for write-downs of current income tax assets	**(0.5)**	**(1.1)**
Total current income tax assets	**1.0**	**1.1**

Current income tax assets are shown net of the provisions for write-downs of € 0.5 million (€ 1.1 million as at 31 December 2022) related to withheld taxes on income risking recoverability.

(€/million)	Year ended 31 December 2022	Provisions	Reversals	Year ended 31 December 2023
Provisions for write-downs of current income tax assets	**(1.1)**	**-**	**0.7**	**(0.5)**

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 € 0.6 million was recognised under other non-current assets as explained in Note 12.8. "Other non-current assets".

The taxes are commented in Note 17.10 "Income taxes".

13.5 Other current receivables and assets

Other current receivables and assets, which totalled € 175.8 million (€ 91.4 million as at 31 December 2022) break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Advances for sport events	113.9	10.8
Advances to suppliers, collaborators and agents	15.6	11.5
Credits for compensatory measures for upgrading broadcasting facilities - MISE Decree 27/6/2022	-	7.5
Receivables from social security and welfare institutions	3.4	3.6
Other tax receivables	8.4	10.7
Receivables from personnel	6.7	8.5
Receivables from entities, companies, bodies and others	20.7	28.2
Receivables for subsidies and grants from the Government, EU and other public entities	0.5	0.3
Other receivables	13.1	16.1
- Provision for write-downs of other current receivables and assets	(6.5)	(5.8)
Total other current receivables and assets	**175.8**	**91.4**

It should be noted that:
- Advances for sports events mainly 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 2023	Year ended 31 December 2022
Group VAT	0.9	-
VAT refund requested	2.6	2.5
Energy and gas tax credit	-	7.8
Other taxes claimed for reimbursement	4.4	-
Other	0.5	0.4
Total other tax receivables	**8.4**	**10.7**

The provisions for write-down of other current receivables and assets, which amounted to € 6.5 thousand (€ 5.8 million as at 31 December 2022), is broken down below:

(€/million)	Year ended 31 December 2022	Provisions	Drawdowns	Year ended 31 December 2023
Provision for write-downs of other current receivables and assets	**(5.8)**	**(0.9)**	**0.2**	**(6.5)**

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 (unchanged compared to the figure as at 31 December 2022), are broken down into the following items:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Bank and postal deposits	39.4	39.4
Cash at bank and in hand	0.3	0.3
Total cash and cash equivalents	**39.7**	**39.7**

Bank and postal deposits amounted to € 39.4 million (unchanged compared to the same item as at 31 December 2022) 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 at bank and in hand amounted to € 0.3 million (unvaried as at 31 December 2022) and include the liquidity represented by cash in hand as at 31 December 2023.

The Company's cash on hand is shown in the following table by currency as at 31 December 2023 and as at 31 December 2022:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Bank and postal deposits	37.8	38.7
Cash on hand in USD	1.6	0.8
Cash on hand in other currencies	0.3	0.2
Total cash and cash equivalents	**39.7**	**39.7**

14 Shareholders' equity

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

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Share Capital	**242.5**	**242.5**
Legal reserve	**12.0**	**12.0**
IFRS first-time adoption reserve	(199.3)	(169.4)
Translation difference reserve	0.5	0.3
Cash flow hedge reserve	(2.9)	(5.6)
Reserve for share-based payments	0.7	0.5
Other reserves	263.3	258.7
Total other reserves	**62.3**	**84.5**
Actuarial reserves for employee benefits	(10.1)	(2.3)
Retained earnings (losses)	(3.2)	(3.3)
Profit (Loss) for the year	(29.7)	(25.2)
Total retained earnings (losses carried forward)	**(43.0)**	**(30.8)**
Total Group shareholders' equity	**273.8**	**308.2**
Third-party capital and reserves	35.3	35.5
Third-party retained earnings (losses)	29.8	25.3
Total shareholders' equity attributable to minority interests	**65.1**	**60.8**
Total Group shareholders' equity	**338.9**	**369.0**

Third-party equity interests

The profit/(loss) for the period and the shareholders' equity of third-party equity interests refer to the subsidiary Rai Way, with Rai holding a 64.971% share.

Share Capital

As at 31 December 2023, 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 € 62.3 million (€ 84.5 million as at 31 December 2022) and losses carried forward, for € 43.0 million (€ 30.8 million as at 31 December 2022) 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.

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Non-current liabilities

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

Non-current financial liabilities, including current portions, total € 400.2 million (€ 400.6 million as at 31 December 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023			Year ended 31 December 2022		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	-	299.8	**299.8**	299.6	-	**299.6**
M/L-term payables to banks	100.4	-	**100.4**	-	101.0	**101.0**
Total non-current financial liabilities and current portions of non-current financial liabilities	**100.4**	**299.8**	**400.2**	**299.6**	**101.0**	**400.6**

Non-current financial liabilities as of 31 December 2023 consisted of the Term credit line granted to Rai Way by a pool of banks and drawn for a nominal value of € 101 million, maturing in October 2026.

The *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 for which the necessary procedures for a new issue have already been initiated and contains the usual covenants for issues with an 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.

On 28 November 2023, Moody's published a Credit Opinion that confirmed the Long-Term Issuer Baa3 for Rai (Investment Grade), with improvement from a negative to a stable outlook.

Derivative financial instruments, inscribed to the fair value, under liabilities, and including current and non-current share, are not relevant as at 31 December 2023, as it was the case as of 31 December 2022.

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 2023			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	299.8	-	-	299.8
M/L-term payables to banks	-	100.4	-	100.4
Short-term payables to banks	208.4	-	-	208.4
Other financial liabilities	2.7	-	-	2.7
Total current and non-current financial liabilities	**510.9**	**100.4**	**-**	**611.3**

(€/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**

In compliance with accounting standards, the fair value of significant financial liabilities not recorded in the financial statements according to this criterion was also measured, using the following parameters:

- bond issued by the Company in 2019, maturing in December 2024: the fair value as at 31 December 2023, amounting to 97.38370, was measured at the market price, including accrued interest;

(€/million)	Year ended 31 December 2023		Year ended 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Rai Bond issue € 300 million - maturity 04/12/2024	299.8	292.2	299.6	283.4

As for the Term loan held by Rai Way, its *fair value* is deemed to be substantially in line with its book value, given its recent subscription.

15.2 Lease liabilities

Non-current financial liabilities, including current portions, total € 93.4 million (€ 82.4 million as at 31 December 2022) fully refer to operating leases and are analysed as follows:

(€/million)	Year ended 31 December 2023			Year ended 31 December 2022		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Liabilities for operating lease contracts	61.6	31.8	**93.4**	56.7	25.7	**82.4**
Total lease liabilities	**61.6**	**31.8**	**93.4**	**56.7**	**25.7**	**82.4**

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 in the year was € 25,6 million, plus interest of € 1.5 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 2023			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Liabilities for operating lease contracts	31.8	44.2	17.4	**93.4**
Total lease liabilities	**31.8**	**44.2**	**17.4**	**93.4**

(€/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**

15.3 Employee benefits

Employee benefits totalled € 281.4 million (€ 288.1 million as at 31 December 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Provisions for employee severance pay	147.4	151.8
Provisions for supplementary pension benefits	74.5	75.4
Provisions in lieu of the former fixed indemnity for journalists	45.8	46.9
Health insurance fund for Rai senior managers (FASDIR)	13.0	13.2
Seniority bonuses	0.5	0.6
Other	0.2	0.2
Total employee benefits	**281.4**	**288.1**

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. These supplementary pensions are in turn paid directly by the negotiated funds, which have been responsible for the management of supplementary pensions for RAI personnel since 1989, C.RAI.P.I. (Cassa di Previdenza Integrativa dei dipendenti Rai, hereinafter referred to as 'Craipi') for former managers, clerks and workers, and F.I.P.D.RAI (Fondo Integrativo Previdenza dei Dirigenti Rai, hereinafter referred to as 'Fipdrai') for former managers. In brief, the main terms and conditions of the supplementary pension benefits are: (i) supplementary pension benefits may be paid as a survivor's pension, at the applicable rates for claimants provided by laws in force governing mandatory pension schemes; (ii) supplementary pension benefits will be subject to variations on the basis of changes in the beneficiary's family, applied at the same rates applicable to pension benefits paid under the mandatory general pension scheme; (iii) supplementary pension benefits paid will not be reduced in the event of increases in the pension benefits paid under the mandatory general pension scheme; (iv) the amount of the benefits due to beneficiaries will be revalued annually on the basis of INPS coefficients.

The provisions replacing the former fixed indemnity for journalists includes the estimate of the sum to be paid to employee journalists who, as at 31 December 2018 have at least 15 years seniority for severance indemnity purposes, when the working relationship ceases for: (i) dismissal for having reached pension requirement levels; (ii) resignation after at least 15 years in the Company; (iii) termination through death of the journalist when survivors have the right to a pension. That sum, calculated in compliance with the R.A.L. in force at the time of termination, with a maximum level of € 85 thousand absorbs, for all purposes, indemnity in lieu of notice. The provisions also includes the estimate of the sum to be paid as at 31 December 2018 to journalists with severance indemnity in the company of between 10 and 15 years, when the working relationship is terminated for resignation, excluding resignation pursuant to articles 8, 22, 24 and 32 of CNLG, for having reached age limits and for demise. That sum, unlike the former, will be paid in addition to the indemnity in lieu of notice established by law.

The health insurance fund for Rai senior managers ("Fasdir") was established in 1980 to provide supplementary health insurance to all senior managers in service, retired senior managers and the survivors of former senior managers, as entitled and registered with Fasdir as members, as well as their family members. FASDIR is funded by annual membership fees charged to members and by contributions paid by the Company (annual per capita contribution for each senior manager in service and a supplementary annual contribution covering all retired senior managers). Historically, the annual supplementary contribution paid in to FASDIR by Rai for retired senior managers was used by the fund to cover the deficit that formed each year. However, given that there is no legal duty, but only a constructive obligation, for Rai to cover any future deficits in the fund, and that the Company does not have access to all the information, owned by the fund, necessary to measure, using actuarial techniques, the potential liability towards Fasdir, it was decided to estimate the liability considering the average annual contributions paid in to the fund, in the last 4 years, multiplied by the average residual life of the retired senior managers at the valuation date, which as at 31 December 2023 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 2023					Year ended 31 December 2022				
	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	**151.8**	**75.4**	**46.9**	**13.2**	**0.8**	**189.4**	**102.3**	**62.8**	**13.5**	**0.9**
Current cost of defined benefit plans	-	-	-	-	-	1.4	-	-	-	-
Current cost of defined contribution plans	44.5	-	-	0.5	-	43.1	-	-	0.6	-
Interest expenses	5.1	2.4	1.7	0.4	-	0.6	0.7	0.3	0.1	-
Revaluations:										
- Actuarial gains/(losses) resulting from changes in financial assumptions	3.0	3.3	0.8	-	-	(27.0)	(18.1)	(9.1)	-	-
- Actuarial gains/(losses) from past experience	(1.4)	2.3	(0.1)	-	-	10.1	(0.3)	(0.3)	-	-
Cost of past benefits and (gains)/losses on settlement	-	-	(0.3)	-	-	-	-	(4.6)	-	-
Benefits paid	(11.1)	(8.9)	(3.2)	(1.1)	(0.1)	(21.3)	(9.2)	(2.2)	(1.0)	(0.1)
Transfers to external funds for defined contribution plans	(44.7)	-	-	-	-	(44.0)	-	-	-	-
Other movements	0.2	-	-	-	-	(0.5)	-	-	-	-
Present value of the liability at the end of the financial year	**147.4**	**74.5**	**45.8**	**13.0**	**0.7**	**151.8**	**75.4**	**46.9**	**13.2**	**0.8**

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 2023					Year ended 31 December 2022				
	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)	-	-	-	-
Current cost of defined contribution plans	(44.5)	-	-	(0.5)	-	(43.1)	-	-	(0.6)	-
Cost of past benefits and (gains)/losses on settlement	-	-	0.3	-	-	-	-	4.6	-	-
Net interest expense (income):										
- Interest expenses	(5.1)	(2.4)	(1.7)	(0.4)	-	(0.6)	(0.7)	(0.3)	(0.1)	-
Total	**(49.6)**	**(2.4)**	**(1.4)**	**(0.9)**	**-**	**(45.1)**	**(0.7)**	**4.3**	**(0.7)**	**-**

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

(€/million)	Year ended 31 December 2023					Year ended 31 December 2022				
	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	(3.0)	(3.3)	(0.9)	-	-	27.0	18.1	9.1	-	-
- Effect of past experience	1.4	(2.3)	0.1	-	-	(10.1)	0.3	0.3	-	-
- Actuarial gains/(losses) from returns assets serving the plan	-	-	-	-	-	-	-	-	-	-
Total	**(1.6)**	**(5.6)**	**(0.8)**	**-**	**-**	**16.9**	**18.4**	**9.4**	**-**	**-**

The main actuarial assumptions adopted are reported below:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Financial assumptions		
Average discount rate (1)	2.84% to 2.99%	3.31% to 3.54%
Inflation rate	2.00%	2.30%
Expected rate of growth in remuneration/benefits (2)	1.60% to 3%	1.84% to 3.23%
Demographic assumptions		
Maximum retirement age	As per law	As per law
Mortality tables:		
- Provisions for employee severance pay	SI 2016 revised	SI 2016 revised
- Provisions for supplementary pension benefits	AS62	AS62
- Provisions in lieu of the former fixed indemnity for journalists	SI 2016 revised	SI 2016 revised
Disability tables:		
- Provisions for employee severance pay	INPS tables by age and gender	INPS tables by age and gender
- Provisions for supplementary pension benefits	-	-
- Provisions in lieu of the former fixed indemnity for journalists	-	-
Average annual employee leaving rate:	4.04% to 12.90%	4.34% to 11.9%
Annual probability of advance requests:	1.50%	1.50%

(1) Measured as the weighted average of the Eur Composite AA 2023 interest rate curve for 31.12.2023 and Eur Composite AA 2022 for 31.12.2022.
(2) Including inflation.

The effects of a reasonably possible change in the discount rate for the year as at 31 December 2023 and as at 31 December 2022 are shown below:

(€/million)		Year ended 31 December 2023				Year ended 31 December 2022			
		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%	143.7	72.0	44.8	-	147.7	73.0	45.9	-
	-0.50%	151.2	77.1	46.8	-	156.1	78.1	48.0	-

Expected future payments under defined benefit plans for employees are as follows:

(€/million)	Severance Pay	Supplementary Pension	Pay in lieu of the former fixed indemnity for journalists
Expected payments as at 31.12.2024	26.2	8.5	8.4
Expected payments as at 31.12.2025	19.9	8.0	5.5
Expected payments as at 31.12.2026	16.5	7.6	4.4
Expected payments as at 31.12.2027	7.9	7.1	5.9
Expected payments as at 31.12.2028	12.3	6.6	5.4
Payments planned from 01.01.2029 and subsequent years	93.2	56.8	23.8

15.4 Provisions for non-current risks and charges

Provisions for non-current risks and charges, which amounted to € 226,0 million (€ 207,4 million as at 31 December 2022), are broken down as follows:

(€/million)	Year ended 31 December 2022	Provisions	Drawdowns	Reversals	Conversion differences	Other movements	Year ended 31 December 2023
Provisions for legal disputes	74.0	7.1	(9.8)	(0.2)	(0.3)	(0.1)	70.7
Provisions for accrued remuneration costs	36.2	39.2	(23.4)	(0.9)	-	-	51.1
Provisions for building renovation and refurbishment	28.3	4.6	(0.5)	-	-	-	32.4
Provisions for dismantling and restoration costs	14.9	0.2	-	(0.3)	-	0.9	15.7
Provision for user rights to digital television frequencies contributions	9.9	12.7	-	-	-	-	22.6
ISC and ICM provisions Agents	2.6	0.3	(0.1)	(0.1)	-	-	2.7
Provisions for default interest payment risks	0.2	0.2	(0.2)	-	-	-	0.2
Provisions for disputes over leases	0.2	0.1	-	(0.1)	-	-	0.2
Provisions for default interest payment risks	0.5	-	-	-	-	-	0.5
Other provisions	40.6	5.9	(2.4)	(14.3)	-	0.1	29.9
Total provisions for risks and charges	**207.4**	**70.3**	**(36.4)**	**(15.9)**	**(0.3)**	**0.9**	**226.0**

Provisions for legal disputes, totalling € 70.7 million, show the prudential and forecast estimate of charges for pending lawsuits in which the Group is involved in various ways. Specifically, the figure includes (amounts inclusive of legal costs) provisions for civil, administrative and criminal litigation for € 39.2 million, and € 31.5 million in provisions for labour law disputes.

Provisions for accrued remuneration costs, totalling € 51.1 million, include the overall costs estimated in relation to employment contracts in place.

Provisions for building renovation and refurbishment, totalling € 31.4 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 € 15.7 million, include the estimated costs for the dismantling and removal of installations and modifications and the restoration of premises rented by the Company under operating leases which require the lessee to restore the rented premises to their original condition at the end of the lease (where the lease will not be renewed).

The provision for user rights to digital television frequencies contributions, amounting to € 22.6 million, is set aside pending the issue of the decree that will determine the amount to be paid for the years 2022 and 2023.

ISC (Supplementary Customer Indemnities) and ICM (Meritocratic Customer Indemnities) provisions for agents, for € 2.7 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

Deferred tax liabilities of € 4.5 million (positive by € 2 million as of 31 December 2022) are shown net of deferred tax assets amounting to € 142.5 million.

The nature of the temporary differences that gave rise to deferred tax liabilities and the deferred tax assets eligible for offset is reported in the table below:

(€/million)	Year ended 31 December 2022	Changes			Year ended 31 December 2023
		Economics	Other comprehensive income	Balance sheet	
Statutory/tax differences on property, plant and equipment	(146.3)	1.8	-	0.1	(144.4)
Currency and interest-rate derivatives	(0.2)	-	0.2	-	-
Other equity investments	(1.7)	-	-	-	(1.7)
Deferred tax liabilities on consolidation adjustments	(0.8)	(0.1)	-	-	(0.9)
Other	(0.1)	0.1	-	-	-
Deferred tax liabilities	**(149.1)**	**1.8**	**0.2**	**0.1**	**(147.0)**
Negative taxable income	145.1	17.3	-	(28.0)	134.4
Estimate of provisions recovered	3.4	1.7	-	-	5.1
Write-downs of programmes	0.9	0.3	-	-	1.2
Statutory/tax difference on programmes	0.1	0.1	-	-	0.2
Employee benefits	0.2	-	-	-	0.2
Deferred tax assets on consolidation adjustments	0.9	(0.1)	-	-	0.8
Other	0.5	0.1	-	-	0.6
Assets (Liabilities) for deferred taxes	**151.1**	**19.4**	**-**	**(28.0)**	**142.5**
Net deferred tax liabilities	**2.0**	**21.2**	**0.2**	**(27.9)**	**(4.5)**

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

Deferred tax assets on tax losses carried forward totalled € 134.4 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 tax assets and liabilities 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.

15.6 Other non-current payables and liabilities

Other non-current payables and liabilities, relating to items denominated in Euros, amounted to € 73.5 million (€ 53 million as at 31 December 2022), entirely referring to items in Euro, relate to the non-current component of deferred income detailed as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Trade payables and other current payables and liabilities	1.1	0.3
Deferrals:		
- Compensatory measure deferred income for upgrading broadcasting systems	71.1	51.1
- Compensatory measure deferred income for the release of radio links	1.1	1.3
- Other deferrals	0.2	0.3
Total other non-current payables and liabilities	**73.5**	**53.0**

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 agreement;
- 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 agreement.

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".

16.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities, which totalled € 1,116.1 million (€ 1,081.5 million as at 31 December 2022) break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Trade payables to suppliers	679.5	707.7
Trade payables from joint ventures and associates	3.9	5.5
Total trade payables	**683.4**	**713.2**
Payables to personnel	185.2	157.0
Payables to social security and welfare institutions	64.4	78.7
Other tax payables	36.4	41.5
Other payables for assessments	6.2	7.5
Advances:		
- Ordinary licence fees	106.9	57.4
- Other advances	5.1	7.4
Compensatory measures	22.3	11.9
Accruals	0.1	0.4
Other debts	6.1	6.5
Total other current payables and liabilities	**432.7**	**368.3**
Total trade payables and other current payables and liabilities	**1,116.1**	**1,081.5**

Trade payables to joint ventures and associates are as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Auditel Srl	0.3	2.2
San Marino RTV SpA	2.9	2.9
Tavolo Editori Radio Srl	0.3	-
Tivù Srl	0.4	0.4
Total trade receivables from joint ventures and associates	**3.9**	**5.5**

Payables to personnel totalled € 185.2 million (€ 157.0 million as at 31 December 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Untaken paid annual leave	51.4	54.3
Untaken time in lieu	45.4	45.4
Salary assessment	48.3	52.0
Redundancy incentives	38.8	4.3
Other	1.3	1.0
Total payables to personnel	**185.2**	**157.0**

Payables to social security and welfare institutions totalled € 64,4 million (€ 78,7 million as at 31 December 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Payables to supplementary pension funds for personnel	9.0	25.1
Payables to INPGI	14.6	13.9
Payables to INPS	28.2	26.5
Payables to INAIL	0.2	-
Payables to CASAGIT	1.4	1.4
Contributions on assessed salaries	10.0	10.9
Other debts	1.0	0.9
Total payables to social security and welfare institutions	**64.4**	**78.7**

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 2023	Year ended 31 December 2022
Group VAT	-	4.6
Suspended VAT	0.9	0.9
Withholding tax on salaries and wages for employees and contractors, substitution tax and other withholdings	34.4	35.2
Other	1.1	0.8
Total other tax payables	**36.4**	**41.5**

Equity investments, which amounted to € 22.3 million (€ 11.9 million as at 31 December 2022), are broken down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Compensatory measures in favour of network operators:		
- Compensatory measures for upgrading broadcasting systems	8.4	5.5
- Compensatory measures for radio links	0.2	0.2
Other compensatory measures:		
- Adjustment to advertising revenues	10.6	3.2
– Ordinary licence fees	0.9	1.9
- Other compensatory measures	2.2	1.1
Total compensatory measures	**22.3**	**11.9**

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.

Total payables due in currencies other than the euro are reported in Note 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 € 510.9 million (€ 324.9 million as at 31 December 2022). The breakdown is shown in the table below:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Bonds (current portion)	299.8	-
M/L-term payables to banks (current portion)	-	101.0
Short-term payables to banks	208.4	223.3
Other current financial liabilities	2.7	0.6
Total current financial liabilities	**510.9**	**324.9**

Short-term payables to banks amounted to € 208.4 million (€ 223,3 as at 31 December 2022) and consisted of € 160.0 million for the use of the revolving line of the Parent Company and the remainder of uncommitted bank loans.

The current portion of non-current financial liabilities and derivative instruments is reported in the table above and explained in Note 15.1 "Non-current financial liabilities and current portions of non-current financial liabilities".

16.3 Current income tax liabilities

Current income tax liabilities, which amounted to € 37.3 million (€ 27.7 million as at 31 December 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
IRES	35.9	27.3
IRAP	1.4	0.4
Total current income tax liabilities	**37.3**	**27.7**

As concerns amounts payable to the Inland Revenue for IRES, totalling € 35.9 million (€ 27.3 million as at 31 December 2022), 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 Consolidated income statement

17.1 Revenue from sales and services

They consist of:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
TV licence fees	1,839.1	1,864.3
Advertising	664.7	642.6
Other revenue	201.7	188.9
Total revenue from sales and services	**2,705.5**	**2,695.8**

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

TV licence fees

Licence fees, amounting to € 1,839.1 million (€ 1,864.3 million in 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Licence fees for the year - household licences	1,696.4	1,738.5
Licence fees for the year- special licences	78.9	76.7
Licence fees collected by enforcement order	13.9	15.1
Licence fees for prior years- household licences	36.8	34.2
Licence fees for prior years- household licences ("Sostegni" Legislative Decree)	13.2	-
Licence fees redemption	(0.1)	(0.2)
Total TV licence fees	**1,839.1**	**1,864.3**

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"), 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.

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 2022 fees which became known in the year 2023, as they were paid to the State during the year.
- licence fees for prior years- household licences ("Sostegni" Legislative Decree) relate to the recognition of the second instalment of the sums provided for by Decree-Law No. 41 of 22 March 2021, which had established:
  - full exemption from payment of the special radio and television licence fees for 2021 for accommodation facilities as well as for the supply and consumption of beverages in public establishments or premises open to the public, including similar activities carried out by third sector entities;
  - the allocation of a sum equal to € 83 million in order to grant to the interested parties a tax credit equal to one hundred per cent of any payment of the licence fee made before the entry into force of the decree, or to provide for the transfer to RAI of the sums corresponding to the lower revenues claimed by the Company, of which € 43.0 million have been already paid and recognised to Rai in 2021.

The separate annual accounts, designed to determine the cost of providing public service activities to be covered by licence fee resources, show a public funding shortfall for the period 2005-2022 in the amount of € 2.66 billion. It is recalled that the separate accounts are certified by an auditing company selected through a public procedure overseen by the Regulatory Authority.

Advertising

Revenue from advertising amounted to € 664.7 million (€ 642.6 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Advertising on proprietary media:		
Television advertising on general-interest channels:		
- commercial	*303.3*	*315.5*
- promotions, sponsorships and special initiatives	*192.8*	*185.7*
- product placement and branded content	*13.1*	*11.8*
Television advertising on specialist channels	46.8	51.5
Radio advertising	23.2	23.2
Web advertising (1)	37.5	28.5
Other advertising	0.1	1.6
Share due to third parties	(2.1)	(2.7)
Contingencies	0.4	0.4
Total advertising on proprietary media	**615.1**	**615.5**
Advertising on third-party media:		
Television advertising on specialist channels	4.0	2.6
Radio advertising	33.2	20.6
Cinema advertising	2.8	2.1
Web advertising	5.2	0.4
Other advertising	4.4	1.4
Total advertising of third-party media	**49.6**	**27.1**
Total advertising	**664.7**	**642.6**

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

Other revenue

Other revenue from sales and services amounted to € 201.7 million (€ 188.9 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Special services under agreement	48.6	48.2
Sale of rights over programmes and musical editions	52.1	58.8
Film and home video distribution	16.5	8.6
Distribution and sale of channels	44.5	24.0
Sale of patents and trademarks	1.6	2.0
Fees for hosting plant and equipment	30.4	28.2
Sundry services, mainly for institutional purposes	11.9	13.3
Signal diffusion services, rental of circuits, radio links and connections	11.9	7.6
Public paid events	1.1	5.6
Production services and facility supply	0.5	3.7
Revenues from sales	0.9	0.8
Other	0.1	1.2
Share due to third parties	(24.7)	(24.4)
Contingencies	6.3	11.3
Total other revenue	**201.7**	**188.9**

17.2 Other revenue and income

Other revenue and income amounted to € 30.7 million (€ 41.8 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Operating grants	21.4	29.9
Contribution to programme production	0.7	5.0
Income from real estate investments and rentals	1.9	1.9
Compensation for damages	2.1	0.3
Gains on disposals	0.1	-
NCI grants related to income	-	(0.8)
Contingencies	0.7	0.9
Other	3.8	4.6
Total other revenue and income	**30.7**	**41.8**

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 € 1,013.6 million (€ 1,143.0 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Costs for the purchase of consumables	12.2	12.2
Costs for services	944.0	1,079.2
Other costs	57.4	51.6
Total costs for the purchase of consumables, services and other costs	**1,013.6**	**1,143.0**

Costs for the purchase of consumables, equal to € 12.2 million (€ 12.2 million in 2022), referred to purchases of various production materials for € 4.5 million (€ 3.9 million in 2022), technical inventories for € 0.2 million (€ 0.3 million i n 2022) and other materials for € 7.5 million (€ 8.0 million in 2022).

The breakdown of costs for services is shown in the table below. The item totalled € 944.0 million (€ 1,079.2 million in 2022), 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 2023	Year ended 31 December 2022
Freelance services	144.4	126.8
Services for programme acquisition and production	208.6	210.0
Daily allowances, travel expenses and accessory costs for personnel	35.7	34.3
Maintenance, repairs, transport and similar	47.1	44.6
IT system documentation and assistance services	61.1	59.0
Third-party shares of advertising turnover, commissions and media centres	69.1	48.3
Other outsourced services (telephone, supply services, cleaning, postal, insurance etc.)	131.9	162.1
Leases and rentals	54.0	54.1
Recording rights	100.6	257.5
Rights of Use	114.7	107.0
Contingencies	(14.7)	(17.3)
Recovery of expenses	(8.5)	(7.2)
Total costs for services	**944.0**	**1,079.2**

Pursuant to article 2427, no. 16-*bis* of the Italian Civil Code, fees for the year ended 31 December 2023 for services provided by the external auditors totalled € 0.4 million and break down as follows:

- for annual auditing of accounts € 0.3 million;
- for other audit services, among which the half-year audit: negligible value in millions of Euros, and;
- for non-audit services: € 0.2 million.

Other costs, equal to € 57.4 million (€ 51.6 million in 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Administrative fees and rights for use of frequencies	13.4	10.6
Contributions to control authorities	6.0	5.4
TASI/IMU	9.1	8.9
Other indirect taxes and other duties	10.3	9.9
Prizes and winnings	7.9	5.1
Newspaper, magazines, books and publications	1.6	1.6
Membership fees	3.9	3.6
Losses on disposals	0.6	1.8
Other	4.6	4.9
Contingencies	-	(0.2)
Total other costs	**57.4**	**51.6**

17.4 HR expenses

HR expenses, amounting to € 1,069.2 million (€ 1,007.4 million in 2022), break down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Salaries and social security costs	985.3	956.2
Employee severance pay	44.5	44.5
Pensions and similar obligations	13.1	12.9
Other	6.8	14.5
HR expenses	**1,049.7**	**1,028.1**
Costs for redundancy incentives	39.1	1.5
Recovery of expenses	(1.3)	(1.5)
Capitalised HR expenses	(17.4)	(18.4)
Other HR expenses	**20.4**	**(18.4)**
Contingencies and releases of provisions	**(0.9)**	**(2.3)**
Total HR expenses	**1,069.2**	**1,007.4**

The item includes € 45.0 million of charges for defined contribution plans and € 0.3 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 Collective Labour Agreement 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.

With respect to those agreements, we report that:

- the collective labour agreement for middle managers, office staff and workers was renewed, by agreement made on

09 March 2022, for the period 2019-2022;
- the collective labour agreement for middle managers, office staff and workers was renewed, by agreement made on 25 July 2023, for the period 2019-2024;
- 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 labour agreement for the period 1/1/2019- 31/12/2023 is still in force, while the Rai–ADRai Addendum Agreement for the period 2020-2023 was renewed on 02 February 2023.
- the collective labour agreement for middle managers, office staff and workers was renewed, by agreement made on 1 August 2022, for the period 2019-2022 expired on 31 December 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 2023			Year ended 31 December 2022		
	P.C. Average number	Permanent Employment Contract Average Number (1)	Total	P.C. Average number	Permanent Employment Contract Average Number (1)	Total
Senior managers (2)	0	322	**322**	0	311	**311**
Middle managers	0	1,602	**1,602**	0	1,445	**1,445**
Journalists (3)	59	1,953	**2,012**	59	1,961	**2,020**
Office Personnel (4)	66	7,515	**7,581**	70	7,639	**7,709**
Workers	0	757	**757**	0	795	**795**
Orchestra players	2	114	**116**	1	118	**119**
Total	**127**	**12,263**	**12,390**	**130**	**12,269**	**12,399**
(1) Of which apprentices		389			239	
(2) Of which senior staff with temporary contracts		4			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.

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 (negative for € 0.6 million in 2022), 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 2023	Year ended 31 December 2022
Write-downs trade receivables	0.6	(0.6)
Total write-down of financial assets	**0.6**	**(0.6)**

17.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs totalled € 611.2 million (€ 616.0 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Depreciation, amortisation		
Property, plant and equipment		
Buildings	16.2	15.1
Plant and machinery	83.2	81.5
Industrial and commercial equipment	3.5	3.6
Other assets	7.4	7.5
Total depreciation of property, plant and equipment	**110.3**	**107.7**
Depreciation of real estate investments	**0.2**	**0.2**
Lease rights of use		
Land and buildings	22.6	21.8
Other assets	3.6	2.9
Total amortisation and depreciation of lease rights of use	**26.2**	**24.7**
Intangible assets:		
Programmes	354.6	385.7
Software	17.4	16.7
Digital terrestrial frequencies	0.8	0.5
Other intangible assets	0.2	0.2
Total amortisation of intangible assets	**373.0**	**403.1**
Total amortisation	**509.7**	**535.7**
Other write-downs		
Property, plant and equipment	-	6.3
Programmes under amortisation	69.1	69.7
Programmes in progress	0.9	0.8
Sports libraries	31.3	-
Other intangible assets	-	0.4
Other non-current receivables and assets	-	0.8
Current income tax receivables	(0.7)	0.9
Other current receivables and assets	0.9	1.4
Total other write-downs	**101.5**	**80.3**
Total depreciation, amortisation and other write-downs	**611.2**	**616.0**

17.7 Provisions

This item, which includes provisions for risks and charges and any releases not classifiable in specific items of the income statement, shows net releases of € 6.9 million (net releases of € 17.6 million in 2022), determined by releases of € 14.4 million (€ 25.1 million in 2022) offset by provisions of € 7.5 million (€ 7.5 million in 2022).

17.8 Financial income and expenses

Net financial expenses totalled € 24.3 million (€ 14.5 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Financial income		
Dividends	0.1	0.2
Equity investments in joint ventures and associates	0.1	-
Interest income from banks	3.0	0.1
Gains from currency valuation	0.2	0.4
Currency gains realised	0.6	0.4
Income from interest rate derivatives	1.0	-
Income from currency derivatives	0.1	0.1
Other	0.9	0.5
Total financial income	**6.0**	**1.7**
Financial expense		
Interest expense due to banks	(7.1)	(1.6)
Interest expense on bonds	(7.5)	(7.5)
Expenses on exchange hedging derivatives	(0.1)	-
Foreign exchange losses	(0.3)	(0.6)
Foreign exchange losses realised	(0.2)	(1.0)
Interest on employee benefit liabilities	(9.6)	(1.7)
Interest on leases	(2.0)	(1.1)
Other	(3.5)	(2.7)
Total financial expense	**(30.3)**	**(16.2)**
Total net financial income (expense)	**(24.3)**	**(14.5)**

17.9 Earnings from investments recognised at equity

Earnings from equity investments recognised at equity amounted to an amount negative by € 0.4 million (positive by € 0.6 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Auditel Srl	0.1	-
San Marino RTV SpA	(1.5)	-
Tavolo Editori Radio Srl	-	0.1
Tivù Srl	1.0	0.5
Total earnings from equity investments recognised at equity	**(0.4)**	**0.6**

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 € 25.0 million (positive by € 25.7 million in 2022). The figure breaks down as follows:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
IRES	(38.1)	(28.0)
IRAP	(8.1)	(6.2)
Total current taxes	**(46.2)**	**(34.2)**
Deferred tax liabilities	1.8	1.8
Deferred tax assets	19.4	58.1
Total deferred taxes	**21.2**	**59.9**
Total income tax	**(25.0)**	**25.7**

The difference between the theoretical tax rate and the effective tax rate is shown below:

(€/million)	Year ended 31 December 2023	Year ended 31 December 2022
Pre-tax profit/(loss)	25.0	(25.7)
IRES tax rate	24.0%	24.0%
Theoretical tax gain (expense)	(6.0)	6.2
Tax differences	(10.9)	25.7
IRAP	(8.1)	(6.2)
Total income tax	**(25.0)**	**25.7**

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.

Starting from the financial year 2024, the RAI Group falls within the subjective scope of application of the Global Minimum Tax (hereinafter referred to as 'GMT'); in relation to the requirements of the document '*Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules*", in order to provide information useful to understand the effects determined by the GMT provisions, simulations were carried out to calculate the simplified tests provided for by the Transitional Safe Harbour on the basis of the latest available data relative to the financial year ended 31 December 2022.

At present, based on the verifications performed and the preliminary calculations of the effective tax rate (ETR), taking into account the fact that the ministerial decrees implementing certain GMT rules have yet to be issued and awaiting the consequent interpretative clarifications, it is deemed reasonable to assume that the Group will not have to recognise any expenses from GMT.

18.1 Guarantees

Guarantees provided, which amounted to € 4.7 million (€ 4.7 million as at 31 December 2022), are broken down as follows:

(€/million)	Year ended 31 December 2023			
	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 2022			
	Sureties	Other personal guarantees	Collateral	Total
Due to third parties	2.5	-	2.2	**4.7**
Total	**2.5**	**-**	**2.2**	**4.7**

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 (unchanged from the figure as at 31 December 2022) in favour of subsidiaries.

The Group has also recognised € 419.3 million of guarantees provided by third parties (€ 412.4 million as at 31 December 2022) 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 provided by third parties for Group obligations: mainly for sureties for the acquisition of television rights related to the UEFA Euro 2028 football events and various UEFA events and for the surety issued in favour of the Parent Company by the Ministry of Economic Development to guarantee 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 2023	Year ended 31 December 2022
Sports broadcasting rights	451.9	461.9
Investments in audiovisual works	228.8	264.7
Rights and services for the production of programmes	29.4	40.2
Technical investments	77.7	104.5
Total commitments	**787.8**	**871.3**

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 Company and related parties are reported below; as identified on the basis of the criteria provided by IAS 24 "*Disclosures on transactions with related parties*" for the years ended 31 December 2023 and 31 December 2022.

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 table details the balance sheet totals as at 31 December 2023 and as at 31 December 2022 and the income effects of transactions between the Group and related parties conducted in the half years ended 31 December 2023 and 31 December 2022, 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 2023	-	0.6	**0.6**
As at 31 December 2022	-	0.6	**0.6**
Current financial assets			
As at 31 December 2023	-	2.2	**2.2**
As at 31 December 2022	-	2.1	**2.1**
Employee benefits			
As at 31 December 2023	(4.3)	(13.0)	**(17.3)**
As at 31 December 2022	(4.4)	(13.2)	**(17.6)**
Trade payables			
As at 31 December 2023	-	(4.0)	**(4.0)**
As at 31 December 2022	-	(5.6)	**(5.6)**
Other current payables and liabilities			
As at 31 December 2023	(6.6)	(0.2)	**(6.8)**
As at 31 December 2022	(6.2)	(16.3)	**(22.5)**

(€/million)	Senior management	Other related parties	Total
Revenue from sales and services			
As at 31 December 2023	-	2.0	**2.0**
As at 31 December 2022	-	1.8	**1.8**
Other revenue and income			
As at 31 December 2023	-	0.1	**0.1**
As at 31 December 2022	-	0.1	**0.1**
Costs for services			
As at 31 December 2023	(1.8)	(12.9)	**(14.7)**
As at 31 December 2022	(1.9)	(12.4)	**(14.3)**
HR expenses			
As at 31 December 2023	(26.7)	(12.5)	**(39.2)**
As at 31 December 2022	(23.5)	(12.3)	**(35.8)**
Financial income			
As at 31 December 2023	-	0.2	**0.2**
As at 31 December 2022	-	-	**-**

Reported below is a description of the main agreements in place between Rai and the subsidiaries, associates and joint ventures identified above.

Agreements for the provisions of Services to Rai

Rai Pubblicità

Rai has an advertising concession agreement in place with Rai Pubblicità, under which the latter has an exclusive concession for the sale of advertising space on radio and general-interest television channels, on free-to-air specialist digital and satellite channels, on the teletext service, on the Rai domain and on other minor media.

Rai Com

Rai has granted a mandate without power of representation to Rai Com for:

- the sale of user licenses for television, radio and cinema use, for audiovisual use (meaning for example licences for use on home video and commercial video), and for multimedia use, including interactive multimedia, and derivative rights;
- the management of negotiations for framework agreements and/or conventions with central and local, national and international, public and private bodies and institutions;
- the acquisition and/or production of musical and theatre pieces, including: classical music, prose works and music editions;
- the 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
- operations for the international sale of Rai channels.

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 in any way by Rai Cinema.

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, an intra-company current account agreement is also in force, instrumental in settling certain credit and debit positions of limited amounts arising from residual services.

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 09 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 2023. Statutory and financial relationships under the procedure are governed by a specific agreement between the parties.

Other related parties

Dealings with other related parties are mainly of a commercial and financial nature. The most significant include the following agreements:

Auditel

Auditel 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. There is also an ordinary credit line from Rai, with scaled-up ceilings of € 2.0 million until 31 August 2024 and € 1.4 million from 1 September 2024 to 31 December 2024, which the company can use for overdrafts from ordinary operations. This line is 50% counter-guaranteed by E.RA.S. ("Ente per la Radiodiffusione Sammarinese").

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

Tavolo Editori Radio Srl provides the service of surveying and dissemination of listening data of radio channels.

Tivù

Service agreements are in place, under which:
- Rai: provides Electronic Program Guide (EPG) processing and management services and editorial and advisory services, as well as satellite transmission capacity to enable the offer of EPG services;
- 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 TivùSat platform and its promotion.

Service Contract 2023-2028

In its meeting of 18 January 2024, the Board of Directors of RAI approved, following the non-binding opinion of the Parliamentary Supervisory Commission, the outline of the Service Contract with the Ministry of Enterprise and Made in Italy. On 20 March 2024, the Council of Ministers resolved to approve the aforementioned Contract for the period 2023-2028. It is recalled that, as provided for in Article 30 of the Service Agreement 2018-2022, "*until the date of publication in the Official Gazette of the next Agreement, the relations between Rai and the Ministry shall remain governed by the provisions of this Agreement*".

19 Events subsequent the reference date of the Consolidated Financial Statements

2024-2026 Business Plan

In its meeting of 18 January 2024, the Board, considering the evolving context of the reference scenario characterised by profound structural changes in the media ecosystem and in users' consumption patterns, oriented towards a progressive shift towards on-demand consumption and a strong increase in competitiveness, which makes it necessary to completely transform Rai into a digital media company, approved the 2024-2026 Business Plan.

ESG Sustainability Plan

At its meeting on 22 February 2024, the Board examined and approved the company's new ESG Sustainability Plan, which defines the lines that will guide Rai's sustainable development strategy for the next three years and establishes priority areas for action: environment, inclusion and equal opportunities, youth, information quality, human capital, digital transformation, ethics and transparency. It should be noted that the initiatives defined in the 2024-2026 Sustainability Plan are consistent with the strategic approach of the Business Plan and the Service Contract.

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	
	2023	2022	2023	2022
RAI Financial Statements	**(39.3)**	**(29.8)**	**630.1**	**673.9**
Elimination of the value of equity investments against respective shareholders' equity and of dividends distributed against profits for the period	38.8	29.3	(293.3)	(306.4)
Adjustment of deferred taxes on the Rai Way equity investment revaluation	-	-	5.0	5.0
Other consolidation adjustments	0.5	0.5	(2.9)	(3.5)
Consolidated Financial Statements	**-**	**-**	**338.9**	**369.0**
of which: minority interests	***29.7***	***25.2***	***65.1***	***60.8***

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 2023, the above investments are unchanged from 31 December 2022.

(Values as at 31 December 2023)	Registered office	No. shares/ units held	Nominal value (Euro)		Share capital (in €/'000) (Euro)		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 29 December 2023 was € 5.11.

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, the so-called "Prospectus Regulation"):

(€/million)		Year ended 31 December 2023	Year ended 31 December 2022
A.	Cash	39.7	39.7
B.	Cash equivalents	-	-
C.	Other current financial assets (*)	3.9	6.7
D.	**Liquidity (A+B+C)**	**43.6**	**46.4**
E.	**Current financial debt**	**(242.9)**	**(249.6)**
F.	Current portion of non-current financial debt	(299.8)	(101.0)
G.	**Current financial debt (E + F)**	**(542.7)**	**(350.6)**
H.	**Net current financial debt (G – D)**	**(499.1)**	**(304.2)**
I.	Non-current financial debt	(162.0)	(56.7)
J.	Debt instruments	-	(299.6)
K.	Non-current trade payables and other payables	-	-
L.	**Non-current financial debt (I + J + K)**	**(162.0)**	**(356.3)**
M.	**Total financial debt (H + L)**	**(661.1)**	**(660.5)**
	Of which operating lease liabilities	(93.4)	(82.4)
	Net financial debt excluding operating lease liabilities	**(567.7)**	**(578.1)**

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

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 2023 that fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, which are not attributable, directly or indirectly, to public entities of foreign states, if the total amount collected by the entity is € 10 thousand or more.

Entity	Grant paid in 2023	Amount (€/thousand)
Ministry of Enterprises and Made in Italy	Compensatory measures for upgrading broadcasting facilities following the release of frequencies for digital terrestrial television service - MIMIT Directorial Decree of 13 October 2023	39,643

Contributions made (art. 1, paragraph 126)

The following table includes sums paid in 2023 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 2023	Amount (€/thousand)
AIRC Foundation for Cancer Research	Prize money donated to charity	120
Mission Bambini ETS Foundation	Prize money donated to charity	106
Emergency ONG Onlus	Prize money donated to charity	100
Dottor Sorriso Onlus Foundation	Prize money donated to charity	100
UNICEF Italia	Prize money donated to charity	60
Sant'Orsola Onlus Hospital Foundation	Prize money donated to charity	57
Agency for Territorial Security and Civil Protection	Prize money donated to charity	50
Telethon Foundation	Prize money donated to charity	50
Association "Associazione amici di Roberto Morrione"	Roberto Morrione Prize	30

22 Climate Change

With regard to climate change risks, the Company is deepening its assessments of the potential effects on business with a view to continuous monitoring.

The main risks, which derive from the Company's activities, were identified as part of the broader Integrated Risk Assessment approved by the Board of Directors on 21 December 2022 and were associated with Rai's Value Chain processes. In this context, among the risks with the highest degree of residual risk, the increase in costs linked to the trend in the price of gas and electricity was identified, for which energy saving initiatives were launched with the aim of mitigating it.

In this sense, the Company, at the beginning of 2024, launched a project aimed at analysing its emission sources and defining a progressive decarbonisation strategy.

In addition, it has started a path to approach the requirements of the EU Directive 2464/2022 (so-called CSRD) within which specific assessments of impacts, risks and opportunities related to sustainability issues will be carried out. In this context, the Company will monitor the evolution of risks related to climate change with an approach that will take into account the applicable legislation and its role as a Public Service.

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

The undersigned Roberto Sergio, 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 taken 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 2023 during the 2023 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 2023 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, 17 April 2024

Roberto Sergio
Chief Executive Officer

Marco Brancadoro
Manager in charge of drawing up the corporate accounting documents

Independent Auditors' Report

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
RAI - Radiotelevisione Italiana SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the RAI Group (the "Group" or "RAI Group"), which comprise the consolidated statement of financial position as of 31 December 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, 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 *"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 2023* The item "Intangible assets" of the consolidated financial statements of the RAI Group as at 31 December 2023 includes programmes totalling Euro 786.2 million (of which Euro 226.1 million as intangible assets under development), which account for 93 per cent of the consolidated intangible assets as of said date. 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 management of RAI Radiotelevisione Italiana SpA (hereinafter "RAI") of the period in which, on the basis of historical experience and their estimated useful life, the economic benefits generated by them are supposed to be utilised. The recoverability of investments in programmes is verified by the management of RAI at least once a year, coinciding with the closing of each fiscal year. If external or internal indicators are identified which lead to presume an impairment loss of the programmes' value, their recoverability is verified by comparing the book value with the corresponding recoverable amount, represented by the higher between the fair value and the value in use determined on the basis of the assumptions made by the management of RAI about their future use. The evaluation of the recoverability of investments in programmes represented a key matter in our audit strategy given the significance of this item in	As part of our audit, we mainly performed the following procedures aimed at verifying the evaluations made by the RAI Group with reference to the recoverability of investments in programmes: i) discussions with the contact persons of RAI regarding their analyses and conclusions on the existence of possible impairment losses in the item "programmes"; ii) 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; iii) analysis of the assumptions underlying the identification of impairment losses, if any, in the programmes' value and of the reasonableness of the related write-downs performed by the management of RAI, mainly based on the share recorded by the programmes during the financial year, as well as on their future possibility to be repeated hinged on their expected rebroadcasting; iv) comparative analysis and examination by discussions with the corporate functions about the most significant differences compared with the previous year values and review of documents, on a sample basis, regarding the increases and decreases in the item "programmes"; v) review, on a sample basis, of the useful life of programmes estimated by the management of RAI based on the previous years' evidence and the actual possibility of use and, in the circumstances, the possibility to re-broadcast programmes in the future, as well as checking, on a sample basis, the accurate and consistent determination of the amortisation quotas charged to the income statement; vi) verification of the accuracy and

the consolidated financial statements as at 31 December 2023, its direct correlation with the Group business, as well as the degree of complexity characterising the estimates adopted by the management of RAI .	completeness of the disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 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 2023, 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 2023 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 2023 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, 10 May 2024

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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