



**RAI – Radiotelevisione italiana S.p.A.**

*(incorporated in the Republic of Italy as a joint stock company)*

€300,000,000 4.375 per cent. Notes due 10 July 2029

Issue price: 99.600 per cent.

The €300,000,000 4.375 per cent. Notes due 10 July 2029 (the **Notes**) are issued by RAI – Radiotelevisione italiana S.p.A. (the **Issuer** or **RAI**). Interest on the Notes is payable annually in arrear on 10 July in each year at the rate of 4.375 per cent. per annum, as described in Condition 4. Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on 10 July 2029. Noteholders may require the Issuer to redeem their Notes upon the occurrence of a Put Event, as described in Condition 6.6. The Notes may be redeemed at the option of the Issuer pursuant to (i) the 3 Month Par Call, as described in Condition 6.3, (ii) the Make-Whole Call as described in Condition 6.4 and (iii) the Clean-up Call as described in Condition 6.5. The Notes are subject to redemption in whole, but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Republic of Italy (**Italy**). This document comprises a prospectus (the **Prospectus**), for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the **Prospectus Regulation**). This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Notes to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Regulated Market**). References in this Prospectus to the Notes being listed (and all related references) shall mean that, unless otherwise specified, the Notes have been admitted to the Official List and trading on the Regulated Market.

This Prospectus is available for viewing on the website of Euronext Dublin (<https://live.euronext.com/>).

The Notes are expected to be rated Baa3 by Moody's France SAS (**Moody's**). Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will be issued in new global note (**NGN**) form and are intended to constitute eligible collateral for Eurosystem monetary policy, provided the other eligibility criteria are met.

The Notes will be in bearer form and will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or prior to 10 July 2024 (the **Closing Date** and the **Issue Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after a date which is

expected to be 19 August 2024 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances (see "*Summary of Provisions relating to the Notes while represented by the Global Notes*").

This Prospectus is valid for 12 months from its date of approval (being 8 July 2024) in relation to Notes which are to be admitted to trading on Euronext Dublin. The expiry date of the validity of the Prospectus is 8 July 2025. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply once the Notes are admitted to trading on the regulated market of Euronext Dublin.

**An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 8.**

*Joint Global Coordinators*

**Citigroup**

**UniCredit**

*Joint Bookrunners*

**Citigroup**

**UniCredit**

The date of this Prospectus is 8 July 2024.

## IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation. When used in this Prospectus, **Prospectus Regulation** means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect the import of such information.

In addition, the Issuer, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all material information with respect to the Issuer and the Notes (including all information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes), that the information contained or incorporated by reference in this Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer accepts responsibility accordingly.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that those documents are incorporated by reference in, and form part of, this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

No person is or has been authorised by the Issuer or the Managers (as defined in "*Subscription and Sale*" below) to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Each Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for, or purchase, any of the Notes. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer to sell, and may not be used for the purpose of an offer to sell or a solicitation of an offer to buy, the Notes by anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

In particular, no action has been taken by the Issuer or the Managers which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform

themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and the European Economic Area (including Italy) (see "*Subscription and Sale*").

None of the Managers nor any person who controls any of the Managers or any director, officer, employee, agent or affiliate of any such person: (i) has separately verified the information contained herein; or (ii) accepts any responsibility whatsoever (a) for the contents of this Prospectus, (b) for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the offer of the Notes or (c) for any acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes. The Managers and their respective controlling persons, directors, officers, employees, agents and affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of any such statement, actions or omissions, the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Managers or any person who controls any of the Managers or any director, officer, employee, agent or affiliate of any such person as to the accuracy, completeness, verification or sufficiency of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any Manager that any recipient of this Prospectus or of any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the terms of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "*Subscription and Sale*" below.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where

the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS EUROPE AG AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND**

**60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

#### **MARKET AND INDUSTRY INFORMATION**

This Prospectus includes and refers to industry and market data derived from or based upon a variety of official, non-official and internal sources, such as internal surveys and management estimates, market research, publicly available information and industry publications.

Market share, ranking and other data contained in this Prospectus may also be based on the Group's good faith estimates, the Group's own knowledge and experience and such other sources as may be available. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Issuer is aware and has been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy or completeness of any such third-party information in this Prospectus. Although the Issuer believes that this information is reliable, the Issuer has not independently verified the data from third-party sources.

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## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

#### **RISKS RELATING TO THE ISSUER AND THE GROUP**

##### **Risks associated with the Issuer's status as Public Service broadcaster in Italy and as publicly controlled company**

###### *Risks associated with public service obligations*

The Issuer holds an exclusive concession for the supply of public radio, television and multimedia services, by virtue of law (article 59 of Legislative Decree No. 208 of 8 November 2021, setting forth the consolidated legislation on audiovisual media services and published in the Official Gazette of the Republic of Italy (the **Official Gazette**) No. 293 of 10 December 2021, as last amended by Legislative Decree No. 50 of 25 March 2024 (*Testo unico dei servizi di media audiovisivi* or **TUSMA**) (the **Concession**). As such, it is obliged to achieve certain goals, including: current affairs coverage that is comprehensive and impartial; conducting itself in a manner conducive to democratic principles, inter alia by being open to a variety of political, social, cultural and religious opinion, and generational trends; and ensuring that all political figures have access to current affairs programming and political and electoral campaign programming, with equal treatment and impartiality; and the promotion of Italian language, culture and creativity.

The Issuer's programming must generally safeguard national identity, promote education, civil growth, the faculties of judgement and criticism, progress and social cohesion; the dissemination, on all distribution platforms, of audiovisual and multimedia content, including through the use of new technologies, and ensuring the dissemination of current affairs programmes in English; ensuring the quality of the information it provides, including with respect to its sources, across all kinds of programming, in accordance with principles of pluralism, objectivity, completeness, impartiality and independence; promoting equal opportunities for women and men, and ensuring that personal dignity, and the professional journalistic ethics, are respected; ensuring objectivity and impartiality in the detailed information it provides, so that the information it provides people enables them to form their opinions freely.

All of the Issuer's activities are thus ultimately dependent upon its public service mission. In particular, the Issuer is allowed to conduct commercial transactions, but these must not prevail over those activities that are covered by the scope of the Concession.

RAI is also prohibited from pursuing industrial and commercial activities that are unrelated to those it performs under the Concession.

RAI's operations have two sources of funding. On the one hand, there are public revenues, and, on the other, there are those largely flowing from the sale of advertising slots. However, the advertising revenues are limited by law, compared to those that the privately-owned media providers may earn, because the Issuer is obliged to stay below specific advertising caps in certain time bands that are much stricter than those that apply to its privately-owned competitors (for further details see "*Regulatory Framework – Regulatory framework and developments of the television and radio broadcasting sector in Italy*").

Furthermore, if the Issuer is judged not to have performed its obligations under the framework convention between the Issuer and the Italian government (the **2017 Convention**) and the Service Agreement (as defined below), a range of administrative sanctions and penalties could be applied to it by the relevant supervisory authority. The annual evaluation of the objectives pursuant to the relevant regulatory and contractual framework could interfere with the Issuer's determination of the correct level of licence fee. In addition, if the Concession to the Issuer were to be terminated, in the event of severe and repeated breaches of its duties, this could result in an extensive part of the Issuer's business operations being suspended, which could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

*The Concession may not be renewed. The next convention may be more onerous for the Issuer*

The exclusive Concession the Issuer holds in connection with public radio, television and multimedia services throughout Italy was most recently renewed on 28 April 2017, by a Decree of the President of the Council of Ministers approved on that date. That approval also concerned a model convention between the Ministry of Economic Development (now the Ministry of Enterprises and Made in Italy or **Mimit**) and the Issuer, that would govern the terms and conditions under which the concession would operate (the **2017 Convention**).

The Concession runs for a period of ten years beginning on 30 April 2017, and unless statutory or regulatory changes call into question the exclusive award of the public service to the Issuer, a revised convention must be negotiated prior to the Concession's expiry.

The next convention may be more onerous for the Issuer, or it could impose additional or different limitations upon its activities.

*The Service Agreement, upon its renewal, may set unprecedented or substantially greater service obligations than present*

The current Service Agreement, published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 25 May 2024, has entered into force on 26 May 2024 (the **Service Agreement**) and will remain in force until the next RAI/Mimit service agreement comes into effect.

The Service Agreement is due to come to an end prior to the maturity date of the Notes and, at present, it is not possible to state on which terms the Service Agreement will be renewed upon expiry with the risk that the terms of such new RAI/Mimit service agreement may set unprecedented or substantially greater service obligations, for example with respect to the quality and technical standards of service to be met by the Issuer in providing the national public service (the **Public Service**), including in relation to content, which may have an adverse effect on the Issuer.

For example, the Service Agreement introduces a number of changes *vis-à-vis* the previous one approved on 2018 and in force until 26 May 2024 (the **Previous Service Agreement**), including a focus on transforming the Issuer into a digital media company, and on digitalisation.

Under article 3, the Issuer, consistent with the public financial resources it raises from licence fees, has to accelerate its transformation from broadcaster to digital media company, putting in place a digitalisation strategy that enhances its production models and distribution strategies with the aim of having a multi-platform presence, partly by investing in innovative solutions of a technical and technological nature, and by ensuring that its digital offering is relevant, accessible and readily available to all users, as a contribution to closing the digital divide by, inter alia, boosting streaming services.

Additionally, article 15 provides that the Issuer should experiment with 5G broadcasting standards, especially for urban areas with heavy IP traffic, for new TV distribution services for mobile and nomadic users. In doing so, it will make use of dedicated UHF frequencies that will be assigned, possibly also on a temporary basis, by the Mimit. The Issuer will also experiment with DVB-I, Hybrid Broadcast Broadband TV (HbbTV), and other pioneering technologies as may emerge.

There will be additional burdens on digital radio as well, with article 15 stating that the Issuer is obliged to use appropriately the transmission capacity it is assigned, to enable all of its national and local radio content to be distributed with high quality audio, as part of the consolidation of the digital radio market (DAB+ standard).

Article 19 provides that the public funds derived from the licence fees received by the Issuer must be consistent with the perimeter of its Public Service obligations, so as to ensure that in each year of the agreement's term, there is the necessary correspondence between the activities it is responsible for carrying out, the related costs it incurs, and the public funding it receives under article 61, paragraph 3, of the TUSMA.

Furthermore, it cannot be excluded that the renewal of the 2017 Convention may have an impact on the obligations defined in the Service Agreement or on its future renewal (see also *The Concession may not be renewed. The next convention may be more onerous for the Issuer*).

#### *Risks associated with determining the measure of funding made available to the Issuer*

Article 61 of the TUSMA, which is titled "Financing of the general public radio and television service", provides that RAI receives the radio and television licence fees further to Royal Law Decree No. 246 of 21 February 1938, converted into Law No. 880 of 4 June 1938, in order that it may discharge its Public Service duties as holder of the Concession.

With respect to the amounts payable under the licence fee, article 61 of the TUSMA provides that the Ministry of Economic Development (now renamed as the Mimit) is to issue a decree by the end of November each year, stating the amount that applies from the subsequent 1 January, and that the amount be sufficient to enable the Issuer to meet the foreseeable costs that it will incur in discharging the specific Public Service obligations in terms of radio and television.

Until 2016, the Ministerial Decree fixed both the amount of the household licence fee, and the amounts payable for other forms of licence. From 2016 onwards, the amount of the licence fee has been set by legislation, which has also introduced additional means of collection.

Since those reforms, there has been a gradual reduction in the amount of the household licence fee. Specifically, for 2016, the household licence fee was Euro 100 (under article 1, paragraph 152 of Law No. 208 of 28 December 2015, also referred to as the **2016 Stability Law**), compared to the amount of Euro 113.50 that applied in 2013, 2014 and 2015. For 2017 and 2018, the amount was Euro 90, under articles 1, paragraph 40 of Law No. 232 of 11 December 2016 (the **2017 Budget Law**) and under article

1, paragraph 1147 of Law No. 205 of 27 December 2017 (*Bilancio di previsione dello Stato per l'anno finanziario 2018 e bilancio pluriennale per il triennio 2018-2020* or the **2018 Budget Law**), respectively.

Article 1, paragraph 89, of Law No. 145 of 30 December 2018 (the **2019 Budget Law**) set the amount of Euro 90 for the annual household licence fee.

Most recently, article 1, paragraph 19, of Law No. 213 of 30 December 2023 (the **2024 Budget Law**) reduced the amount of the household licence fee (the so-called "ordinary" licence fee – *canone ordinario*), for holders of equipment suited or adaptable for receiving radio or television transmissions, from Euro 90 to Euro 70, and its article 1, paragraph 20, provided for supplementary funding to the Issuer of Euro 430 million (including VAT, i.e., Euro 413 million net of VAT – the **2024 Supplementary Funding**). That subsidy was payable in three equal instalments in January, March and June, and its stated purpose is for improving the quality of the Public Service on radio, television and multimedia channels throughout the country, in connection with the initiatives contemplated by the RAI/Mimit service agreement, the modernisation, development and infrastructural management of the distribution networks and platforms, and the making of in-house radio, television and multimedia productions.

With respect to other forms of licence fee (*canone speciale*), due for transmission of radio programmes within public establishments or premises open to the public or otherwise outside of the household, the Mimit Decree of 28 December 2023 provided that, for 2024, the fees would be unchanged from those set out in tables 3 and 4 annexed to the Ministerial Decree of 29 December 2014, which had itself left the special rates unchanged for 2015 as they applied to radio and television receivers outside the household, in cinemas, theatres and similar premises from those that had applied in 2014. The amounts had then been left unaltered by the 2016 Stability Law, and by the Ministerial Decrees of 30 December 2015, 22 December 2016, 21 December 2017, 28 December 2018, 20 December 2019, 31 December 2020, 27 December 2021 and 28 December 2022.

The resources made available to the Issuer to meet the costs of the Public Service would thus appear not to be increasing, at least for the duration of 2024.

Article 61, paragraph 1, of the TUSMA provides that, in order that the cost of providing the general public radio and television service, funded by payment of the licence fees, may be determined, and in order to ensure transparency and responsibility in the use of public funds, the Issuer must put in place a system of accounting separation that will be modelled on a model approved by the Italian Communications Regulatory Authority (**AGCOM**). Article 61, paragraph 2, provides that the Issuer's accounting separation will be audited by independent auditors, selected by AGCOM and appointed by the Issuer.

For some years, the Issuer has applied a system of separate accounting to its financial statements that has shown that the funding from payment of the licence fees that is allocated in its entirety to paying for the Public Service obligations (meaning those under the TUSMA, the 2017 Convention and the RAI/Mimit service agreement) is not sufficient to meet the costs the Issuer incurs in discharging those obligations. A report from the Italian Court of Auditors (*Corte dei Conti*) regarding a review of the Issuer's financial management over the course of 2021 showed a shortfall in public funding in the years 2005-2020, by an amount of approximately Euro 2.5 billion.

In this regard, the importance of consistent funding of Public Service in Europe has been underlined in the European Media Freedom Act (Regulation (EU) 2024/1083). The mentioned act is intended to tackle the fragmentary approaches to regulating media freedoms, pluralism and independence across the European Union, in order that such matters may be better coordinated at a European level, and to ensure that the internal market functions operate to its full potential in this sector. It emphasises the need for the financial resources made available to Public Service providers are appropriate, sustainable and

foreseeable, and that they are consistent with the Public Service duties that they have to carry out with the development possibilities while carrying out such duties.

*The Issuer does not directly control the collection process for the licence fee*

The Issuer generates the majority of its revenues from the licence fee and is therefore dependent on the payment of such licence fee by the Italian population. The condition triggering the obligation to pay a licence fee is the possession of equipment that is suitable or adaptable to receive television transmissions.

Article 1, paragraph 153, of the 2016 Stability Law provides that possession of equipment may be presumed wherever there is a utility for the supply of electricity at the place where a person has the registered residence. Therefore, any household with a television must pay the annual licence fee, unless exempt.

However, the 2016 Stability Law also provides that, as of 1 January 2016, having an agreement for the provision of electricity is a rebuttable presumption of possessing a television in the place of residence (imposing the requirement to pay the annual licence fee). Licence fees for household licences are charged, in 10 monthly instalments, directly in the electricity bills issued by electricity companies, under a separate item. Any household without a television must submit a statement to this effect. This presumption in the 2016 Stability Law does not apply to the possession of television sets for commercial use (such licence fee is established yearly by legislative decree and is paid directly to the Issuer). While the new collection process has significantly decreased the evasion rate which existed prior to its introduction, the Issuer is not in direct control of the collection process for the licence fees from households. With respect to such licence fees, the Issuer is dependent both on the individual electricity companies to collect the licence fees from the individual households and to pay them on to the Italian State, and on the Italian State paying them on to the Issuer. Income generated through the electricity bills has led to the almost entire disappearance of licence fee evasion; however, this has not translated into higher revenues for the Issuer.

Indeed, this is also due to a gradual decrease in the licence fees amount since the introduction of the new means of collecting licence fees. In particular, the amount was set at Euro 100 (under article 1, paragraph 152 of the 2016 Stability Law), compared to the fee of Euro 113.50 that had applied from 2013 to 2015; then Euro 90 in 2017 and 2018 (under article 1, paragraph 40 of the 2017 Budget Law, and article 1, paragraph 1147 of the 2018 Budget Law, respectively). The 2019 Budget Law, in its article 1, paragraph 89, set the household licence fee at Euro 90 *per annum*. Last, this amount was reduced to Euro 70 by the 2024 Budget Law only for the 2024 year.

Moreover, the 2016 Stability Law (article 1, paragraph 160) has also stipulated that any additional revenues from the payment of television licence fees over the amounts recognised under that item in the 2016 Italian State Budget (*Bilancio di previsione dello Stato*) (so-called **Extra Revenue** – *extra gettito*) shall be split between the Italian State and the Issuer, by 33 per cent. to 67 per cent. respectively in 2016 and by 50 per cent. each in 2017 and 2018. The sum allocated to the Treasury is set to serve a number of purposes, including *inter alia*: (i) the contribution, of up to Euro 125 million annually, to the Fund for Pluralism and Innovation in Information (*Fondo per il pluralismo e l'innovazione dell'informazione*) designed to support local radio and television programming and transmission; and (ii) the increase to Euro 8,000 of the annual income threshold under which there is an exemption from payment of the licence fees for the individuals over 75 years old.

Article 1, paragraph 90, of the 2019 Budget Law has determined the percentage split of Extra Revenue between the Italian State and the Issuer to be 50 per cent. each for the years 2017 onwards.

The rules on public funding were further amended by Law No. 178 of 30 December 2020 (the **2021 Budget Law**). These rules abolished the 5 per cent. withholding on sums payable to the Issuer intended

to cover the costs of providing the Public Service, which had been established by article 1, paragraph 292, of Law No. 190 of 23 December 2014 (the **2015 Stability Law**), and the proportion of the Extra Revenue that the Issuer would receive, after it had received 67 per cent. in 2016, and 50 per cent. in the years from 2017 to 2020 (under article 1, paragraph 619, of the 2021 Budget Law).

The diversion of the increased revenues that had flowed from the new and more effective methods of collecting licence fees, towards purposes unrelated to the discharge of the duties associated with the Public Service, was in open contrast to the functional constraint of the duties, inter alia as a matter of constitutional law, which was a feature of how the amount of the licence fee was determined, and the coverage of the service's costs.

For these reasons, the 2021 Budget Law provided that revenues received by way of radio licence fees would, from 1 January 2021, be applied:

- (i) to the Fund for Pluralism and Innovation in Information established in the Italian State Budget (*Bilancio di previsione dello Stato*), in respect of the first Euro 110 million; and
- (ii) to the Issuer, without prejudice to those specific items to which legislation had already allocated certain licence fee revenues, in respect of any additional amounts.

There is a risk that the amount of revenues from licence fees may further be reduced, as a consequence of (i) the reduction of the annual fees, and/or (ii) of future changes to the split of Extra Revenue which may be detrimental for the Issuer, and/or (iii) of changes to the 2024 Supplementary Funding to the detriment of the Issuer. In addition, there have been certain legislative proposals for the abolition of the licence fee.

Any failure by the electricity companies to collect the licence fees and on-pay them to the Italian State; any failure by the Italian State to on-pay the collected licence fees to the Issuer; any reductions in the licence fees or an abolition of the licence fee could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

*The Issuer is subject to government control*

**The Issuer is almost entirely owned by the Italian State through the Ministry of Economy and Finance (Ministero dell'economia e delle finanze or MEF) and the Issuer's Board of Directors is principally appointed by the Italian State.**

**The nature of the Issuer's business, being contracted to broadcast content of public interest, means that the Issuer bears certain risks associated with its special relationship with the Italian State, which as a result of being the Issuer's client and main shareholder, exercises a significant influence over the Issuer's operations. Because of this relationship, the obligations on the Issuer are more stringent than those on private broadcasters.**

**The Issuer is at risk of decisions being taken by Italian State institutions to reduce or abolish the licence fee, or to bring in any law which otherwise negatively impacts upon the sources of revenues of the Issuer, including any reduction in payments made directly by the Italian State, more onerous public tender requirements, or the elimination or reduction of advertising. Furthermore, recent proposed laws intend to modify the governance and organisation of business, changing the composition of boards, the process of appointment of board members and the powers of executives. Any further reforms taken which affect the governance of the Issuer and the decision-making processes in relation to its business, could lead to a reduction in income, and may have an impact on the Issuer to successfully deliver its strategy. See also "Failure to implement its strategy could adversely affect the Issuer's and the Group's results of operations". Similarly, the Issuer's**

**results of operations and financial condition may be adversely affected by any changes in law or regulation in the Issuer's areas of business adopted by the European institutions, Italian State and relevant supervisory authorities.**

In 2016, the Issuer was included in the list of public administration institutions which are included in the Italian State's consolidated accounts (the **Istat List**) in the section including producers of cultural services (*amministrazioni centrali, enti produttori di servizi assistenziali, ricreativi e culturali*). The Issuer's inclusion in this list is reconfirmed every year. As a consequence of its inclusion in the Istat List, the Issuer's accounts are consolidated at a national level, in the Italian State's financial statements. However, pursuant to the 2018 Budget Law, the Issuer is exempted from the restrictions on expenditure (regarding management, organisation, accounting, finance and investments) which would otherwise apply to institutions included in the Istat List, even though the Issuer is subject to specific rules, such as the cap on salaries. Specifically, the provision states that "in order to ensure that the activities serving the achievement of the institutional and corporate objectives attributed to the Public Service broadcaster are fully and effectively performed, and to ensure a balance of competition in the radio and television market, the provisions restricting expenditure on management, organisation, accounting, finance, investment and divestment that apply under the existing legislation to general government bodies on the Istat List kept pursuant to article 1 of Law 196 of 31 December 2009, shall not apply to RAI-Radiotelevisione Italiana S.p.A." (article 1, paragraph 1096, of the 2018 Budget Law). See also "*Risks relating to personnel—The Issuer is dependent on key personnel*".

Any reversal of such exclusion could result in the Issuer being subject to significant restrictions on its expenditure which would be incompatible with the nature of the Issuer's business in the radio, television and multimedia industry, as they may not allow the Issuer to promptly adapt production as required, and could consequently have a significant material adverse effect on the Group's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

*Risks associated with changes to the Italian laws and regulations on publicly-held companies*

The provisions contained in the Consolidated Law on Publicly-Held Companies (Legislative Decree No. 175 of 19 August 2016) regard the establishment of companies by governmental bodies, and the acquisition, retention and management of shareholdings by such bodies in companies that are entirely or partly publicly-held, directly or indirectly. These provisions to a large degree do not apply to listed companies, meaning companies whose shares are quoted, or to companies that prior to 31 December 2015 had issued quoted financial instruments on regulated markets, like RAI.

Any changes to the Italian law or regulations which modifies the definition of "listed company" could affect how the Issuer is regulated and make it subject to obligations additional to or different from those to which it is currently subject.

*The Issuer has been classified as a "body governed by public law"*

The Issuer has been classified as a "body governed by public law" since 2010, due to its governance and ownership structure, for the purposes of the national and European framework on public procurement. In general terms, this imposes a duty on the Issuer to carry out complex procedures of public tender offers in order to fulfil its purchasing objectives. Such public tender offers usually impose a number of onerous administrative duties, which can lead to delays between the moment when the need to procure a service is identified and the conclusion of the related contract(s).

*The Issuer operates in a sector regulated by an independent authority, AGCOM*

The Issuer bears a regulatory risk as it operates in a sector regulated by an independent authority, AGCOM. Potential legal or regulatory developments may determine different standards to apply to the Issuer and other market participants, or may subject the Issuer and such other market participants to

public control. See also *"The Service Agreement, upon its renewal, may set unprecedented or substantially greater service obligations than present"*.

*The Issuer is subject to so-called "golden powers", providing the Italian Government with the right to impose specific conditions, block certain investments, or veto certain corporate decisions*

The Group is subject to the provisions of Law Decree No. 21 of 15 March 2012 converted with amendments into Law No. 56 of 11 May 2012, which granted the Government special powers, often known as "golden powers", with respect to the management and ownership of strategic communication assets in Italy. Golden powers provide for, among other things, the right to impose specific conditions on, or to block, certain investments, or to veto the adoption of certain corporate decisions where such investments or decisions would, in the Government's opinion, threaten to result in a material adverse effect to the public interest or to the regular and proper functioning or the availability of such strategic communication assets.

Article 3 of the Decree of the President of the Italian Republic No. 85 of 25 March 2014 identified as "strategic assets" in the telecommunications industry in Italy the following: (i) dedicated networks and the public access network for end users in connection with the metropolitan networks, service routers and long distance networks; (ii) the facilities used for the provision to end users of the services which fall under Public Service obligations and broadband and ultra-broadband services; and (iii) the elements dedicated, even for non-exclusive use, to connectivity (voice, data and video), security, control and management of the telecommunications access networks at a fixed location.

Article 1 of Law Decree No. 22 of 25 March 2019, converted, with amendments, into Law No. 41 of 20 May 2019, has extended the special powers to broadband electronic communication services based on 5G technology.

Decree of the President of the Council of Ministers No. 180 of 23 December 2020 identified assets of strategic importance in the energy, transport and communications sector, in connection with networks and facilities, including those necessary to ensure the minimum provision and operation of essential Public Service; and assets and relationships of strategic importance to the national interest, including where these are the subject of concession, including those related to major hydroelectric dams and the exploitation of geothermal resources referred to by article 2, paragraph 1, of Law Decree No. 21 of 15 March 2012.

In the communications sector, the strategic assets include the networks, and the public-access networks for final users, connected to the metropolitan networks, service routers and long-distance networks; the facilities used to provide access to final users for the services within the universal service obligations and the broadband and ultra-broadband services, and elements related to connectivity, security, control and management related to telecommunications access networks, at fixed locations even where use is non-exclusive.

Subsequently, Law Decree No. 21 of 21 March 2022 was passed, which introduced further changes, expanding notice obligations and providing that those obligations also covered "procurement planning" and not just individual agreements. Under that decree, businesses in sensitive sectors must provide a detailed plan setting out their purchasing plan stating, *inter alia*, the sector involved, details of the suppliers, a description of the goods, services and components with a high technological content that will be affected by the activities, the existing agreements, and the prospects for developing 5G networking and digitalisation systems. Businesses must also provide a comprehensive disclosure regarding their satisfaction of requirements that were imposed following previous notices, and details of all communications that have occurred.

The special powers provide for: (i) the imposition of conditions and undertakings that ensure that the State's essential interests are safeguarded; and (ii) opposition to the purchase of shareholdings in businesses that operate relevant activities of the kinds mentioned.

As a result, in addition to the MEF's control over the Issuer, its ability to enter into certain commercial transactions may be further restricted by the Government's decision to exercise its special powers with respect to the management of strategic communication assets in Italy. This may limit the Group's ability to benefit from the proceeds of certain proposed asset sales or acquisitions or business combinations, with a material adverse effect on the Group's business, financial condition, results of operations or prospects and could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

### **Risks associated with the advertising market**

*The Issuer is reliant on advertising revenues, which are impacted by the macroeconomic scenario and increased competition*

Revenues of the Group from advertising for the year ended 31 December 2023 were Euro 664.7 million (which represented 24.6 per cent. of revenues from sales and services), compared to Euro 642.6 million (23.8 per cent. of revenues from sales and services) for the year ended 31 December 2022. Revenues from advertising sales are subject to shorter economic cycles and are very sensitive to general economic trends and prevailing market conditions. Revenues from advertising sales have been severely affected by the financial and economic crisis, the effects of which have been prevalent in Europe since 2008, and the associated negative consequences for the Italian economy. Advertising spending in Italy has been falling since 2008. The economic downturn in Italy has significantly influenced the total expenditure on advertising, which fell from Euro 9,830.5 million in 2008 to Euro 5,626.8 million in 2023, excluding search and social network advertising (Euro 9,180.5 million in 2023 including search and social network advertising).<sup>1</sup>

Advertising revenues are also affected by increased competition in the broadcasting sector, as a result of the continuous technological developments in the sector and greater choice of platforms, with any growth in television consumption being distributed among a greater variety and number of channels. This demand for greater variety is accompanied by the increased penetration of the digital terrestrial platform by new players, which is gradually eroding the television consumption share held by the traditional broadcasters, including that of the Issuer.

The change in strategy of the Over-the-top (OTT) operators represents a further element of increase in competitive pressure: the large operators, such as Netflix, Disney+, Discovery, Paramount+, Amazon Prime Video have started to offer subscriptions supported by advertising, following the growing competition in the video on sector demand and the increase in content production costs.

A further element is the growth of FAST (Free Advertising supported Streaming Television) channel offerings, which not only opened up the TV market to large TV equipment manufacturers (e.g., Samsung or LG), but also represents a new player in the competition for share of attention and advertising revenue.

Any further contraction in the Italian advertising market, as well as advertising revenues being driven downwards by the increase in competition in the broadcasting sector, could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

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<sup>1</sup> Source: Nielsen

### *Television advertising time is capped by law*

The presence of advertising slots is restricted by law. Article 45 of the TUSMA recently revised the maximum extent to which advertising slots may be transmitted, in a manner that heavily penalises the Issuer.

This is the case firstly because it abandons the previous system whereby there was a weekly limit of 4 per cent. of all programming, and 12 per cent. in any hour, in favour of a system of time bands that is more restrictive (with advertising limited to an average of 6 per cent. in any hour between the hours of 6 a.m. until 6 p.m. and from 6 p.m. until midnight while maintaining the hourly limit of 12 per cent. for all hours of the day); and, secondly, because the limits for privately-held national broadcasters have been raised to 20 per cent. between the hours of 6 a.m. until 6 p.m. and from 6 p.m. until midnight, without any hourly limit.

### *Increased regulatory limitation of advertising*

The maximum time allowed for advertising could be further constrained, including either by a reduction in the daily limits to advertisement programming time, or by the designation of specific channels which will not have any advertisements and will instead be dedicated to providing an uninterrupted Public Service.

As of the date of this Prospectus, the 2017 Convention provides that there should be no advertising of any kind on the thematic channels for children (*i.e.* age range from 4 to 7).

Additionally, article 9, paragraph 2, of the 2017 Convention also provides that "in order to ensure that there is a proper competitive structure, the concessionaire shall ensure that it enters into agreements for the transmission of advertising that are based upon principles of fair competition, transparency and non-discrimination."

Any reduction in the maximum time allowed for advertising programming time, or an increase in the number of channels not permitted to broadcast advertisements at all, would lead to a reduction in the overall advertising space available for the Issuer to sell, which, when coupled with an uncertain macroeconomic scenario, could lead to a reduction in the advertising revenues of the Issuer. In addition, any greater regulation or restrictions on the content of advertisements could lead to a reduction of the advertising revenues of the Issuer. Any of these factors could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

### *The Issuer is exposed to the audience share monitoring system*

The terms on which television advertising space can be sold depend mainly on the audience share of a channel and its programmes or content, as these determine the potential reach of an advertising campaign. The same concept applies also to the other media in which the Issuer operates (Radio and Digital).

In Italy, the officially recognised audience measurements are conducted by the Joint Industry Committees (JICs) Auditel, for TV contents and also for digital consumption of television contents provided by tv broadcasters on digital platform (also referred as Auditel Online); Audicom for digital audiences.

Auditel TV audience ratings combine data related to a group of ca. 16,000 households (the so-called "SuperPanel", where all domestic TV screens are measured) watching TV, representing the composition of the Italian population, and a census measurement capable to account for every single digital video view on all connected screens (Connected TV, Smartphone, Tablet, Computer). The census

measurement (also known as "Auditel Online measurement") is going to be implemented with a set of proprietary advanced analytics models that allows Auditel to provide the market with the "TV Total Audience" which represents consumption of TV contents taking into account all distribution platforms (broadcast TV and digital platforms – mainly owned and operated by TV broadcasters such as RaiPlay and Mediaset Infinity) and consumption models (Live and On Demand).

A comparable hybrid approach, leveraging the consumption behaviour, observed through a known panel of individuals, and the consumption volumes, measured with a census approach, is being adopted also by Audicom.

Meanwhile, Radio audience measurement is realised by the Media Owned Committee (**MOC**) called **ERA** (*Editori Radiofonici Associati*) which estimates radio audiences leveraging individuals' declarations gathered through telephone interviews conducted on a sample (not a panel) of the Italian population. From 2025, the measurement will be carried out by the new JIC Audiradio, which will also be able to integrate digital data.

Any major changes in the governance or structure of the above mentioned JICs (or MOC) or in the standards and methods of audience measurements, the suspension or failure of audience measurements, the challenges in measuring digital consumption (video, audio and text) due to expected deprecation of third party cookies, or disruptions to the composition of TV and/or digital audience panels may affect recorded audience shares, thereby reducing the Issuer's ability to adequately monetise its inventory or reducing the Issuer's advertising revenues, which could have a significant material adverse effect on the Issuer's business, financial condition, and results of operations.

## **Economic Risks**

*The financial situation of the Issuer is influenced by economic trends*

The operating profits and the general financial situation of the Issuer could be influenced by a variety of factors that are part of the wider economic context, including the increase or decrease in Italy's gross domestic product, consumer and business confidence levels and increases in inflationary dynamics.

In particular, the business of the Issuer partially depends on the revenues generated from the Group's involvement in advertising. Although there are differences between the various sectors whose products and services' advertising the Group is involved in, the advertising business overall is closely related to general economic trends and to consumer demand in the retail markets in which companies advertise their products or services. See also "*The Issuer is reliant on advertising revenues, which are impacted by the macroeconomic scenario and increased competition*".

Potential negative situations of the variables described above could have a significant material adverse effect on the Group's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

## **Risks related to the Issuer's subsidiary**

*The Issuer is reliant on its subsidiary RAI Way S.p.A.*

Under its Public Service mandate, the Issuer is obliged to guarantee the distribution of all of its audiovisual content in the Public Service, ensuring free signal access to 100 per cent. of the population. Given the very limited number of owners and operators of television and radio broadcast infrastructure in Italy, it may be either very difficult or impossible for the Issuer to find an alternative broadcaster provider other than its subsidiary RAI Way S.p.A. (**RAI Way**) to contract with, in order to fulfil its Public Service obligations. RAI Way is the company in the Group that owns the infrastructure and systems for the transmission and broadcasting of TV and radio signals.

The service agreement that was entered into between the Issuer and RAI Way in 2014 and subsequently amended (the **RAI Way Service Agreement**) provides for the delivery of basic broadcasting and transmission services, as well as providing for and regulating the ability of the parties to negotiate the provision of additional services should the Issuer have any additional requirements, including services for the development of new electronic communications and telecommunications networks. The RAI Way Service Agreement enables the Issuer to control transmission and broadcasting, in Italy and around the world, over the MUX (as defined below) assigned to it under applicable law, and fulfil its Public Service obligations. (See also "*Description of the Issuer - Key contracts of the Issuer*").

Any sustained period of frequent or substantial failure by RAI Way to provide the services or meet the quality standards set forth in the RAI Way Service Agreement, with corresponding effects on either the Issuer's broadcasting ability or the Issuer's ability to properly fulfil its Public Service obligations, could have a significant material adverse effect on the Group's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

### **Risks associated with content**

*The Issuer's role as Public Service broadcaster means that it carries out many operations which would not otherwise be commercially viable to pursue*

The Issuer is bound by a series of obligations deriving from law, the 2017 Convention, the Service Agreement and its role as Public Service broadcaster, meaning that it carries out many operations which would not otherwise be commercially viable to pursue, including broadcasting programmes in minority languages, certain major sporting events, cultural and educational content and programmes promoting social awareness.

As a result of the Issuer's public policy role arising out of its status as Public Service broadcaster, the Issuer is required to maintain a network of 21 regional offices (one in each of the regions of Italy except for Trentino-Alto Adige, where there are two offices) to provide regional news. Providing this resource involves a headcount of approximately 770 journalists (permanent and fixed-term) plus support staff. There is a risk that if the cost of meeting Public Service obligations continues to increase without a proportionate increase in licence fee revenues, this may have an adverse effect on the Issuer's financial condition and results of operations and, ultimately, this could have an adverse effect on the Issuer's ability to meet its obligations under the Notes.

*The Issuer is currently required to invest a percentage of its revenues from licence fees and advertisements on independent European programmes*

The Italian legislator has sought to significantly reform the requirements relating to investments in content output for Italian and European productions by means of Legislative Decree No. 204 of 7 December 2017 (also known as **Franceschini Decree**) and the TUSMA, as last amended by Legislative Decree No. 50 of 25 March 2024. The purpose of these decrees is to support the national and European film and television industry.

The Issuer is currently required to invest a percentage of its revenues from licence fees and advertisements on independent European programmes. The Issuer is obliged to dedicate at least 17 per cent. of its revenues for the pre-acquisition, acquisition or production of European productions by independent producers (50% works of original Italian expression produced in the last 5 years). In particular, at least 7 per cent. of such amount is required to be invested in production for minors (at least 65% animation). Moreover, a further 4.2 per cent. of the revenues should be invested annually in the production and purchase of Italian cinematographic works.

The scheduling requirements for European and independent productions are very stringent. In particular, there are requirements for broadcasting original Italian programmes during the 6 p.m. to 11

p.m. time slot (which is the time slot of the greatest commercial importance to the Issuer) which has a significant impact on the editorial choices the Issuer is able to make in its scheduling. In this slot, the Issuer must reserve at least 12 per cent. of the broadcast time for cinema and drama, animation and original documentaries of Italian origin, wherever produced. Meeting these content output targets may prove costly for the Issuer and the offering may not be in line with consumer popularity, resulting in reduced audience size and a reduction in advertising revenues.

Any non-compliance with the requirements can result in significant financial sanctions.

*Risk of an increase in the cost of content rights*

The Issuer broadcasts a wide offering across its channels, by ensuring a mix of different genres including news, entertainment, movies, fiction and sports events. Across the different genres, the Issuer has a different approach as to whether the content is produced in-house or the rights to broadcast the content are purchased. For example, the majority of the Issuer's news offering and some entertainment shows are produced in house, whereas the Issuer purchases the content rights to broadcast many movies and some television dramas.

Any significant increase in the cost of content rights could lead to the Issuer being restricted in the purchasing choices it can make. The Issuer may therefore take broadcasting decisions to save costs which prove to be unpopular with audiences. This could lead to a reduction in the Issuer's audience share and a consequential decrease in the Issuer's appeal to advertisers, leading to a reduction in the Issuer's advertising revenues, which could have a material adverse effect on the Group's business, financial condition, and results of operations.

*The Issuer operates in a market susceptible to technological changes, audience fragmentation and increased competition*

The media sector is characterised by a structural transformation, with users increasingly consuming content on online digital and mobile platforms, with increasing appetite for content on-demand. The main market risks to the Issuer related to new competitive dynamics can be summarised as follows:

- The shifting of consumer content consumption habits to online and mobile platforms is becoming increasingly evident. With the switch-over to online, the ability to create strongly identifiable content becomes an important competitive aspect. Due to limits on the Issuer's content offering, the Issuer may be unable to quickly adapt to changing consumer habits in the same way as either a private broadcaster, or the large-scale operators which have substantial financial resources to invest in content.
- The competitive landscape is becoming more complex. Broadcasters are increasingly making use of different broadcasting platforms, splitting their offering between traditional television, digital and web portals, which creates the risk of audience fragmentation, as consumers have both a greater choice of providers, coupled with a wider choice of platforms available to be used to watch broadcasts. Indeed, several agreements between national and international broadcasters and internet companies have reinforced this complexity.
- The absence of technological barriers increases the risk for the Issuer of facing more competition from OTT media services (streaming media services offered directly to consumers over the internet), who are continuing to increase investments in content, especially in original productions, and who are able to diversify their offering in order to be increasingly competitive and able to access a global audience, as well as increasing competition from players in the online gaming market, and multiple subscription video on demand (SVoD) service offerings, such as Netflix, Amazon, Infinity and NOW.

- The development of OTT offerings could alter the strategy of international film and TV series producers, who may transfer rights in their premium products to OTT platforms as a priority, to the detriment of traditional broadcasters, including the Issuer.
- The Issuer operates in a market with a very high technological innovation rate. Any failure to keep up with the innovation rate of competitors may lead to a reduction in the Issuer's advertising revenues.
- In the production of certain content (typically entertainment), the Issuer collaborates with talent present on the market and/or uses the works protected by copyright of external companies. The increased competitive pressure in the sector may affect the ability to safeguard/preserve key and strategic editorial proposals and talent, with a possible impact in terms of audience performance and effects on advertising revenues.
- The Issuer also independently designs and produces successful television programmes in Italy, to which it combines, through specific agreements, brands, logos, rights and locations of third parties. Any event that could constitute grounds for non-renewal of these agreements would make it impossible for RAI to continue to combine the brands, logos and locations with the above-mentioned programmes, which would therefore have to undergo significant editorial and organisational changes, with a possible impact on audience performance and effects on advertising revenues.
- The Group is exposed to a risk of declining interest in free-to-air television, as consumers have become increasingly more sophisticated and demanding in terms of the consumption of content on-demand, and on digital and mobile platforms. Consequently, there is a risk that the Group may not adequately take advantage of the opportunities coming from new, emerging business, or, due to the fact that Issuer's content output is regulated by law, may be unable to adapt to changing consumer habits.

Any of these factors could have a significant material adverse effect on the Issuer's business, financial condition, and results of operations and its ability to meet its obligations under the Notes.

### **Risks associated with the Issuer's strategy**

*Failure to implement its strategy could adversely affect the Issuer's and the Group's results of operations*

The Issuer's current strategy in the form of the 2024-2026 Business Plan (which includes the 2023-2032 Property Plan) was approved by the Issuer's Board of Directors in January 2024. The strategic direction is based on the Issuer becoming a public service digital media company, and the initiatives identified in the strategic plan are designed to contribute to this aim (for more information see "*Description of the Issuer – Strategy*"). The Issuer may not be able to execute its strategy in a timely manner or to execute its strategy at all and/or the assumptions on which its strategy is based may not be correct or it may not achieve the expected results. If it is unable to achieve its strategy or it encounters delays in such implementation and/or if the assumptions underlying its strategy are found to be incorrect or its strategy fails to achieve the expected results, its business and prospects could be adversely affected, with consequent material adverse effect on its business, results of operations or financial condition.

Any of these scenarios could have a significant material adverse effect on the Group's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

## **Risks associated with technology, cybersecurity and data protection**

*The Issuer is exposed to risk in relation to content piracy, including digital and internet piracy, and the enforcement of intellectual property rights*

The Group relies on copyright, trademark and trade secret laws in Italy and similar laws in other countries, and licences and other agreements with its employees, customers, suppliers and other parties, to establish and maintain its intellectual property rights in technology and products and services used in its broadcasts and other various operations. However, the Group's intellectual property rights could be challenged or invalidated, or such intellectual property rights may not be sufficient to permit it to take advantage of current industry trends or otherwise to provide it with competitive advantages, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. In addition, because of the rapid pace of technological change in the industries in which the Group operates, a part of its business relies on technologies developed or licenced by third parties, and the Group may not be able to obtain licences or to continue to be licenced by such third parties on reasonable terms, if at all, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Including as a result of the Issuer moving towards being a media company and a main player in the digital world, the Group is particularly exposed to the risk of the content piracy of its feature films, television programming, motion pictures, video content and DVDs, especially by the streaming of content through websites hosted offshore. The conversion of content into digital formats facilitates the creation, transmission and unauthorised sharing of high-quality copies of films, television programmes and recorded music. Some consumers may choose to stream, download or purchase physical and digital pirated versions of content rather than watch or listen to our content via legitimate channels. Without considering the impact on intellectual property (copyright infringement) that could arise from the development of advanced artificial intelligence models.

On 21 May 2024, the Regulation of the European Parliament and of the Council establishing harmonised rules on artificial intelligence was definitively approved; the act establishes harmonised rules on artificial intelligence in order to promote the development and uptake of safe and trustworthy artificial intelligence (AI) systems in the European Union's single market, while ensuring respect for the fundamental rights of EU citizens. The entry into force of the Regulation is expected 20 days after its publication in the Official Journal of the European Union; the Regulation will apply after 24 months from the date of entry into force.

In Italy, the Council of Ministers has approved a bill that, among other things, introduces amendments affecting TUSMA (Chapter IV called "*Provisions for the protection of users and copyright*" ("*Disposizioni a tutela degli utenti in materia di diritto d'autore*"), providing, in Article 23, provisions aimed at identifying and regulating textual, photographic, audiovisual and radio content produced by artificial intelligence (AI) systems disseminated by audiovisual and radio media service providers such as Rai.

More specifically, it provides for the introduction after art. 40 TUSMA of art. 40-*bis*, which concerns any information content disseminated by audiovisual and radio service providers through any platform in any way, including video on demand and streaming, and generated or altered through Artificial Intelligence systems.

In relation to the aforementioned content, an obligation of visual or audio identification, clearly visible and recognizable by users, is imposed, inserted at the beginning and at the end of the broadcast/content, and at each shot after an advertising break.

Rai will therefore have to adopt the appropriate measures to adapt to the legislation that will come into force during the year 2024.

Policing the unauthorised use of the Group's intellectual property is difficult and potentially costly, and the steps taken by the Group to combat content piracy may not prevent infringement and/or piracy by unauthorised third parties. There can be no assurance that the Group's efforts to enforce its rights and protect its intellectual property will be successful in reducing content piracy, and any widespread piracy or other intellectual property infringement could have a significant impact on revenues and have a material adverse effect on the Group's business, financial condition or results of operations and on the Issuer's ability to meet its obligations under the Notes.

*The Group may be subject to business discontinuance*

For the Issuer, the risk of business discontinuance mainly refers to the risk that the network infrastructure is not adequate to ensure the level of Public Service. The broadcast services that the Group provides to its consumers are reliant on complex technical infrastructure, including infrastructure that is partially or totally reliant on third-party network infrastructures. A failure in the operation of the Group's key systems or infrastructure, such as the broadcast or broadband multi-platforms on which the Issuer relies to provide its broadcast and broadband services could cause a failure of service to its consumers and negatively impact its reputation and the provision of the Public Service. To carry out its activities, the Group uses sophisticated computer technology, which can be subject to interruptions or other malfunctions caused by, in particular, natural disasters, prolonged electricity outages, process errors, viruses and malware, the actions of hackers and security issues or failures of suppliers. For example, a breach of the security systems or intrusion into the infrastructure could affect the Group's ability to provide the Public Service adequately, reducing its quality or damaging the Group's reputation with consumers and advertisers, and could also jeopardise the security of the information recorded or transmitted in the Group's systems or compromise the integrity of the Group's technical systems.

The viability and effectiveness of the Group's operations relies substantially on the efficient operation of technical and IT infrastructure, including the broadcasting and transmission of radio and television signals via Digital Terrestrial Television (DTT), analogue radio (FM), Digital Audio Broadcasting (Dab+), Direct-To-Home TV (DTH) satellite distribution and broadband (internet) video/audio streaming, and the monitoring of the quality of such signals. In the event of physical intrusions, security breaches and other disruptions to computer systems and network infrastructure, the Group's security, backup and recovery measures might not prove adequate and thus may not be fully effective in preventing the occurrence of these events.

Any fault, compromise or breach in the Group's information system, network outage, access by unauthorised persons, breach of security or other failures of IT infrastructure of the Group, or failure to take actions in order to deal with them or prevent them, could result in significant additional costs for the Issuer or significantly impair the Group's operations, with a material adverse effect on the Group's business, financial condition, results of operations or prospects and could ultimately have a direct negative impact on the Issuer's ability to meet its obligations under the Notes.

The Group's towers, control centres, broadcasting and broadband hubs and other facilities are subject to risks associated with natural disasters, uncontrollable natural events or other catastrophic events, such as ice, windstorms, floods, landslides, mudslides, avalanches, earthquakes, power outages, telecommunication failures, network software failures, acts of vandalism or terrorism, theft or fuel shortages or other unforeseeable events and damage. Any damage or destruction, in whole or in part, to any of the Group's facilities as a result of these or other events could impact the Issuer's ability to operate normally. There is no assurance that the Group's insurance coverage would adequately cover all costs of repairs or that the Group's recovery plans would be sufficiently effective.

The occurrence of any of these events could result in a material adverse effect on the Group's business, financial condition, or results of operations and could ultimately have a direct negative impact on the Issuer's ability to meet its obligations under the Notes.

Carrying out an essential radio and television production and broadcasting service, RAI has been included, during 2023, in the "National Cyber Security Perimeter" (*Perimetro di Sicurezza Nazionale Cibernetica*) foreseen by Law Decree No. 105 of 21 September 2019 (converted, with amendments, into Law No. 133 of 18 November 2019). This involves the application of a series of obligations mainly finalized to ensure service's continuity. A failure to comply with the above-mentioned regulation could adversely affect the Issuer's reputation and have financial consequences including sanctions.

*A failure to comply with data protection regulation could adversely affect the Issuer's reputation and result in adverse regulatory and financial consequences including fines and penalties*

The Issuer is subject to data protection laws in a number of jurisdictions, including in Italy and Europe. Data breaches, including loss, unauthorised access to or use of personal information, could result in significant fines or other enforcement action, legal claims and reputational impact depending upon the seriousness of the breach, which may require the Issuer to expend significant capital and other resources on the remediation of any such breaches, and may require the Issuer to notify applicable regulators, affected individuals or other organisations.

The Issuer's operations are subject to the General Data Protection Regulation (Regulation (EU) 2016/79) (the **GDPR**) which came fully into force on 25 May 2018, and Legislative Decree 196/2003, as amended by Legislative Decree 101/2018 which contains provisions for the alignment of Italian domestic legislation to the GDPR. The introduction of the GDPR strengthens the rights of individuals (data subjects), imposes stricter controls over the processing of personal data by both controllers and processors of personal data and imposes stricter sanctions with substantial administrative fines and potential claims for damages from data subjects for breach of their rights. The GDPR also offers data subjects the option to allow privacy organisations to litigate on their behalf, including collecting potential damages, which may result in a substantial increase in claims being brought. Should a serious data breach occur, the GDPR provides for increased obligations to notify regulators and data subjects whose personal data has been compromised and may result in the imposition of significant sanctions and penalties, which will require heightened escalation and notification processes with associated response plans. In particular, under the GDPR breaches of data protection rules may result in maximum fines equal to the greater of Euro 20 million and maximum 4 per cent. of the annual global turnover of the sanctioned company. Even technical violations of these laws can result in penalties that are assessed for each non-compliant transaction. The Issuer continues to undertake a process to conform internal policies and procedures on the collection, processing and use of personal data to the GDPR, and has appointed a data protection officer to oversee all processes that relate to the processing of personal data by the Issuer, and has prepared a register of the processing of personal data, as well as having established policies and procedures for the management of data and the notification of any data breach. However, there is no assurance that such processes and policies would be suitable to prevent a data breach. If a significant or widely publicised unlawful disclosure of employee or customer data were to occur, whether as a result of a cyber-attack, the failure of IT security systems or employee negligence the Issuer may be subject to legal claims by individuals, fines or other enforcement action which could result in adverse regulatory and financial consequences and could harm its reputation, which could have a significant material adverse effect on the Issuer's business, financial condition, results of operations and its ability to meet its obligations under the Notes.

### **Risks related to the securing and maintenance of spectrum**

*The Issuer may not maintain or secure spectrum for its services*

RAI currently owns rights of use for three multiplex DTT (Digital Terrestrial Television) valid until 2032 (renewable), through the National Frequency Allocation Plan (*Piano nazionale di ripartizione delle frequenze* or **PNRF**), which transposes into national legislation the Radiocommunications Regulation of the International Telecommunication Union which is periodically modified by the final acts of the World Radiocommunications Conferences (**WRC**), the last of which was held in Dubai (UAE) in 2023. In this regard, it should be noted that the aforementioned Dubai WRC has confirmed the primary (and in fact exclusive) use by broadcasters of the UHF 470 - 694 MHz band for television broadcasts until 2031, thus guaranteeing full continuity of the terrestrial television service.

## **Financial and funding risks**

### *The Issuer bears risk on its current financing arrangements*

Future performance of the Group depends, among other things, on its ability to meet its payment obligations and to make planned investments by generating operating cash flow and by raising funds in the capital markets or through other sources of financing (e.g., bank loans). The Issuer has significant net debt volatility, due to the fact that the MEF, pursuant to the Service Agreement, pays the licence fee in three instalments, at the end of January, May and September. Additionally, the 2024 Supplementary Funding, namely the subsidy provided under article 1, paragraph 20, of the 2024 Budget Law, of Euro 430 million (including of VAT, i.e., Euro 413 million net of VAT) for 2024, will be paid by the Mimit in three instalments, in January, March and June. The Issuer relies on both uncommitted facilities and committed ones (e.g., revolving) to finance seasonal debt peaks.

The committed facilities granted to the Issuer and its subsidiary RAI Way by banks, as well as capital markets instruments, contain undertakings, negative covenants and requirements for consensus which could impose restrictions on the business operations of the Group and could prevent from undertaking extraordinary transactions. In addition, certain financial covenants included in financing agreements may limit the ability of RAI or RAI Way to borrow additional funds. In the event that the abovementioned covenants were to be breached, the outstanding amounts due under the loan agreements could become due and payable immediately. Furthermore, this prematurely repayment may cause a direct cross-default under other financing agreements of the specific borrower and impact the creditworthiness of the Group.

There is no assurance that the Issuer or its subsidiary RAI Way will be able to raise additional funds for future capital needs, in particular if there were to be any downgrading of the rating of the Issuer. Such situation could have an effect on the Group's capacity to make capital expenditures, with an adverse effect on the Group's business, financial condition and economic results and on the Issuer's ability to meet its obligations under the Notes.

### *The Group is exposed to fluctuation in interest and exchange rates*

Fluctuation in interest rates or exchange rates could lead to increases in the Group's costs. The Group is exposed to exchange rate risks in connection with its exposure to U.S. dollars mainly as a result of the acquisition of film and television broadcasting rights by its subsidiary RAI Cinema. Similarly, fluctuation in market interest rates on interest paid by the Issuer and its subsidiary RAI Way on committed or uncommitted facilities drawn upon could result in additional financial costs for the Group.

In order to limit such consequences, the Group implements hedging strategies using financial derivative instruments such as forward purchases, swaps and options. Hedging activities cannot be expected to eliminate all interest and exchange rate risks, and sudden fluctuations in interest or exchange rates could have a negative impact on economic and financial results, which might not be sufficiently hedged by such instruments and could have a material adverse effect on the Group's business, financial condition, and economic results.

## Risks relating to personnel

### *The Issuer is dependent on key personnel*

The Issuer is reliant on its key creative, commercial and management personnel. If the relationship with one or more of these key figures should end for any reason, there is no assurance that the Issuer will be able to replace them in the short term with people of comparable experience and qualifications. Any material delay in replacing such individuals may have an adverse effect on the public perception of the strength of the Issuer's business and on its financial condition, results of operations or prospects.

The Issuer's success is also largely dependent on its ability to retain qualified and experienced senior managers, as well as its ability to hire and train competent and committed technical staff. The Issuer will need to continue to be able to attract additional employees who have the requisite levels of skill, competence and experience. Competition for highly trained managers and qualified technical personnel is very intense, and demand is at times hard to meet. Therefore, the Issuer may not be able to attract and retain skilled and motivated employees.

### *There is a cap on annual salaries for management, employees, independent contractors and advisors*

Article 9 of Law No. 198 of 26 October 2016 (the **Editorial Law**) introduced a Euro 240,000 cap on annual salaries for management, employees, independent contractors and advisors of the Issuer. The legislation introduced was included in the TUSMA (article 63). The Board of Directors of the Issuer has implemented this salary cap in respect of all individuals concerned who exercise functions of a non-artistic nature and has adopted a specific policy on broadcasts with an artistic nature. The Euro 240,000 salary cap could limit the Issuer's ability to hire and train qualified and experienced senior managers and could increase the risk of not being able to retain such managers. In addition, the Issuer is relying on an interpretation of the Editorial Law which excludes artists from the salary cap. Even though this interpretation has been supported by MEF and Mimit, there remains a risk that such interpretation could be overturned. Any failure to hire and retain skilled and motivated employees (in particular if the salary cap were to apply also to artists) could have a serious adverse effect on the Issuer's ability to compete in the market which could lead to an adverse effect on the Issuer's financial condition and results of operations and, consequently, on the Issuer's ability to meet its obligations under the Notes.

### *The Issuer is exposed to risk in a jurisdiction with employment laws that are particularly onerous on employers, including with respect to labour and employment litigation, exposure to work stoppages and strikes.*

Italy has labour and employment laws which provide employees with significant bargaining or other rights which can be onerous on employers. Compliance with these laws may limit the Group's flexibility and increase the cost of the Group in the management of the relations with its employees. Many of its employees are represented by works councils, which have certain rights to be consulted on, and to approve, changes in conditions of employment, including restructuring initiatives and changes in salaries and benefits. A significant dispute could disrupt the Group's operations, divert management's attention and otherwise hinder the Group's ability to conduct its business or to achieve planned cost savings. The Group cannot guarantee that it will be able to successfully extend or renegotiate its collective bargaining agreements as they expire from time to time. If the Group fails to extend or renegotiate its collective bargaining agreements (or is only able to renegotiate them on terms that are less favourable to the Group), and/or if disputes with the unions arise and/or if its unionised workers engage in a strike or other work stoppage, the Group could incur higher labour costs or experience a significant disruption to its operations.

Additionally, the Group may be subject to proceedings and disputes involving alleged causes of action in respect of its labour and employment practices, and Italy has a litigious and unpredictable legal environment with respect to employment. These proceedings may include individual claims and

lawsuits, disputes with unions and governmental or quasi-governmental investigations of the Group's labour practices.

In particular, some of the Group's staff in Italy are employed on a short-term or sub-contract basis. There is no assurance that some of these members of staff will not claim that the circumstances of their relationship with the Group are such that they have become entitled to the status of permanent employees, and that the courts may support such argument, causing the Group to assume by operation of law certain rights and obligations relating to such individuals. Any failure in the Group's ability to manage employment relationships, employment litigation and related regulatory risks in Italy or any of the other jurisdictions in which the Group operates could have an adverse effect on its business, financial condition, results of operations or prospects.

*The Issuer is exposed to risk in relation to environmental regulation*

The Group is subject to comprehensive regulation at a national and EU level aimed at the protection of the environment and health. In particular, these rules set limits for exposure to electromagnetic fields, requiring the adoption of appropriate measures to curtail harmful effects which could result from the exposure to radiation by employees and the public at large. In Italy, exposure to electrical, magnetic and electromagnetic fields is governed by Framework Law No. 36 of 22 February 2001 enacted into law by the Decree of the President of the Council of Ministers of 8 July 2003, which establish thresholds for exposure to electromagnetic fields due to fixed telecommunications and broadcasting systems, and upon the recommendation of the Council of Europe 1999/519/CE, for equipment that generate electrical, magnetic and electromagnetic fields with a frequency ranging from between 100 kHz to 300 GHz, which also extend to employees, pursuant to Legislative Decree No. 81 of 9 April 2008 and subsequent amendments, which incorporate the provisions of European Directive 2013/35/EU. Compliance with such regulations and requirements is one of the conditions of eligibility for and renewal of the licences and permits which the Group requires for the installation and operation of equipment emitting electromagnetic waves.

If the Group were to be found not to have been in compliance with any part of such applicable rules, it could be exposed to fines of up to Euro 300,000.00 (as provided for by Framework Law No. 36 of 22 February 2001) and/or it may be forced to bear substantial and unexpected costs, and/or be liable for damages to third parties. Moreover, the Group could be subject to sanctions including restrictions on its activities, the temporary shutdown of certain sites or facilities, the obligation to move sites to other locations or various other restrictions on operations as a result of such non-compliance.

The potential connection between electromagnetic radiation and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health related lawsuits have been filed against wireless carriers and wireless device manufacturers in several countries. The insurance of the Group with respect to the potential harm from electromagnetic radiation may not be sufficient to cover all or a substantial portion of any liability arising out of a claim. This situation could have a significant material adverse effect on the Group's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

In relation to environmental issues, the Group, between 2009 and 2011, has been involved in two criminal proceedings commenced by two Group's former employees alleging that they developed specific diseases caused by the exposure to asbestos fibres; both proceedings ended with the acquittal of the defendants or declaration of statute barring. In the past, asbestos fibres were used in the construction of a number of the Group's premises, thus the Issuer cannot rule out the possibility that other legal actions (either civil or criminal) related to asbestos exposure may be brought against the Group in the future.

*The Issuer is exposed to risk related to legal disputes and tax audits*

Due to the nature of its business, the Issuer and its subsidiaries are involved in several legal, regulatory and arbitration proceedings involving claims by and against them arising out of the ordinary course of their business. Litigation and regulatory proceedings are inherently unpredictable and can be costly. There can be no assurance that provisions made in the Issuer's financial statements relating to litigation will be sufficient to cover the Group's ultimate loss or expenditure in its entirety and/or that the results of certain legal proceedings will not harm the Group's reputation.

The Issuer is subject to regular tax audits by the tax authorities. There is a risk that these audits or other tax audits could result in additional taxes payable by the Group. For more information, see "*Description of the Issuer – Legal Proceedings*".

### **Reputational Risk**

*A failure to meet legal or publicly expected standards could result in severe reputational and brand impact*

The Issuer operates in a public environment and is exposed to a high degree of media interest. A failure to meet legal or publicly expected standards could attract significant media attention to the business, its operations and its people, including talent. Such incidents could adversely impact the Issuer's brand or reputation and could therefore impact market share, leading to loss of revenue to the Issuer. Any subsequent loss of talent to other broadcasters and or independent production companies, or any inability to attract new programme content or any withdrawal of public support (as seen through a reduction in the share of consumption figures) could ultimately lead to a loss of advertising revenue, with an adverse effect on the Group's business, financial condition or results of operations and on the Issuer's ability to meet its obligations under the Notes.

### **Risks relating to tax law**

*The issuer is exposed to the risk of changes in tax law*

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 ("**Law No. 111**"), delegated the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the "**Tax Reform**").

According to Law No. 111, the Tax Reform is expected to significantly change the tax regimes of financial instruments and capital markets. The nature, extent, and impact of these changes cannot be foreseen and/or assessed with certainty at the date of this Prospectus.

As a result, the information provided in this Prospectus may not comply with the future tax landscape.

Prospective purchasers of the Notes should be aware that the prospected changes to the tax regime of interest income and capital gains could lead to an increased tax cost for the prospected purchasers of the notes and, consequently, result in a lower return of their investment.

Prospective purchasers of the Notes should consult their own tax advisors regarding the tax consequences described above.

### **RISKS RELATING TO THE NOTES GENERALLY**

Set out below is a description of material risks relating to the Notes generally:

*The conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

*The value of the Notes could be adversely affected by a change in English law or administrative practice*

The conditions of the Notes are based on English law in effect as at the date of this Prospectus (and Italian law in respect of Noteholder meetings). No assurance can be given as to the impact of any possible judicial decision or change to English law (or Italian law as applicable) or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

*Because the Global Notes are held on behalf of Euroclear and Clearstream, Luxembourg, investors must rely on procedures of those clearing systems to effect transfers of the Notes, receive payments in respect of the Notes and vote at meetings of Noteholders*

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Notes are represented by the Global Notes the Issuer will discharge its payment obligations under the Notes by making payments through Euroclear and Clearstream, Luxembourg. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg and their respective participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

*The Notes do not restrict the amount of debt which the Issuer may incur*

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

*The exercise of a Put Option in respect of a significant number of the Notes may affect the liquidity of the Notes in respect of which such Put Option is not exercised*

In the event that a Put Event (as defined in the conditions of the Notes) is triggered, each Noteholder may require the Issuer to redeem all of its Notes at their principal amount together with any accrued and unpaid interest to (but excluding) the Put Date (as defined in the conditions of the Notes), unless previously redeemed or purchased. Depending on the number of Notes in respect of which such Put Option (as defined in the conditions of the Notes) is exercised, any trading market of the Notes in respect of which such Put Option is not exercised may become less liquid or illiquid.

Any such reduction in liquidity may adversely affect the market value of the Notes. In addition, investors may not be able to reinvest the money they receive upon such early redemption in securities with the same yield as the redeemed Notes.

#### *Early redemption of the Notes*

The conditions of the Notes provide that the Issuer may, at its option, redeem all, but not some only, of the Notes at any time in the event of certain tax changes as described under Condition 6.2 (*Redemption and Purchase – Redemption for Taxation Reasons*). In addition, The Notes may be redeemed at the option of the Issuer pursuant to (i) the 3 Month Par Call (*Redemption and Purchase - Redemption at the option of the Issuer (3 Month Par Call)*), as described in Condition 6.3, (ii) the Make-Whole Call (*Redemption and Purchase - Redemption at the option of the Issuer (Make-Whole Call)*) as described in Condition 6.4 and (iii) the Clean-up Call (*Redemption and Purchase - Redemption at the option of the Issuer (Clean-up Call)*) as described in Condition 6.5.

If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Furthermore, with respect to the Clean-Up Call, there is no obligation under the Conditions for the Issuer to inform investors if and when 20 per cent. or less of the initial aggregate principal amount of the Notes remains outstanding, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

*Investors who hold less than the minimum specified denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued*

The Notes have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount as set out in Condition 1 (*Form, Denomination and Title* **FORM, DENOMINATION AND TITLE**) and as such it is possible that such Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant

clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

## **RISKS RELATING TO THE MARKET GENERALLY**

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes*

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes to be admitted to trading on the regulated market and listed on the Official List of Euronext Dublin, there is no assurance that an active trading market will develop, and if a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

*If an investor holds Notes which are not denominated in the investor's home currency, such investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.*

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### *Interest rate risks*

Investment in the Notes, which bear a fixed rate of interest, involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, market interest rates typically change on a daily basis. As market interest rates change, the price of such security changes in the opposite direction. If market interest rates increase, the price of such security typically falls, until the yield of such security is approximately equal to the prevailing market interest rate. Conversely, if market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the prevailing market interest rate. Investors should be aware that the market price of the Notes may fall as a result of movements in market interest rates.

*Credit ratings assigned to the Notes may not reflect all the risks associated with an investment in those Notes*

The Notes are expected to be rated Baa3 by Moody's. The ratings may not reflect the potential impact of all risks relating to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information in this Prospectus relating to the Issuer has been derived from: (i) the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 (the **2022 Consolidated Financial Statements**) and (ii) the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 (the **2023 Consolidated Financial Statements**) and, together with the 2022 **Consolidated** Financial Statements, the **Consolidated Financial Statements**).

The 2022 **Consolidated** Financial Statements and 2023 **Consolidated** Financial Statements together with the related audit reports are incorporated by reference in this Prospectus.

The Issuer's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The **Consolidated** Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union.

### Alternative Performance Measures

The Issuer uses certain alternative performance measures in evaluating the performance of the business (the **Alternative Performance Measures**) and in particular External Costs, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Net Amortisation of Programmes, Net Financial Debt, Net Financial Debt Excluding Operating Lease Liabilities, Leverage Ratio and Debt to Equity Ratio.

The Group believes that the Alternative Performance Measures are useful in evaluating its operating performance and level of indebtedness because a number of companies, in particular companies in the television business, also publish these or similar figures as key performance indicators. The Alternative Performance Measures are not recognised as measures under IFRS and investors should not place any undue reliance on the Alternative Performance Measures and should not consider these measures as (i) alternatives to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance (ii) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of the Issuer's ability to meet its cash needs or (iii) an alternative to any other measures of performance under generally accepted accounting principles. The Performance Measures do not necessarily indicate whether cash flow will be sufficient or available for the Issuer's cash requirements (including debt service), and they may not necessarily develop in line with the Issuer's operating results. The Alternative Performance Measures are not meant to be indicative of future results. Because not all companies calculate these Alternative Performance Measures in the same way, the Issuer's presentation of the Alternative Performance Measures is not necessarily comparable with similarly-titled measures used by other companies.

Further information on the Alternative Performance Measures, including the numerical reconciliation of such information is provided in "*Selected Consolidated Financial Information of the Issuer – Alternative Performance Measures*".

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank shall be incorporated by reference in, and form part of, this Prospectus. The documents set out below that are incorporated by reference in this Prospectus are direct translations into English from the original Italian language documents. The Issuer takes responsibility for such translations.

The information incorporated by reference that is not included in the cross-reference list below is considered to be additional information and is not required by the relevant Annexes of Commission Delegated Regulation (EU) 2019/980 (the **Delegated Regulation**). Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

| <u>Document</u>  | <u>Information incorporated by reference</u>                                  | <u>Page numbers</u> |
|--|---|---------------------|
| RAI - Radiotelevisione italiana S.p.A. audited consolidated financial statements as at 31 December 2023 (the <b>2023 Consolidated Financial Statements</b> ) | Consolidated Statement of Financial Position                                  | 4                   |
|  | Consolidated Income Statement   | 5                   |
|  | Consolidated Statement of Comprehensive Income                                | 5                   |
|  | Consolidated Cash Flow Statement  | 6                   |
|  | Statement of changes in consolidated equity                                   | 7                   |
|  | Notes to the Consolidated Financial Statements as at 31 December 2023         | 8-73                |
|  | Certification pursuant to article 154-bis of Italian Legislative Decree 58/98 | 74                  |
|  | Independent Auditor's Report  | 75-80               |
| RAI - Radiotelevisione italiana S.p.A. audited consolidated financial statements as at 31 December 2022 (the <b>2022 Consolidated Financial Statements</b> ) | Consolidated Statement of Financial Position                                  | 4                   |
|  | Consolidated Income Statement   | 5                   |
|  | Consolidated Statement of Comprehensive Income                                | 5                   |
|  | Consolidated Cash Flow Statement  | 6                   |
|  | Statement of changes in consolidated equity                                   | 7                   |
|  | Notes to the Consolidated Financial Statements as at 31 December 2022         | 8-76                |
|  | Certification pursuant to article 154-bis of Italian Legislative Decree 58/98 | 77                  |
|  | Independent Auditor's Report  | 78-83               |

Copies of documents incorporated by reference into this Prospectus may be inspected on the website of the Issuer:

- in relation to the 2023 Consolidated Financial Statements, at [2023 Consolidated Financial Statements](#)
- in relation to the 2022 Consolidated Financial Statements, at [2022 Consolidated Financial Statements](#)

Other than in relation to the documents incorporated by reference, the information on any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

## CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):*

The €300,000,000 4.375 per cent. Notes due 10 July 2029 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the Notes) of RAI – Radiotelevisione italiana S.p.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement to be dated on or around 10 July 2024 (such agreement as amended and/or supplemented and/or restated from time to time, the Agency Agreement) made between the Issuer, the Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the Paying Agents). The holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) are entitled to the benefit of a Deed of Covenant (the **Deed of Covenant**) dated on or around 10 July 2024 and made by the Issuer. The original of the Deed of Covenant is held by the Common Safekeeper for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours by the Noteholders and Couponholders at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Coupons attached on issue.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

### 3. NEGATIVE PLEDGE

#### 3.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will procure that none of its Material Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) (other than a Permitted Security Interest) upon, or with respect to, any of their present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Material Subsidiaries to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time or prior thereto procures that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by a Resolution (as defined in the Agency Agreement) of the Noteholders.

#### 3.2 Interpretation

For the purposes of these Conditions:

**Consolidated Revenues** means, with respect to the Group, the sum of those items from time to time making up total revenues (*totale ricavi*, or the equivalent definition in future financial statements) of the Group as determined from the most recently published audited annual consolidated financial statements of the Group and which at the date hereof comprise: (i) revenues from sales and services (*ricavi da vendite e prestazioni*) and (ii) other revenues and income (*altri ricavi e proventi*);

**Consolidated Total Assets** means, with respect to the Group, the sum of the items from time to time making up the total assets (*totale attività*, or the equivalent definition in future financial statements) of the Group as determined from the most recently published audited annual consolidated financial statements of the Group, and which at the date hereof comprise: (i) property, plant and equipment (*attività materiali*); (ii) real estate investments (*investimenti immobiliari*); (iii) lease rights of use (*diritti d'uso per leasing*); (iv) intangible assets (*attività immateriali*); (v) equity investments (*partecipazioni*); (vi) non-current financial assets (*attività finanziarie non correnti*); (vii) deferred tax assets (*attività per imposte differite*); (viii) other non-current assets (*altre attività non correnti*); (ix) inventory (*rimanenze*); (x) trade receivables (*crediti commerciali*); (xi) current financial assets (*attività finanziarie correnti*); (xii) current income tax assets (*attività per imposte sul reddito correnti*); (xiii) other current receivables and assets (*altri crediti e attività correnti*); and (xiv) cash and cash equivalent (*disponibilità liquide e mezzi equivalenti*);

**Group** means the Issuer and its Subsidiaries from time to time;

**Material Subsidiary** means at any time a Subsidiary of the Issuer whose Total Assets or Revenues equals or exceeds 10 per cent. of the Consolidated Total Assets or Consolidated Revenues of the Group, as appropriate.

For this purpose:

- (a) if a Subsidiary of the Issuer becomes a member of the Issuer after the date on which the then latest audited annual consolidated accounts of the Issuer have been prepared, the Total Assets or Revenues of that Subsidiary will be determined from its latest audited or, where none are available, unaudited annual accounts (consolidated if it has Subsidiaries); and
- (b) the Consolidated Total Assets or Consolidated Revenues of the Issuer will be determined from its then latest audited annual consolidated accounts adjusted (where appropriate) to reflect the Total Assets or Revenues of any company or business subsequently acquired or disposed of,

and so that any Person in respect of which any Material Subsidiary is a Subsidiary shall also be a Material Subsidiary and in any event confirmation in writing from the external auditors of the Issuer as to any of the calculations made above shall be conclusive.

Notwithstanding the above, any member of the Group to which the Issuer or a Material Subsidiary disposes of all or any substantial part of its assets will be treated as a Material Subsidiary, but only until it is demonstrated (by reference to the accounts of that Subsidiary referred to in paragraph (i) above and the audited consolidated accounts of the Issuer referred to in paragraph (ii) above for a period ended after that transfer) not to be a Material Subsidiary according to the tests set out above;

**Permitted Security Interest** means:

- (a) any Security Interest arising by operation of law; or
- (b) any Security Interest existing on the Issue Date, so long as such Security Interest secures only the indebtedness that it secured at such date; or
- (c) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (i) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer or a Material Subsidiary, (ii) becomes a Material Subsidiary of the Issuer or (iii) sells, contributes or transfers all or substantially all of its assets to the Issuer or a Material Subsidiary, *provided that* such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and provided further that the amount of Relevant Indebtedness secured by such Security is not subsequently increased; or
- (d) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Material Subsidiaries (the **Charged Assets**) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from the Charged Assets; or
- (e) in addition to the Permitted Security Interests referred to in sub-paragraphs (a) to (d) above, any other Security Interest created by RAI Way upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) securing Relevant Indebtedness of RAI Way;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**RAI Way** means RAI Way S.p.A., a company incorporated under the laws of the Republic of Italy, and any successor company in business;

**Relevant Indebtedness** means: (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are capable of being quoted, listed or traded on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness;

**Revenues** means, with respect to a Subsidiary or any other Person, the sum of those items from time to time making up total revenues (*totale ricavi*, or the equivalent definition in future financial statements) of such Subsidiary or Person as determined from its most recent annual financial statements (consolidated if it has Subsidiaries) upon which the then most recently published audited annual consolidated financial statements of the Issuer have been based, and which at the date hereof comprise: (i) revenues from sales and services (*ricavi da vendite e prestazioni*) and (ii) other revenues and income (*altri ricavi e proventi*);

**Subsidiary** means *società controllata*, as defined in Article 2359, first and second paragraphs, of the Italian Civil Code;

**Total Assets** means, with respect to a Subsidiary or any other Person, the sum of the items from time to time making up the total assets (*totale attività*, or the equivalent definition in future financial statements) of such Subsidiary or Person as determined from its most recent annual financial statements (consolidated if it has Subsidiaries) upon which the then most recently published audited annual consolidated financial statements of the Issuer have been based, and which at the date hereof comprise: (i) property, plant and equipment (*attività materiali*); (ii) real estate investments (*investimenti immobiliari*); (iii) lease rights of use (*diritti d'uso per leasing*); (iv) intangible assets (*attività immateriali*); (v) equity investments (*partecipazioni*); (vi) non-current financial assets (*attività finanziarie non correnti*); (vii) deferred tax assets (*attività per imposte differite*); (viii) other non-current assets (*altre attività non correnti*); (ix) inventory (*rimanenze*); (x) trade receivables (*crediti commerciali*); (xi) current financial assets (*attività finanziarie correnti*); (xii) current income tax assets (*attività per imposte sul reddito correnti*); (xiii) other current receivables and assets (*altri crediti e attività correnti*); and (xiv) cash and cash equivalent (*disponibilità liquide e mezzi equivalenti*); and

**T2** means the real time gross settlement system operated by the Eurosystem, or any successor system.

## 4. INTEREST

### 4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 10 July 2024 (the **Issue Date**) at the rate of 4.375 per cent. per annum, payable annually in arrear on 10 July in each year (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 10 July 2025.

### 4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11 (*Notices*).

#### **4.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

### **5. PAYMENTS**

#### **5.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

#### **5.2 Method of Payment**

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the T2.

#### **5.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

#### **5.4 Payments subject to applicable laws**

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

#### **5.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a T2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **T2 Settlement Day** means any day on which the T2 is open.

## 5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant stock exchange or authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 11 (*Notices*).

## 6. REDEMPTION AND PURCHASE

### 6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 10 July 2029.

### 6.2 Redemption for Taxation Reasons

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 8 July 2024, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and

- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Fiscal Agent to make available at its specified offices to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

### 6.3 Redemption at the option of the Issuer (3 Month Par Call)

Except if (i) a Put Notice has been given pursuant to Condition 6.6 (*Redemption at the option of the Noteholders upon a Put Event*) below and (ii) the Issuer has not redeemed the Notes in respect of which such Put Option has been validly exercised, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes, but not some only, at their principal amount together with interest accrued but unpaid to but excluding the date of redemption, provided that the date for such redemption does not fall earlier than 90 days prior to the maturity date of the Notes.

### 6.4 Redemption at the option of the Issuer (Make-Whole Call)

Except if (i) a Put Notice has been given pursuant to Condition 6.6 (*Redemption at the option of the Noteholders upon a Put Event*) below and (ii) the Issuer has not redeemed the Notes in respect of which such Put Option has been validly exercised, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the redemption date (the **Optional Redemption Date**)), redeem all (but not some only) of the Notes at a redemption price per Note equal to the higher of the following, in each case together with any interest accrued to but excluding the Optional Redemption Date:

- (i) 100 per cent. of the principal amount of the Notes to be redeemed; or
- (ii) the sum of the then current values of the remaining scheduled payments of principal and interest for the remaining term of the Notes (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate plus the Redemption Margin, in each case as determined by the Reference Dealer.

The amount determined pursuant to this Condition 6.4 will be calculated by a calculation agent, being an international leading investment, merchant or commercial bank appointed by the Issuer for this purpose. For the avoidance of doubt, none of the Fiscal Agent nor the Paying Agents shall be required to calculate, determine, confirm or verify any redemption amounts, make-whole amounts, or any amounts payable in relation to redemptions.

In this Condition 6 (*Redemption and Purchase*)

**Where:**

**Redemption Margin** shall be 0.30 per cent above the Reference Bond;

**Reference Dealer** means UniCredit Bank GmbH or its successor; and

**Reference Dealer Rate** means the average of the quotations given by the Reference Dealer on the third Business Day prior to the Optional Redemption Date (the "**Calculation Date**") at 11.00 a.m. (Central European time) of the mid-market annual yield to maturity of the German government bond OBL 2.100% due 04/12/2029 #189 @ 98.000% with ISIN DE000BU25026 (the "**Reference Bond**"). If the Reference Bond is no longer outstanding, a similar security will be chosen by the Reference Dealer at 11.00 a.m. (Central European time) on the Calculation Date, quoted in writing by the Reference Dealer to the Issuer.

### **6.5 Redemption at the Option of the Issuer (Clean-Up Call)**

In the event that 20 per cent. or less of the aggregate principal amount of the Notes (including any Notes issued pursuant to Condition 13 (*Further Issues*)) remains outstanding, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the outstanding Notes at their principal amount together with interest accrued to but excluding the date of redemption.

### **6.6 Redemption at the option of the Noteholders upon a Put Event**

If at any time while the Notes remain outstanding a Put Event occurs, the holder of any Notes will have the option (a **Put Option**) (unless, prior to the giving of the Put Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with Condition 6.2 (*Redemption for Taxation Reasons*)) to require the Issuer to redeem such Notes on the date (the **Put Date**) which is 15 days after the expiration of the Put Period (as defined below) at their principal amount together with interest accrued to but excluding the Put Date, unless previously redeemed or purchased.

If a Put Event occurs, the Issuer shall, within 14 days of the occurrence of such Put Event, give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 11 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6.6.

To exercise the Put Option, the holder of the Notes must deliver at the specified office of any Paying Agent on any Business Day at the place of such specified office falling within the period of 45 days following the date of the Put Event Notice (the **Put Period**), a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held through Euroclear Banking SA/NV (**Euroclear**) or Clearstream Banking S.A. (**Clearstream, Luxembourg**), be any form acceptable to Euroclear and Clearstream, Luxembourg delivered in a manner acceptable to Euroclear and Clearstream, Luxembourg) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 6.6 accompanied by such Notes and all Coupons appertaining thereto or evidence satisfactory to the Paying Agent concerned that such Notes and all Coupons appertaining thereto will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

For the purposes of this Condition 6.6:

A **Change of Control** will be deemed to occur if one or more Related Parties cease to own either directly and/or indirectly a shareholding which entitles such Related Party or Parties to have the majority of the voting rights in the ordinary and extraordinary shareholders' meetings of the Issuer, both at the first and second summoning (*convocazione*).

A **Concession Event** will be deemed to occur if at any time the Concession (as defined below) granted to the Issuer: (a) is terminated or revoked prior to the original stated termination date and such termination or revocation becomes effective in accordance with its terms or (b) otherwise expires at its original stated termination date, such expiry becomes effective in accordance with its terms, and has not been extended or renewed, provided that the *prorogatio* regime to which the Concession may be subject, to between its expiry at the relevant stated termination date and the extension, renewal or new award of such Concession, will not constitute a Concession Event.

**Concession** means the concession granted to the Issuer by means of the Decree of the President of the Council of Ministers, published in the Official Gazette (*Gazzetta Ufficiale*) No. 118 of 23 May 2017, to act as the exclusive concession holder of the Public Radio, Television and Multimedia Service for a period of 10 years, starting from 30 April 2017.

A **Put Event** shall be deemed to occur if:

- (a) any of (A) a Change of Control or (B) a Concession Event occurs (each, a “**Relevant Event**”); and
- (b) at the time of the occurrence of the Relevant Event, the Notes carry a credit rating which is either:
  - (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such credit rating is, within 90 days of the occurrence of the Relevant Event, either downgraded to a non investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 90 day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
  - (ii) a non investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 90 days of the occurrence of the Relevant Event, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not, within such 90 day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Rating Agency.

For the avoidance of doubt, paragraph (b) above shall only apply in the event the Notes carry a credit rating from any Rating Agency at the time of the Relevant Event;

**Rating Agency** means any of Moody's Investors Services Ltd (**Moody's**), Fitch Ratings Ltd (**Fitch**), and Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. (**S&P**), and any other rating agency substituted for any of them by the Issuer and, in each case, any of their respective successors to the rating business thereof; and

**Related Party** means (i) the Italian Ministry of Economy and Finance (*Ministero dell'economia e delle finanze*) (**MEF**) or (ii) any authority, agency, ministry, department, statutory corporation or other entity, arm or body of or pertaining to, or controlled directly by, the Republic of Italy or the central government thereof, whether autonomous or not (excluding, for the avoidance of doubt, any authority, agency, department, statutory corporation or other entity, arm or body of or pertaining to, or controlled by, one or more Italian regions, provinces or municipalities).

## **6.7 Purchases**

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in the open market or otherwise in any manner and at any price, provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

## **6.8 Cancellations**

All Notes which are redeemed by or on behalf of the Issuer or any of its Subsidiaries and any relative unmatured Coupons attached to the Notes or surrendered with the Notes will be cancelled. All Notes so redeemed and cancelled pursuant to this Condition, and any Notes purchased and surrendered for cancellation pursuant to Condition 6.7 (*Purchases*) above, shall be forwarded to the Fiscal Agent and may not be reissued or resold.

## **6.9 Notices Final**

Upon the expiry of any notice as is referred to in Condition 6.6 (*Redemption at the option of the Noteholders upon a Put Event*) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

## **7. TAXATION**

### **7.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note or Coupon; or
- (b) presented for payment in Italy; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Day (as defined in Condition 5.5 (*Payment only on a Presentation Date*)); or

- (d) on account of *imposta sostitutiva* pursuant to Legislative Decree No. 239 of 1 April 1996 (as, or as may subsequently be, amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted (**Legislative Decree 239**) with respect to any Note or Coupon, including all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree 239, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (e) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities according to Article 6 of Legislative Decree 239; or
- (f) held by a holder who would be entitled to avoid such withholding or deduction by making a declaration of residence or non-residence or other similar claim for exemption and fails to do so in due time.

For the avoidance of doubt, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any such FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party.

## 7.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 11 (*Notices*); and
- (b) **Relevant Jurisdiction** means Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

## 7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

## 8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect

of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

## 9. EVENTS OF DEFAULT

### 9.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (**Events of Default**) shall have occurred:

- (a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or
- (b) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) *Cross-Default*: if
  - (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described);
  - (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period;
  - (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or
  - (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person,

*provided, that* no such event shall constitute an event of default so long as and to the extent that the Issuer or the relevant Material Subsidiary is contesting in a recognised court and/or jurisdiction, in good faith, that the Indebtedness for Borrowed Money shall be due or enforceable, and *provided* further that no such event shall constitute an Event of Default unless the Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing whether individually or in aggregate shall amount to at least €50,000,000 (or its equivalent in any other currency); or

- (d) *Winding up*: if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of (i) a Permitted Reorganisation or (ii) a reorganisation on terms previously approved by a Resolution of the Noteholders; or
- (e) *Cessation of business*: if the Issuer or any of its Material Subsidiaries ceases or, through an official action of its board of directors, threatens by expressing a clear and

unequivocal intention to cease to carry on the whole or a **Substantial Part** of its business, save for:

- (a) the purposes of: (i) a Permitted Reorganisation or (ii) a reorganisation on terms previously approved by a Resolution of the Noteholders, *provided*, that a sale, demerger or other disposal by the Issuer of all or substantially all of its interests in a Material Subsidiary, or a sale or disposal by a Material Subsidiary of all or substantially all of its business and/or assets shall not constitute an event of default under this Condition 9.1(e), if such sale, demerger or other disposal, as the case may be, whether carried out as a transaction or a series of transactions (i) is carried out on commercial arm's length terms, as ascertained by an independent expert appointed by the Issuer and (ii) does not result in a Rating Downgrade; or
- (b) as a result of a Concession Event.
- (f) *Insolvency/Enforcement proceedings/Inability to pay debts*: if (A) (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a Substantial Part of the undertaking or assets of the Issuer or any of its Material Subsidiaries or (ii) an encumbrancer takes possession of the whole or a Substantial Part of the undertaking or assets of the Issuer or any of its Material Subsidiaries, or (iii) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or Substantial Part of the undertaking or assets of the Issuer or any of its Material Subsidiaries and (iv) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not contested in good faith and is not discharged within 30 days (such period commencing on the date of presentation of the relevant petition or application), or (B) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) *Liquidation/composition*: if the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation (save for the purposes of a Permitted Reorganisation) or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) *Unsatisfied Judgments*: if one or more final judgment(s) or order(s) for the payment of any amount in excess of €50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 21 days after the date(s) thereof or, if later, the date therein specified for payment; or

- (i) *Analogous event*: if any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) to (h) above; or
- (j) *Unlawfulness/unenforceability*: if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable.

## 9.2 Interpretation

For the purposes of this Condition 9:

**Indebtedness for Borrowed Money** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

**Permitted Reorganisation** means:

- (a) in respect of the Issuer, any " *fusione* " or " *scissione* " (such expressions having the meaning ascribed to them by the laws of the Republic of Italy) or any other amalgamation, merger, demerger, reconstruction or similar arrangement whilst solvent of the Issuer whether as a transaction or as part of a related sequence of events whereby, during or upon completion of the transaction or sequence, all or substantially all of the assets and liabilities of the Issuer, including all its rights and obligations under or in respect of the Notes will be assumed in accordance with applicable law by a Person which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries; or
- (b) in respect of any Material Subsidiary, any " *fusione* " or " *scissione* " (such expressions having the meaning ascribed to them by the laws of the Republic of Italy) or any other amalgamation, merger, demerger or reconstruction whilst solvent of the relevant Material Subsidiary under which all or substantially all of its assets and liabilities are transferred, sold, contributed, assigned or otherwise vested in the Issuer or any of the Issuer's other Subsidiaries in accordance with applicable law; and

**Rating Agency** means any of Moody's, Fitch and Standard & Poor's, and any other rating agency substituted for any of them by the Issuer and, in each case, any of their respective successors to the rating business thereof;

**Rating Downgrade** means, if at the time of the sale, demerger or other disposal:

- (a) the Notes carry a credit rating which is an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better) from a Rating Agency, and such credit rating is, within 90 days of the occurrence of the sale, demerger or other disposal, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 90 day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
- (b) the Notes carry a credit rating which is either a non investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 90 days of the occurrence of the sale, demerger or other disposal, either downgraded by one or

more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not, within such 90 day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Rating Agency; or

- (c) if the Notes carry no credit rating, no Rating Agency assigns within 90 days of the occurrence of the sale, demerger or other disposal, an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better) to the Notes,

and, in the case of (i) and (ii) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the sale, demerger or other disposal.

**Substantial Part** means a part of the relevant entity's business which accounts for 30 per cent. or more of the Group's Consolidated Revenues or Consolidated Total Assets, *provided* that the equity investments held by the Issuer in RAI Way S.p.A. should be accounted based on the relevant values in item "Equity investments" (*Partecipazioni*) included in the notes to the separate financial statements of the Issuer (or the equivalent definition in future financial statements) contained in the Issuer's most recently published audited separate financial statements.

## 10. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 11. NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London and, so long as the Notes are admitted to trading on, and listed on the Official List of, Euronext Dublin and the rules and regulations of such exchange so require, if an announcement is released by the Issuer through the company's announcement office of Euronext Dublin. It is expected that publication in a newspaper will normally be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given (i) if published in a leading English language daily newspaper published in London, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers and (ii) if released by the Issuer through the company's announcement office of Euronext Dublin, on the date of release by Euronext Dublin. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

## 12. MEETINGS OF NOTEHOLDERS AND MODIFICATION

### 12.1 Meetings of Noteholders

The Agency Agreement contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation, and to the extent applicable, Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the

Noteholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Agency Agreement. Any such meeting may be convened by the directors of the Issuer or the Noteholder's Representative (as defined below) at their discretion and shall be convened by either of them, subject to mandatory provisions of Italian law, upon the request in writing of Noteholders holding not less than one-twentieth in aggregate principal amount of the Notes outstanding. According to the laws, legislation, rules and regulations of the Republic of Italy such meetings will be validly held if: (i) in the case of a first meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding more than one-half in nominal amount of the Notes for the time being outstanding; and (ii) in case of a second meeting (*seconda convocazione*) or further meeting (*convocazione successiva*), there are one or more persons present being or representing Noteholders holding more than one-third in nominal amount of the Notes for the time being outstanding, provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum. The majority to pass a resolution will be (i) in the case of a first meeting (*prima convocazione*), more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in case of a second meeting (*seconda convocazione*) or further meeting (*convocazione successiva*) at least two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; provided however that (A) in order to adopt certain proposals, as set out in Article 2415 of the Italian Civil Code (including a Reserved Matter (as defined in the Agency Agreement)), the favourable vote of one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes shall also be required and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. Resolutions passed at any meeting of the Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

A representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of Noteholders, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code and shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

## 12.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- a) any modification of, the Notes, the Coupons or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law, or
- b) any modification (except a Reserved Matter (as defined in the Agency Agreement)) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interest of the Noteholders.

Any modification shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*).

### **13. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

### **14. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

#### **14.1 Governing Law**

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant or the Notes and the Coupons are governed by, and construed in accordance with English law. Condition 12 (*Meetings of Noteholders and Modification*) and the provisions of the Agency Agreement concerning meetings of Noteholders and the appointment of the *rappresentante comune* in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

#### **14.2 Submission to Jurisdiction**

- (a) Subject to Condition 14.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and each of the Issuer and any Noteholders and Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

#### **14.3 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Eight Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom, as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

#### **14.4 Other Documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above. In addition, the Issuer has, in such documents, waived any rights to sovereign immunity and other similar defences which it may have.

#### **15. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9 (*Events of Default*) and Condition 6.6 (*Redemption at the option of the Noteholders upon a Put Event*)) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### 2. Payments

On and after 19 August 2024, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### 3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 11 (*Notices*), provided that, so long as the Notes are listed on any stock exchange, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

#### 4. Interest Calculation

For so long as Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated by applying the rate of 4.375 per cent. per annum to the principal sum for the time being outstanding of the Global Note. The resultant figure is rounded to the nearest cent (half a cent being rounded upwards).

#### 5. Exchange and Benefits

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if (each of the following being an **Exchange Event**):

- (a) an event of default (as set out in Condition 9 (*Events of Default*)) has occurred and is continuing; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. Thereupon, in the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent and, in the case of (c) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for definitive Notes. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent. Exchanges will be made upon presentation of the Permanent Global Note at the office of the Fiscal Agent on any day on which banks are open for general business in London. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

In the event that (a) the Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the maturity date of the Notes has occurred and, in either case, payment in full of the amount due has not been made to the bearer, or (b) following an Exchange Event, the Permanent Global Note is not duly exchanged for definitive Notes by the date provided in the Permanent Global Note; then from 8.00 p.m. (London time) on such date each Accountholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on or around 10 July 2024 in respect of the Notes and the bearer will have no further rights under the Global Note (but without prejudice to the rights any person may have under the Deed of Covenant).

**6. Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

**7. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by instruction to Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Notes which are cancelled.

**8. Put Option**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.6 (*Redemption at the option of the Noteholders upon a Put Event*) may be exercised by an Accountholder giving notice to the Fiscal Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on its instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Fiscal Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and the Issuer shall procure that the portion of the principal amount of the relevant Global Note so redeemed shall be entered in the records of Euroclear and/or Clearstream Luxembourg.

**9. Euroclear and Clearstream, Luxembourg**

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate.

## **USE OF PROCEEDS**

The estimated net proceeds of the issue of the Notes of € 298,552,500, after deduction of approximately €7,500 relating to the application for admission to trading and commissions and expenses, will be applied by the Issuer for general corporate purposes, including financing of capital expenditure (tangible and intangible) and the refinancing of Issuer's financial commitments.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

The following tables set out certain financial information relating to the Issuer as of and for the years ended 31 December 2023 and 31 December 2022 derived from the Consolidated Financial Statements.

The selected consolidated financial information set forth below should be read in conjunction with the 2023 Consolidated Financial Statements and 2022 Consolidated Financial Statements incorporated by reference in this Prospectus and the notes thereto.

### Consolidated income statement

| <i>(€/million)</i>   | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| Revenues from sales and services                                   | 2,705.5                | 2,695.8          |
| Other revenue and income   | 30.7                   | 41.8             |
| <b>Total revenue</b>   | <b>2,736.2</b>         | <b>2,737.6</b>   |
| Costs for purchase of consumables                                  | (12.2)                 | (12.2)           |
| Costs for services   | (944.0)                | (1,079.2)        |
| Other costs  | (57.4)                 | (51.6)           |
| HR expenses  | (1,069.2)              | (1,007.4)        |
| Impairment of financial assets                                     | 0.6                    | (0.6)            |
| Depreciation, amortisation and other write-downs                   | (611.2)                | (616.0)          |
| Provisions   | 6.9                    | 17.6             |
| <b>Total costs</b>   | <b>(2,686.5)</b>       | <b>(2,749.4)</b> |
| <b>EBIT</b>  | <b>49.7</b>            | <b>(11.8)</b>    |
| Financial income   | 6.0                    | 1.7              |
| Financial expense  | (30.3)                 | (16.2)           |
| Earning from equity investments recognised under the equity method | (0.4)                  | 0.6              |
| <b>Pre-tax profit (loss)</b>                                       | <b>25.0</b>            | <b>(25.7)</b>    |
| Income tax   | (25.0)                 | 25.7             |
| <b>Profit / (loss) for the year</b>                                | <b>0.0</b>             | <b>0.0</b>       |
| <i>of which attributable:</i>                                      |                        |                  |
| - to the Group   | (29.7)                 | (25.2)           |
| - to minority interests  | 29.7                   | 25.2             |

## Consolidated statement of financial position

| <i>(€/million)</i>   | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2023                   | 2022           |
| Property, plant and equipment  | 1,214.1                | 1,194.5        |
| Real estate investments  | 2.7                    | 2.8            |
| Lease rights of use  | 91.6                   | 79.8           |
| Intangible assets  | 848.4                  | 869.1          |
| Equity investments   | 4.5                    | 5.4            |
| Non-current financial assets   | 2.4                    | 2.5            |
| Deferred tax assets  | -                      | 2.0            |
| Other non-current assets   | 18.4                   | 30.6           |
| <b>Total non-current assets</b>                                      | <b>2,182.1</b>         | <b>2,186.7</b> |
| Inventory  | 1.1                    | 1.3            |
| Trade receivables  | 378.8                  | 406.8          |
| Current financial assets   | 3.9                    | 6.7            |
| Current income tax assets  | 1.0                    | 1.1            |
| Other current receivables and assets                                 | 175.8                  | 91.4           |
| Cash and cash equivalents  | 39.7                   | 39.7           |
| <b>Total current assets</b>  | <b>600.3</b>           | <b>547.0</b>   |
| <b>Total assets</b>  | <b>2,782.4</b>         | <b>2,733.7</b> |
| Share capital  | 242.5                  | 242.5          |
| Reserves   | 74.3                   | 96.5           |
| Retained earnings (losses)   | (43.0)                 | (30.8)         |
| <b>Total Group shareholders' equity</b>                              | <b>273.8</b>           | <b>308.2</b>   |
| Third party capital and reserves                                     | 35.3                   | 35.5           |
| Third party retained earnings (losses)                               | 29.8                   | 25.3           |
| <b>Total shareholders' equity attributable to minority interests</b> | <b>65.1</b>            | <b>60.8</b>    |
| <b>Total shareholders' equity</b>                                    | <b>338.9</b>           | <b>369.0</b>   |
| Non-current financial liabilities                                    | 100.4                  | 299.6          |
| Non-current lease liabilities  | 61.6                   | 56.7           |
| Employee benefits  | 281.4                  | 288.1          |
| Provision for non-current risks and charges                          | 226.0                  | 207.4          |
| Deferred tax liabilities   | 4.5                    | -              |
| Other non-current payables and liabilities                           | 73.5                   | 53.0           |
| <b>Total non-current liabilities</b>                                 | <b>747.4</b>           | <b>904.8</b>   |
| Trade payables   | 683.4                  | 713.2          |

|   |                |                |
|---|----------------|----------------|
| Provision for current risk and charges            | -              | 0.1            |
| Current financial liabilities                     | 510.9          | 324.9          |
| Current lease liabilities                         | 31.8           | 25.7           |
| Current income tax liabilities                    | 37.3           | 27.7           |
| Other current payables and liabilities            | 432.7          | 368.3          |
| <b>Total current liabilities</b>                  | <b>1,696.1</b> | <b>1,459.9</b> |
| <b>Total liabilities</b>                          | <b>2,443.5</b> | <b>2,364.7</b> |
| <b>Total shareholders' equity and liabilities</b> | <b>2,782.4</b> | <b>2,733.7</b> |

### Consolidated cash flow statement

| <i>(€/million)</i>   | Year ended 31 December |               |
|--|------------------------|---------------|
|  | 2023                   | 2022          |
| <b>Pre-tax profit (loss)</b>   | <b>25.0</b>            | <b>(25.7)</b> |
| Adjustments for:   |                        |               |
| Depreciation, amortisation and write-downs   | 610.6                  | 616.6         |
| Provisions and (issues) to personal provisions and other provisions                      | 98.6                   | 76.5          |
| Net financial charges (income)   | 24.3                   | 14.5          |
| Earning from equity investments recognised under the equity method                       | 0.4                    | (0.6)         |
| Other non-monetary items   | 0.4                    | 1.8           |
| <b>Cash flow generated by operating activities before changes in net working capital</b> | <b>759.3</b>           | <b>683.1</b>  |
| Changes in inventory   | 0.2                    | 0.3           |
| Changes in trade receivables   | 28.6                   | (37.8)        |
| Changes in trade payables  | (28.9)                 | 27.1          |
| Change in other assets/liabilities   | 4.5                    | 44.5          |
| Use of provision for risks   | (36.5)                 | (68.4)        |
| Payment of employee benefits   | (69.1)                 | (77.8)        |
| Taxes paid   | (3.9)                  | (4.7)         |
| <b>Net cash flow generated by operating activities</b>                                   | <b>654.2</b>           | <b>566.3</b>  |
| Investments in property, plant and equipment and real estate investments                 | (132.2)                | (157.9)       |
| Disposal of property, plant and equipment and real estate investments                    | 0.1                    | 0.2           |
| Investments in intangible assets   | (452.4)                | (444.7)       |
| Disposal of intangible assets  | 0.5                    | 1.2           |
| Dividends collected  | 0.6                    | 7.0           |
| Interest collected   | 3.1                    | 0.4           |
| Change in financial assets   | 2.4                    | 0.7           |

|  |                |                |
|--|----------------|----------------|
| <b>Net cash flow generated by investment activity</b>        | <b>(577.9)</b> | <b>(593.1)</b> |
| Long-term loans taken out                                    | 100.4          | -              |
| Long-term loans repayments                                   | (101.0)        | (0.1)          |
| Repayments of lease liabilities                              | (25.3)         | (23.5)         |
| (Decrease)/increase in short-term borrowings and other loans | (13.9)         | 58.8           |
| Interest paid <sup>(1)</sup>                                 | (11.4)         | (6.3)          |
| Dividends paid   | (25.1)         | (22.2)         |
| <b>Net cash flow generated by financial activities</b>       | <b>(76.3)</b>  | <b>6.7</b>     |
| <b>Change in cash and cash equivalents</b>                   | <b>-</b>       | <b>(20.1)</b>  |
| Cash and cash equivalents at the beginnings of the year      | 39.7           | 59.8           |
| <b>Cash and cash equivalents at the end of the year</b>      | <b>39.7</b>    | <b>39.7</b>    |

(1) Interest of a financial nature

### *Alternative Performance Measures*

The Issuer uses the consolidated performance measures External Costs, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Net Amortisation of Programmes, Net Financial Debt, Net Financial Debt Excluding Operating Lease Liabilities, Leverage Ratio and Debt to Equity Ratio to evaluate the performance of its business (collectively, the **Alternative Performance Measures**). The Issuer believes that the Alternative Performance Measures are useful in assessing its operating performance and level of indebtedness because many companies, particularly in the television sector, also publish these or similar data as key performance indicators. Alternative Performance Measures are not recognised as measures under IFRS and investors should not place undue reliance on them or consider such measures as (i) alternatives to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (ii) an alternative to cash flows from operating, investing or financing activities as determined in accordance with generally accepted accounting principles, or as a measure of the Issuer's ability to meet its cash needs; or (iii) an alternative to any other performance measures in accordance with generally accepted accounting principles. Alternative Performance Measures do not necessarily indicate whether cash flow will be sufficient or available to meet the Issuer's cash requirements (including debt service) and may not necessarily develop in line with the Issuer's operating results. Alternative Performance Measures are not intended to be indicative of future results. Moreover, not all companies calculate these Alternative Performance Measures in the same way, so the Issuer's presentation of the Alternative Performance Measures is not necessarily comparable to similarly titled measures used by other companies.

The following table presents a summary of certain additional key figures for the periods shown:

| <i>(€/million)</i>   | <b>As of and for the year ended 31 December</b> |                |
|--|---|----------------|
|  | <b>2023</b>                                     | <b>2022</b>    |
| <b>External Costs <sup>(1)</sup></b>                                 | <b>1,013.6</b>                                  | <b>1,143.0</b> |
| <b>Adjusted EBITDA <sup>(2)</sup></b>                                | <b>653.4</b>                                    | <b>587.2</b>   |
| <b>Adjusted EBITDA Margin <sup>(3)</sup></b>                         | <b>24.2%</b>                                    | <b>21.8%</b>   |
| <b>Adjusted EBITDA Net Amortisation of Programmes <sup>(2)</sup></b> | <b>298.8</b>                                    | <b>201.5</b>   |
| Net Financial Debt Excluding Operating Lease Liabilities             | (567.7)   | (578.1)        |
| Operating Lease Liabilities  | (93.4)  | (82.4)         |
| <b>Net Financial Debt <sup>(4)</sup></b>                             | <b>(661.1)</b>                                  | <b>(660.5)</b> |
| <b>Leverage Ratio <sup>(5)</sup></b>                                 | <b>0.87</b>                                     | <b>0.98</b>    |
| <b>Debt to Equity Ratio <sup>(6)</sup></b>                           | <b>1.68</b>                                     | <b>1.57</b>    |

Note

<sup>(1)</sup> The following table provides a reconciliation of **External Costs** for the periods indicated:

| <i>(€/million)</i>                | <b>Year ended 31 December</b> |                |
|-----------------------------------|-------------------------------|----------------|
|                                   | <b>2023</b>                   | <b>2022</b>    |
| Costs for purchase of consumables | 12.2                          | 12.2           |
| Costs for services                | 944.0                         | 1,079.2        |
| Other costs                       | 57.4                          | 51.6           |
| <b>External costs</b>             | <b>1,013.6</b>                | <b>1,143.0</b> |

<sup>(2)</sup> The following table provides a reconciliation of **Adjusted EBITDA** and **Adjusted EBITDA Net Amortisation of Programmes** for the periods indicated:

| <i>(€/million)</i>   | <b>Year ended 31 December</b> |               |
|--|-------------------------------|---------------|
|  | <b>2023</b>                   | <b>2022</b>   |
| <b>Profit (loss) for the year</b>                                  | <b>-</b>                      | <b>-</b>      |
| Income tax   | 25.0                          | (25.7)        |
| <b>Pre-tax profit (loss)</b>                                       | <b>25.0</b>                   | <b>(25.7)</b> |
| Earning from equity investments recognised under the equity method | 0.4                           | (0.6)         |
| Financial expense  | 30.3                          | 16.2          |
| Financial income   | (6.0)                         | (1.7)         |

|   |              |               |
|---|--------------|---------------|
| <b>EBIT</b>   | <b>49.7</b>  | <b>(11.8)</b> |
| Provisions  | (6.9)        | (17.6)        |
| Amortisation of programmes <sup>(a)</sup>   | 354.6        | 385.7         |
| Amortisation of other intangibles <sup>(a)</sup>                                      | 18.4         | 17.4          |
| Depreciation of property, plant, equipment and real estate investments <sup>(a)</sup> | 110.5        | 107.9         |
| Amortisation of lease rights of use   | 26.2         | 24.7          |
| Impairment of financial assets  | (0.6)        | 0.6           |
| Write downs <sup>(b)</sup>  | 101.5        | 80.3          |
| <b>Adjusted EBITDA</b>  | <b>653.4</b> | <b>587.2</b>  |
| Amortisation of programmes  | (354.6)      | (385.7)       |
| <b>Adjusted EBITDA Net Amortisation of Programmes</b>                                 | <b>298.8</b> | <b>201.5</b>  |

(a) Represents depreciation and amortisation recorded in the line item "Depreciation, amortisation and other write-downs" in the consolidated income statement. See Notes 17.6 to the 2023 and 2022 Consolidated Financial Statements.

(b) Represents other write-downs recorded in the line-item "Depreciation, amortisation and other write-downs" in the consolidated income statements. See Notes 17.6 to the 2023 and 2022 Consolidated Financial Statements.

<sup>(3)</sup> The Issuer defines **Adjusted EBITDA Margin** as Adjusted EBITDA divided by Revenues from sales and services. See Note 2 above for a reconciliation of Adjusted EBITDA.

<sup>(4)</sup> Net Financial Debt is determined in accordance with the provisions of paragraph no. 175 et seq. of the recommendation contained in the ESMA document no. 32-382-1138 of March 4, 2021 (guidelines on disclosures requirements under EU Regulation 2017/1129, so called "Prospectus Regulation").

The following table provides a breakdown of **Net Financial Debt and Net Financial Debt Excluding Operating Lease Liabilities** for the periods indicated:

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

(\*) It includes financial assets for hedging derivative instruments amounting to: - 0.9

(\*\*) Relating to the bond issued by RAI in December 2019 with a nominal amount of €300.0 million, maturing in December 2024

<sup>(5)</sup> The Issuer defines Leverage Ratio as Net Financial Debt Excluding Operating Lease Liabilities divided by Adjusted EBITDA. See Note 2 and 4 above for a reconciliation of Adjusted EBITDA and Net Financial Debt Excluding Operating Lease Liabilities, respectively.

<sup>(6)</sup> The Issuer defines Debt to Equity Ratio as Net Financial Debt Excluding Operating Lease Liabilities divided by Total shareholders' equity. See Note 4 above for a reconciliation of Net Financial Debt Excluding Operating Lease Liabilities.

## INDEBTEDNESS

RAI manages the Group's financial resources (with the sole exception of the subsidiary RAI Way which has its own resources) on the basis of a centralised treasury agreement through a cash-pooling system that involves daily transfer of the bank balances of the subsidiary to RAI current accounts, which grants the intercompany credit facilities necessary for the operations of these companies.

The Group had the following unsecured committed facilities as of 31 December 2023:

### RAI:

- a bond issue with maturity date in December 2024 of €300 million;
- a revolving facility with a pool of banks of €320 million with maturity December 2024, drawn as of 31 December 2023 for €160 million, that requires compliance with the following covenant (to be calculated upon closing of the annual consolidated financial statements): Net Financial Debt (adjusted for receivables from the State for subscription fees, financial items relating to RAI Way and operating lease liabilities resulting from application of IFRS 16) / shareholders' equity  $\leq 2.20$ . As of 31 December 2023, the covenant is widely respected (1.48).

As historically accomplished in the past, Rai intends to manage all the upcoming financial deadlines in a proactive and timely manner.

RAI has also uncommitted credit lines of approximately €400 million.

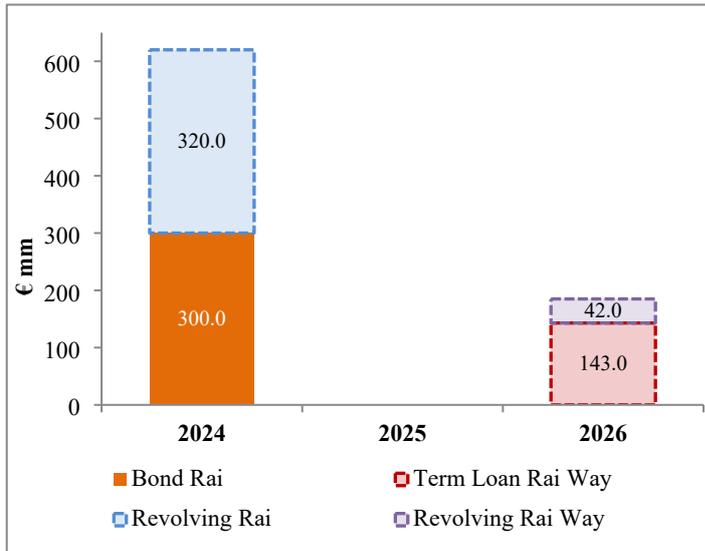
### RAI Way:

- a revolving line of €42 million, undrawn as of 31 December 2023; and
- a term loan of €143 million, drawn as of 31 December 2023 for €101 million.

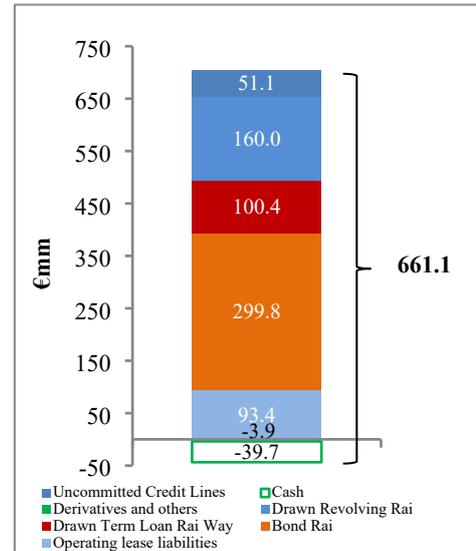
Both abovementioned facilities, granted in October 2023 and with a tenor of three years, require compliance with the covenant Net Financial Debt (including operating leases liabilities related to IFRS 16) / EBITDA  $\leq 3.00$ . As of 31 December 2023, the covenant is widely respected.

The Group's average annual Net Financial Debt Excluding Operating Lease Liabilities for the year 2023 is approximately €328 million, which is significantly lower than the debt recorded as of 31 December 2023.

Maturity profile as of 31 December 2023



Debt Structure as of 31 December 2023



## DESCRIPTION OF THE ISSUER

### GENERAL OVERVIEW

RAI is incorporated and domiciled in Italy, with its registered office in Viale Mazzini 14, Rome, Italy and organised under the laws of the Republic of Italy (including Law No. 112 of 3 May 2004, also known as the **Gasparri Law**, as supplemented by the consolidated law on television of 31 July 2005, No. 177 (*Testo Unico dei Servizi di Media Audiovisivi e Radiofonici* or **TUSMAR**), as amended and supplemented by Legislative Decree No. 208 of 8 November 2021, setting forth the consolidated legislation on audiovisual media services and published in the Official Gazette of the Republic of Italy (the **Official Gazette**) No. 293 of 10 December 2021, as amended (*Testo unico dei servizi di media audiovisivi* or **TUSMA**)). RAI is registered at the Companies' Register of Rome under registration number 06382641006. The telephone number of the Issuer's registered office is +39 06 38781.

The Issuer was incorporated on 17 November 2004. Pursuant to its by-laws, its duration is until 31 December 2050, unless such term is subsequently extended in accordance with the applicable laws of Italy.

The Legal Entity Identifier (LEI) of the Issuer is 815600C62B51478A5144.

The Issuer has been assigned a Long-Term Issuer rating of Baa3 with a stable outlook by Moody's France SAS (**Moody's**). Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

RAI is the broadcasting company responsible for Italy's public television service and operates on a variety of platforms including free to air digital, terrestrial and satellite television and radio channels, radio stations, the internet and cinema. RAI is the parent company of the RAI Group (the **Group**). RAI is a public entity which is almost wholly owned by the Italian government (the **Government**): 99.56 per cent. of RAI is owned by the Ministry of Economy and Finance (*Ministero dell'economia e delle finanze* or **MEF**) and the remaining 0.44 per cent. is owned by SIAE (*Società Italiana degli Autori ed Editori* – Italian Society of Authors and Publishers). SIAE is subject to the supervision of the Prime Minister and the Ministry of Culture and is a membership based public entity. The supervisory activity is carried out after consulting the MEF for the matters within its specific competence.

The table below summarises the Group's financial performance for the years ended 31 December 2023 and 2022.

| (€/million)                        | Year ended 31 December |         |
|------------------------------------|------------------------|---------|
|                                    | 2023                   | 2022    |
| Revenue from sales and services    | 2,705.5                | 2,695.8 |
| Total operating costs <sup>2</sup> | 2,686.5                | 2,749.4 |
| Profit/(loss) for the year         | -                      | -       |

### HISTORY AND DEVELOPMENT

In 1927, EIAR (*Ente italiano per le audizioni radiofoniche*), a public entity entirely owned by the government, was offered the concession for radio transmission services. Subsequently, EIAR was transformed into a joint stock company and renamed RAI.

<sup>2</sup> Represents the subtotal "total costs" shown on the consolidated income statement included in the 2022 Consolidated Financial Statements and 2023 Consolidated Financial Statements

In 1952, RAI received a 20-year exclusive concession for the transmission of radio and television broadcasting. RAI's majority shareholding was transferred to the public holding company *Istituto per la Ricostruzione Industriale (IRI)*. In addition, a public-private funding system was established.

On 3 January 1954, television broadcasting began to be broadcast widely and RAI established its first channel. By the end of 1954, television reached 58 per cent. of the Italian population (by 1961, it reached 97 per cent. of the Italian population). Radio broadcasts, on the other hand, had been commonplace since the early 1920s with three national stations: Primo, Secondo, and Terzo (or networks 1, 2 and 3).

At the time, television and radio as public services were intended by the Government not only as a source of entertainment, but also as a means to educate and inform, and even to help combat widespread illiteracy.

In 1957, advertising in programming was first introduced with the launch of the television programme "Carosello".

In 1960, Italy's Constitutional Court determined that RAI's monopoly on television broadcasting was protected pursuant to article 43 of the Italian Constitution, which provides that the specific activities related to essential public services, and which have a primary public interest, may be reserved to the State.

In 1962, Italy's second television channel was launched and, for the first time, Italian television was able to connect via satellite with the United States of America. A few months later, the first testing of colour broadcasting began. The official launch of colour television was in the mid-1970s.

In 1975, the Government transferred control over television programmes and plans to the Italian parliament and a parliamentary supervisory committee was established.

In 1979, the third television network was inaugurated, with both regional and national broadcasts, and the first local commercial networks made their entrance into the Italian television marketplace.

The 1980s saw the first testing of Teletext services, subtitling for the hearing impaired, and the Auditel audience-share ratings system. This was also the decade in which the nationwide commercial networks made their debuts.

In 1992, due to the limited growth of the Licence Fee (as defined below) compared to inflation, the Government provided a loan of Italian Lira 100 billion to IRI which in turn transferred the funds to RAI.

In 1993, the Government introduced the "*Decreto Salva RAI*" to save RAI from bankruptcy by (i) granting a tax exemption on the appreciation of RAI properties and (ii) converting the concession fee payable by RAI for the years 1992 and 1993 into a loan of Italian Lira 154 billion which, in 1997, was repaid by way of refinancing provided by Cofiri (a subsidiary of the IRI group).

In February 1996, RAI debuted its website [www.RAI.it](http://www.RAI.it), and by the end of 1997 RAI launched its first three digital satellite theme-based channels, testing of which had begun in the early 1990s.

In 2002, the shareholding in RAI held by IRI was transferred to the MEF prior to the dissolution of IRI.

At the end of 2003, RAI's board of directors approved the creation of the Italian association for the development of digital terrestrial broadcasting (**DTT**).

In January 2004, RAI launched its first offering on the new DTT platform, beginning a new era in the development of the Italian television market. In 2012, RAI completed the switchover to DTT.

In 2004, the Gasparri law and in 2005 the TUSMAR were introduced which set out in detail RAI's obligations as the broadcaster providing the Public Service.

In particular, the radio, television and multimedia service shall guarantee:

- (a) the broadcasting of all public television and radiophonic transmission of the broadcaster in all the national territory, within the state of the art of science and technology;
- (b) an adequate number of hours of public television and radiophonic transmission dedicated to education, information and cultural promotion, aiming in particular to the enhancement of theatre plays, cinematographic, musical and television works, also in original language, innovative and recognised with a high artistic level;
- (c) the broadcast of transmissions under letter b) above across all the different day-hours in a proportionate manner, also during the biggest audience hours, and across all different radio and television programmes;
- (d) the granting of the right of access to programming, within the limits and according to the modalities indicated by the law, to the political parties and groups represented in Parliament and in regional assemblies and councils, of the associations of local autonomies, of national trade unions, of religious confessions, of political movements, of political and cultural bodies and associations, of legally recognised national associations of the cooperative movement, of associations of social promotion registered in national and regional registers, of ethnic and linguistic groups and of other groups of relevant social interest that make them request;
- (e) the production, distribution and transmission of radio and television programmes abroad, aimed at promoting and enhancing the Italian language, culture and business through the use of programmes and the dissemination of the most significant productions of the national audio-visual scene;
- (f) the execution of radio and television broadcasts both in German and Ladin for the autonomous province of Bolzano, as in the Ladin for the autonomous province of Trento, in French for the autonomous region Valle d'Aosta and in Slovenian for the autonomous region Friuli-Venezia Giulia;
- (g) the transmission, at appropriate day-time, of contents intended specifically for minors, which take into account the needs and sensitivity of early childhood and developmental age;
- (h) the preservation of historical radio and television archives, guaranteeing public access to them;
- (i) the allocation of at least 15 per cent. of the total annual revenues to the production of European projects, and works including those made by independent producers;
- (j) the creation of infrastructures for broadcasting on terrestrial digital frequencies;
- (k) the creation of digital interactive services of public utility;
- (l) compliance with the advertising crowding limits set by law;
- (m) public information at national and regional level through the presence in each autonomous region and province of its own editorial offices and structures adapted to the specific productions, in compliance with the provisions of letter f);
- (n) the adoption of appropriate measures to protect people with sensory disabilities;

- (o) the strengthening and enhancement of decentralized production centres, in particular for the purposes of letter b) above and for the promotion local cultures and linguistic tools; and
- (p) the implementation of distance teaching activities.

In 2009, RAI launched the free satellite platform TV with Mediaset and Telecom Italia called "Tivù". The objective was to give access to television programmes via satellite in areas which are not covered by the classical aerial systems.

In 2014, RAI Way, RAI's broadcasting subsidiary, was listed on the Milan stock exchange.

In May 2015, RAI successfully launched its first bond issue reserved to institutional investors on the Euronext Dublin. The bond, with a five-year term, had a nominal amount of Euro 350 million with full redemption on maturity.

In December 2015, the Rai Reform Law (as defined below) was passed which introduced significant changes in respect of, in particular, the renewal of the Concession (as defined below) and the Service Agreement, RAI's corporate governance as well as transparency (in particular by requiring RAI to adopt a plan for transparency and communication). Before such reform, the duration of the concession was established by law. Instead, it is now expected that the public service concession will have a ten-year duration and is assigned in concession by means of the 2017 Convention (see below "*Regulatory framework and developments of the television and radio broadcasting sector in Italy*") and disciplined in a service agreement signed between the relevant concessionaire company and the Ministry for Economic Development (succeeded by Mimit).

In 2016, a new collection mechanism for the television Licence Fee (as defined below) was introduced, namely the collection of Licence Fees (as defined below) for private use through a charge – under a separate item – in the electricity bills for individual households.

In 2016, RAI's digital offer was thoroughly reviewed and modernised. This work began to yield its first positive results in the second half of the year in the context of the 2016 European Football Cup and the 2016 Rio Olympic Games and reached a peak in September 2016 with the launch of the RaiPlay portal and related App. This activity extended to all the sectors of RAI's offer and succeeded in increasing RAI's non-linear consumption in the second part of the year. RaiPlay is the driver behind RAI's transformation into a public service media company and the most important force in increasing RAI's non-linear consumption. In the following years, other portals and apps have been introduced to enrich RAI's multimedia offering.

A further development in 2016 was "*CambieRAI*", the first public consultation regarding the obligations of the radio, television and multimedia public service which was launched in line with the RAI Reform Law (as defined below) and in light of the upcoming renewal of RAI's concession and service agreement.

By means of Decree of the President of the Council of Ministers of 28 April 2017, and according to TUSMA, RAI was granted an exclusive concession, under the conditions and in the manner set out in the convention model attached to such decree, to exercise the public television, radio and multimedia service, across the entire Italian territory for a duration of 10 years starting from 30 April 2017 (the **Concession**). The related convention model has also been approved. Therefore, by way of the convention stipulated between the Ministry for Economic Development (succeeded by Mimit) and RAI, as approved by Decree of the President of the Council of Ministers, published in the Official Gazette No. 118 of 23 May 2017 (the **2017 Convention**), RAI was established as the exclusive holder of the Concession. The service to be performed by RAI under the Concession is a general interest service, consisting in production and broadcasting activities on all distribution platforms for direct audiovisual and multimedia contents (including through the use of new technologies).

The key aspects of the Concession, are:

- ensuring the distribution of all public service audio-visual content free of charge to 100 per cent. of the Italian population, either digitally or, where this is not possible, by means of cable or satellite;
- providing a sufficient level of support of the national audio-visual industry;
- the production and distribution of radio and television transmissions, as well as of audio-visual content for the so-called "minority languages";
- the absence of advertising in any form on the television channels aimed at children, and, on all channels, the absence of advertising relating to gambling;
- valuing the communication of information from the various political institutions, in particular by means of a specific channel aimed at information regarding the activities of the parliamentary assemblies and commissions and of the other constitutional institutions, in each case focusing on constitutional values, guarantees and controls, as well as on the European Union;
- the use of quality indicators aimed at guaranteeing a more efficient use of resources;
- the preparation of an industrial plan, an organisational model and an editorial plan which are coherent with the mission and the obligations of the public service, bearing in mind also the requirement to be cost effective;
- specific obligations regarding infrastructure, plants and systems, and the transmission capacity which is necessary for the Issuer exercising its public service function;
- receipt of the Licence Fee (as defined below);
- the preparation of the Issuer's annual report which also set out the Issuer's activities the socio-cultural sphere;
- monitoring of Licence Fee (as defined below) usage subject to periodic verification; and
- different activities RAI can undertake other than the Public Service TV/Radio, such as commercial or editorial initiatives related to RAI's corporate purpose, as long as these do not affect in any way the supply of the Public Service, and as long as these other activities remain activities ancillary to the Public Service.

The RAI/Mimit service agreement, where the Issuer's rights and obligations are identified, has an ordinary term of five years in the context of the Concession that recognises the Issuer as the concessionaire of the public radio, television and multimedia service.

In 2018, was published in the Official Gazette No. 55 of 7 March 2018 the first five-year service agreement, which remained in force until 25 May 2024 (i.e. the Previous Service Agreement).

In December 2019, RAI successfully launched its second bond issue reserved to institutional investors on the Euronext Dublin. The bond, with a five-year term, had a nominal amount of Euro 300 million with full redemption on maturity.

The TUSMA, setting forth consolidated legislation on radio and audiovisual media, transposed Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018, amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services

(Audiovisual Media Services Directive) in view of changing market realities, came into effect on December 2021. Articles 59-63 provide terms that govern the Issuer's public radio and television services.

During 2022, RAI Pubblicità began pursuing a strategy of expanding the scope of its sales, acquiring contracts from third parties, including radio broadcasters (such as Radio Italia S.p.A. and CN Media S.r.l., which operates Radio Kiss Kiss), and others (Vevo (UK) Ltd and the online game, Fantasanremo).

In July 2022, the Issuer approved its 2022-2031 Property Plan, which will serve to modernise and upgrade its property assets, reduce its property footprint, and rationalise its use of space, based on its corporate requirements and also with an eye to environmental, social, and governance (ESG) considerations. In November 2023, the Board of Directors approved an updated plan that covered 2023-2032.

In February 2022, was approved the Decree of the President of the Council of Ministers of 17 February 2022 concerning the terms governing the reduction of RAI S.p.A.'s shareholding in RAI Way S.p.A. ("*Disciplina di riduzione della partecipazione di RAI S.p.A. nella società RAI Way S.p.A.*") (the **DPCM Rai Way**), further to article 21(3) of Law Decree No. 66 of 24 April 2014 (subsequently converted into Law No. 89 of 23 June 2014). See also "*Corporate Structure*".

In August 2022, the Issuer entered into a commercial agreement with Sky covering the years 2022-2027. The agreement provides for the inclusion on the Sky platform of the Issuer's linear TV channels, the RAI Play app, and a selection of on-demand content.

In 2022, following up on what was decided in 2021, the organisational model by 'genres' was implemented, abandoning the traditional 'channel-centric' model. The new organisational model is characterised first and foremost by the orientation towards content originally conceived and developed for multiplatform use (linear channels and digital offer), declined in different languages and formats, so as to dynamically follow the individual citizen in their personal daily media diet, primarily the younger generations who have progressively moved away from linear use.

The overcoming of the organisation based on networks and channels in favour of a content-centric organisational model based on genres has given, in 2022, a new impetus to the constant process of renewal that has always characterised RAI, facilitating the development of products in cross-media logic, to also intercept a younger audience compared to the past.

In 2023, as a first stage of its 2023-2032 Property Programme, the Issuer entered into a binding master agreement with *Fondazione Fiera Milano*, under which the Issuer's Milan production centre will relocate to a portion of the area referred to as MiCo Nord in 2029. The agreement provides for a lease of premises owned by *Fondazione Fiera Milano* for a period of 27 years. It will enable the Issuer to upgrade functionality, inter alia in terms of digitisation and working practices, and is consistent with ESG best practices.

The 2024 Budget Law provides that the television subscription fee for private use is redetermined at Euro 70 for the year 2024. Furthermore, for the improvement of the quality of the public radio, television and multimedia service throughout the national territory, as part of the initiatives envisaged by the service agreement between RAI and the Mimit for the modernisation, development and infrastructural management of distribution networks and platforms, as well as for the creation of internal, radio, television and multimedia production, the company is recognised with the 2024 Supplementary Funding (i.e., a contribution of Euro 430 million for the year 2024, or Euro 413 million net of VAT).

In January 2024, the business plan for the period 2024-2026 (the **2024-2026 Business Plan** or the **Business Plan**) was approved. Its objective is a profound digital transformation, through a programme of technological investments that will also drive business sustainability objectives. See also "*Strategy*".

In February 2024, a revised business-wide ESG sustainability plan for the period 2024-2026 (the **2024-2026 Sustainability Plan** or the **Sustainability Plan**) was approved. It sets a strategy for the Issuer in terms of sustainable development and identifies a series of priority areas for action: the environment, inclusion and equal opportunities, young people, the quality of information, human capital, the digital transformation, ethics, and transparency. The initiatives that the 2024-26 Sustainability Plan lays down are consistent with the strategic approach articulated by the Business Plan and the Service Agreement (See also "*Sustainability*").

On 26 May 2024, the current Service Agreement entered into force. The Service Agreement will remain in force until the next RAI/Mimit service agreement comes into effect. For further details, see "*Service agreement with the Ministry of Enterprises and Made in Italy*" below.

In May 2024, was approved a Decree of the President of the Council of Ministers making some changes to the Decree of the President of the Council of Ministers of 17 February 2022 concerning the terms governing the reduction of RAI S.p.A.'s shareholding in RAI Way S.p.A. ("*Disciplina di riduzione della partecipazione di RAI S.p.A. nella società RAI Way S.p.A.*") (the **DPCM Rai Way 2024**). As of the date of this Prospectus, the publication of the DPCM Rai Way 2024 in the Official Gazette (*Gazzetta Ufficiale*) is pending. See also "*Corporate Structure*".

## **BUSINESS OVERVIEW**

The Issuer is the exclusive public broadcasting service in Italy and is wholly owned by the Italian State (99.56 per cent. of RAI is owned by the MEF and the remaining 0.44 per cent. is owned by SIAE (*Società Italiana degli Autori ed Editori* – Italian Society of Authors and Publishers)). RAI has a diversified offering across TV, radio and internet platforms.

The Issuer's contractual framework is similar to that of other European state broadcasters, in that it has a clearly defined mandate, a guiding document, and a clear public service mission which feeds into editorial choices.

In order to deliver the public broadcasting service, the Issuer is required to fulfil precise obligations in relation to the quality and quantity of programming, as further detailed in the RAI/Mimit service agreement.

The Service Agreement currently in force covers a five-year period and it will remain in force until the next RAI/Mimit service agreement comes into effect. In order to meet the requirements of the Service Agreement, the activity that the Issuer must carry out includes the radio, television and multimedia offer spread across the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the supply of technological services for production and the transmission of the signal in analogical and digital technique. The preparation and management of the control and monitoring systems must be carried out within the limits prescribed by the reference regulatory framework (Reform law and applicable legislation to RAI as a public participation company) .

RAI exceeds its contractual obligations for the Public Service content of its generalist television channels as well as its Public Service content obligations for specialised television channels.

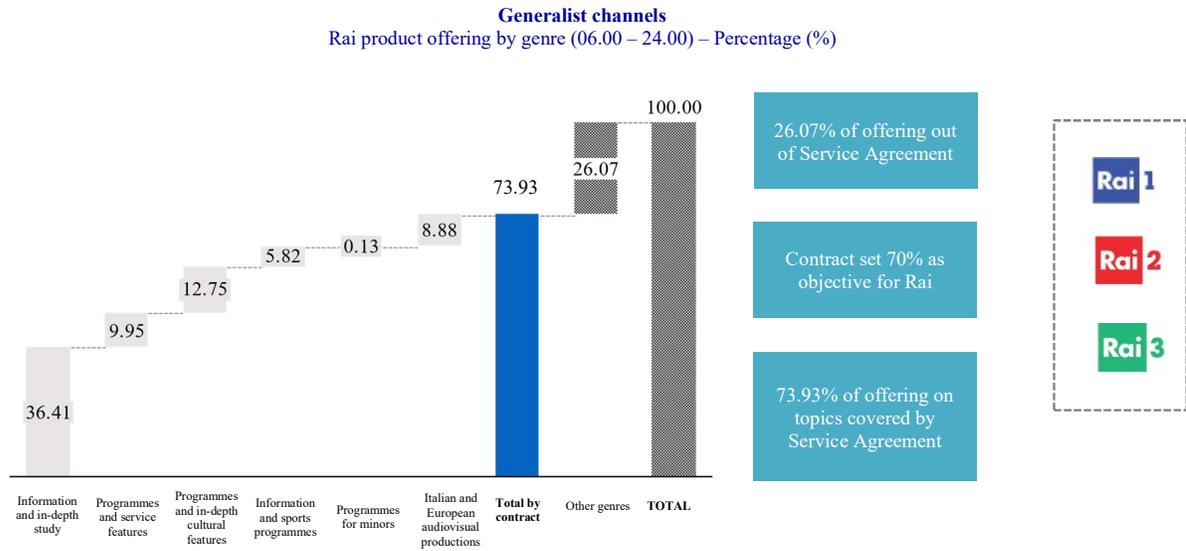
In relation to the obligations on the general TV channels for the financial year 2023, RAI reported a percentage of 73.93%, above the minimum target of 70% set by the Previous Service Agreement, which remained in force until 25 May 2024. Moreover, the same percentage (70%) was confirmed by the new Service Agreement. The remaining 26.07 per cent. of the offering was content outside the requirements of the Previous Service Agreement.<sup>3</sup>

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<sup>3</sup>Percentage values on hours net of advertisement calculated on the basis of analysing RAI's archived content for 2023.

The following table shows the RAI product offering for the generalist channels by genre, and how it compares with the requirements of the Previous Service Agreement.

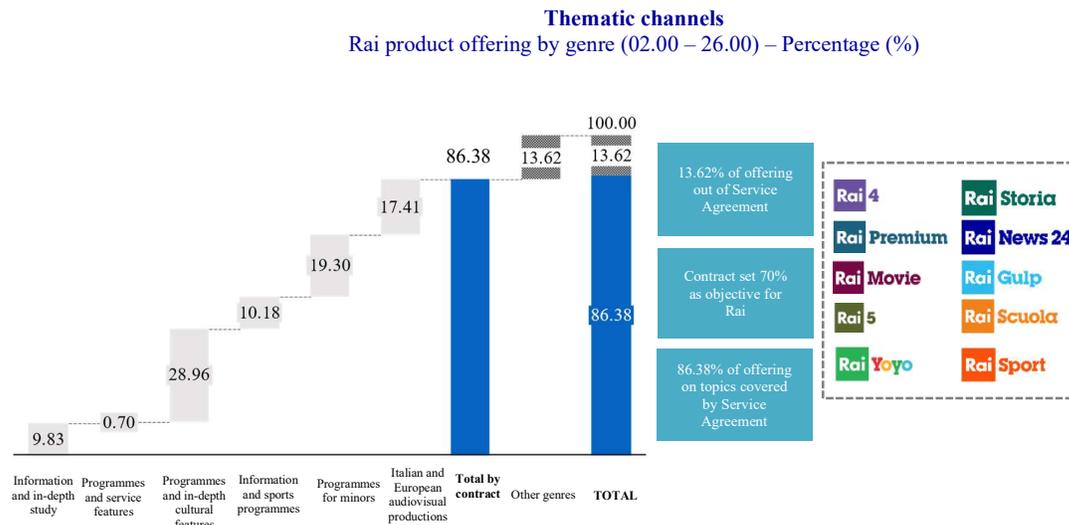
**Generalist channels offered by genre vs. Previous Service Agreement**



Likewise, for specialised channels, the Previous Service Agreement (which remained in force until 25 May 2024) sets an objective of offering 70 per cent. of content covered by the Previous Service Agreement on these channels and, in 2023, approximately 86.38 per cent. of the Issuer's offering was content covered by the Previous Service Agreement. The remaining 13.62 per cent. of the offering was content outside of the requirements of the Previous Service Agreement. The following table shows the RAI product offering for the specialist channels by genre, and how it compares with the requirements of the Previous Service Agreement.<sup>4</sup>

<sup>4</sup> Percentage values on hours net of advertisement calculated on the basis of analysing RAI's archived content for 2023.

## Thematic channels offered by genre vs. Previous Service Agreement



Funding for RAI's activities comes from the Licence Fee (as defined below), public funding for strategically important projects, advertising revenue (albeit advertising crowding, i.e. by number of seconds, is limited compared to commercial broadcasters and advertising revenues are to be used to support RAI's public service broadcasting activities) and other revenues.

The following table shows the breakdown in revenue from sales and services between Licence Fees (as defined below), advertising and other revenues, for the years ended 31 December 2023 and 2022.<sup>5</sup>

### Revenue from sales and services of the Group

| (€/million)                                  | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2023                   | 2022           |
| Licence Fees                                 | 1,839.1                | 1,864.3        |
| Advertising                                  | 664.7                  | 642.6          |
| Other revenue                                | 201.7                  | 188.9          |
| <b>Total revenue from sales and services</b> | <b>2,705.5</b>         | <b>2,695.8</b> |

For the years ended 31 December 2023 and 2022, the Group generated:

- 68 per cent. and 69.2 per cent. of revenue from sales and services from the Licence Fee, respectively;
- 24.6 per cent. and 23.8 per cent. of revenue from sales and services from advertising, respectively.

The Group's other revenues include sales of music rights, special services under agreement, film and home video distribution, signal broadcasting, tower rental, circuit hire, radio bridge and link services.

<sup>5</sup> See Notes 17.1 to the 2022 and 2023 Consolidated Financial Statements .

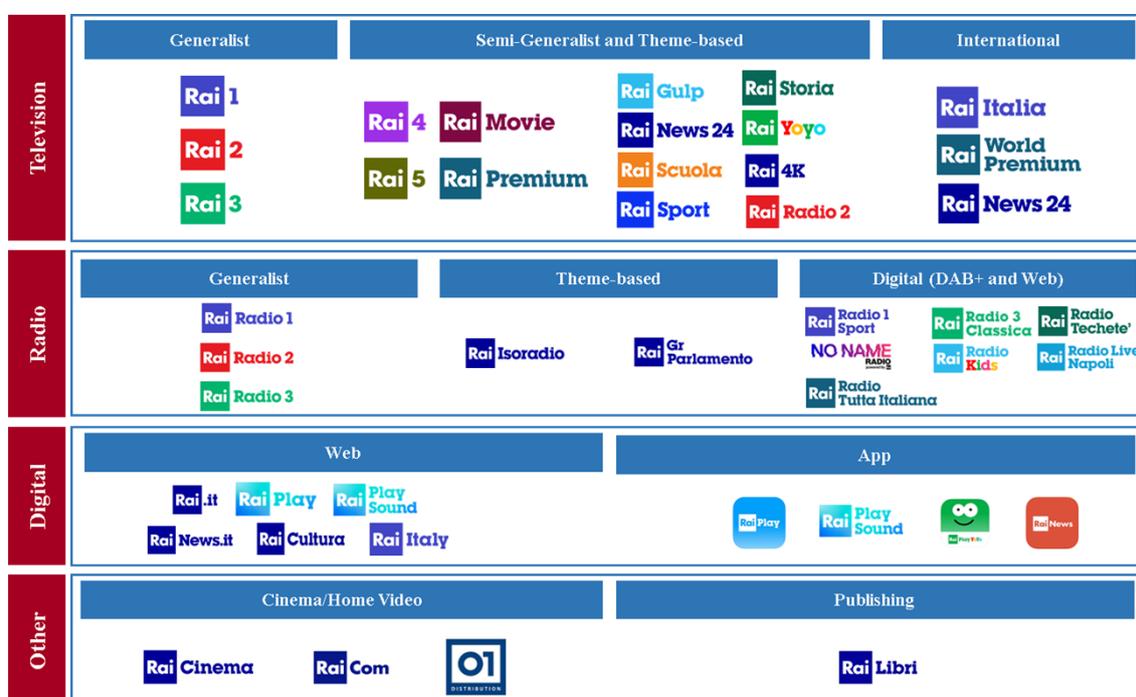
The decrease in Licence Fee revenues was principally the result of: (i) lower receipts as a result of extended payment terms granted to residents of the municipalities in Emilia Romagna, the Marche and Tuscany in areas affected by flooding in 2023 (legislation published in the Official Gazette on 1 June 2023); (ii) delays in the issuance of invoices by certain electricity suppliers; and (iii) difficulties faced by households as a result of the socio-economic environment that resulted in delays to payments.

The increase in advertising revenues was mainly driven by the performance of digital services.

Additionally, 2023 saw the first results from the strategy that RAI Pubblicità has pursued since 2022 of expanding its sales perimeter, with significant increases in advertising revenues from, in particular, the concessions entered into with third-party media companies.

## Main activities

RAI's activity includes a broad multi-platform offering, designed to appeal across the consumer spectrum. RAI's offering is illustrated below:

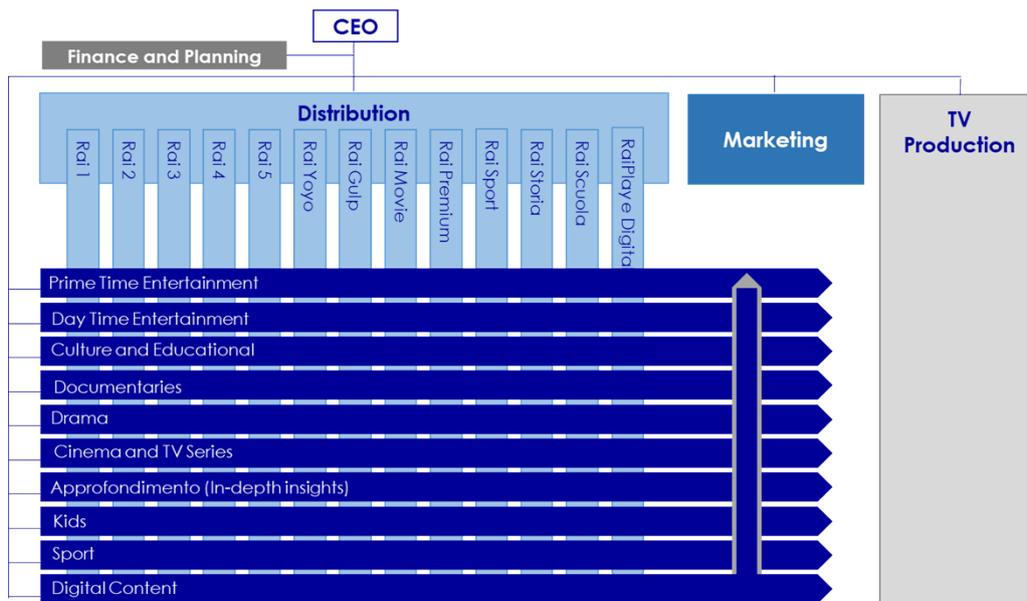


The following paragraphs provide an overview of RAI's editorial and productive activities in terms of the quality and quantity of the offering, the performance reported and the activities of the single channels, newsrooms, structures and companies.

## Editorial Offering

In 2022, following up on what was decided in 2021, the organisational model by 'genres' was implemented, abandoning the traditional 'channel-centric' model.

The new model by 'genres', fully operating from 2023, represents the first step in the transformation process towards a Digital Media Company.



RAI's editorial offer is built on ten strategic genres.

**Prime Time Entertainment** – The main objective is to develop programs, for the prime time and late evening slots and from a cross-media perspective, aimed at entertaining, surprising and exciting the public, in categories such as shows, variety shows, games, music, talent/docu-reality and comedy, as well as those classifiable as 'Major Entertainment Events'.

**Daytime Entertainment** – The main objective is to develop programs for day-time slots, aimed at entertaining, informing and educating the public, by describing Italy in a modern way. Quiz and game shows, factual and infotainment programs are the main categories of this genre.

**Culture and Educational** – RAI develops a cultural tale revolving around complex topics, while disseminating and analysing cross-cutting knowledge and exploring contemporary issues. All the fields of knowledge are, in fact, at the core of this tale, from science to music, from history to the environment, from arts to current issues, from sports to religion.

**Approfondimento (In-depth insights)** – This genre provides news to complete the content offered by the Public Service. In compliance with the principles expressed in the Service Agreement (i.e., balance, pluralism, impartiality, authoritativeness and openness), this genre saw new features and the use of experimental formats and languages, proposing contents that shift from talks, to reportage, and public information service in relation to the main press news, political issues and current events.

**Drama** – Drama RAI's commitment to the promotion of Italian and European audiovisual production is one of the cornerstones of the mission of Public Service, to tell the story of Italy in its contemporaneity and history, to promote talent and the national audiovisual industry, to support innovation and the international showing of our Italian and RAI'S productions.

**Cinema and TV Series** – RAI offers high-quality and spectacular *première* content moving from entertainment to cultural topics.

**Documentaries** – The documentary offer primarily aims at addressing content to a broad and diversified audience, with products connected to great anniversaries and specific occasions. In line with the principles of the public broadcasting service, the genre provides viewers with interpretative keys to

read the current social context through past perspectives, by means of historical reconstructions and testimonies of characters of excellence, as well as analyses of social habits and customs.

**Kids** – The editorial product mainly intended for kids, teenagers and families. The offer includes cartoons, dramas, in-studio programmes, documentaries and films. Many are the original productions addressing the topics of sustainability, the values of sport and the repudiation of racism. Space is also given to youth issues, current affairs, scientific topics, international series and young adult dramas.

**Sport** – Sport is a cross-cutting genre, with a strong appeal, able to attract the audience's attention and working as an aggregation factor. Sport is central in the Group's offer also on digital platforms, in a Public Service logic and to integrate the whole offer. RAI offers sporting events on generalist networks and on the dedicated channel RAI Sport HD.

**Digital Contents** – The original products were intended to meet the needs of the younger public and those who accessed to non-linear contents, confirming the innovative vocation of the programming and developing hybrid ways of expression as alternatives to the genres provided through traditional communication.

### Domestic Free to Air Television Channels

The following table shows the Issuer's television channels (with the exception of Rai Radio2 and Rai 4k) divided into generalist, semi-generalist and thematic channels.



RAI's domestic free-to-air television offering is composed of a mix of channels (as illustrated in the diagram above) and can be described as follows:

### Generalist channels



RAI 1 offers an extensive coverage of events of national interest, from current affairs to sport and variety shows, as well as being the home of television fiction production and entertainment. RAI 1 – thanks to the space dedicated to information and light entertainment distributed across the whole day through contents, genres and languages in line with the viewers' needs – is the leading channel of the

Italian television with shared and universal access, information and entertainment for families, offered in a spectacular, inclusive and responsible way, through great national and international TV events.

## **Rai 2**

RAI 2 is evolving with new languages to amuse, inform, and entertain its viewers, paying particular attention to younger generations. The renewal of the offer interested the second RAI network, with the experimentation of new formats, languages and characters and ironic, comic and light style and tone. RAI 2's mission is to keep changing and experimenting to attract young and active audiences, without losing its most faithful public. RAI 2 aims to represent new cultural and social trends, with targeted insights and new formats and programmes based on dialogue, confrontations among generations and family discussions, also focusing on dismantling the stereotypes to build a stronger and more inclusive community.

## **Rai 3**

RAI 3 is the channel of knowledge, culture, citizens' rights, which investigates the everyday problems, trends and prospects of Italian society. This channel offers an interpretation of current issues by keeping a close eye on local and international events. The RAI 3 offer confirmed its identity with historical programmes, mainly of an informative and educational nature. Selected proposals aired by RAI 3 provided a testimony of and analysed the Italian TV storytelling.

### **Semi-generalist and theme-based channels**

## **Rai 4**

RAI 4 is the channel with a global focus, from sci-fi to crime, from fantasy to epic, from action to thriller. RAI 4 offers the best cinema and TV series with a modern, internationally-oriented language.

## **Rai 5**

RAI 5 is the channel entirely dedicated to promoting and disseminating culture, with a targeted programming on arts, theatre, literature, film *d'auteur* and lyrical and symphonic music. The cultural entertainment channel devoted to music, art, literature, theatre and nature with a special focus on large-scale events, innovation and experimentation in the field of performing arts.

## **Rai Premium**

RAI Premium is the narrative channel of the best Italian and foreign TV drama and comedy works and the most notable entertainment successes of the present and recent past. It is designed to make viewers think, laugh and be thrilled with long-running series, mini-series and TV movies, cleverly interspersed with in-depth analysis allowing viewers to experience and relive the emotions triggered by the quality of the RAI offering.

## **Rai Movie**

RAI Movie is the channel exclusively dedicated to cinema that selects the best national and international offer divided by genres, atmospheres and topics across past and present action, comedy, adventure, thriller and western movies.

## **Rai Yoyo**

RAI Yoyo is the channel without advertisement dedicated to pre-school children and their parents, created to both entertain and educate. Stories, worlds, colours and learning techniques, from languages to art, from history to science. RAI Yoyo offers a programming dedicated to younger children with a wide range of programmes combining general storytelling, entertainment and learning values with productions featuring broad specificities, from language learning to art, history, science and mathematics.

## **Rai Gulp**

RAI Gulp is the channel for youth using all languages across a variety of programmes on current issues, oriented towards discovery, adventure and fun. It features cartoons, TV series, production programmes, web content, intelligent and educational entertainment proposals that entertain and stimulate team culture. Particular attention is paid to civic sense and acceptance of the "new", but also to the rejection of bullying and gender stereotypes through programming specifically designed to discourage them. The offer is open to all languages: from animation to drama, from studio programmes to documentaries and films, with an increasingly close connection between the TV channel and the online and social offer.

## **Rai Storia**

RAI Storia is the quality channel which presents history, great institutional activities, the most important anniversaries and documentaries about Italy. This channel also focuses, each time from a different and original point of view, on our past, present and future with televised and cross-media events which are vital elements in the narration of Italian culture. RAI Storia deals with topics, historical periods and places related to the Italian cultural heritage, for example by delving into archaeology and restoration, in a journey where ancient and modern history are inscribed in the present.

## **Rai Scuola**

RAI Scuola is the channel devoted to formal and informal instruction, education and digital, scientific and technological literacy and created to encourage communication about the world of education, for young people, families and students of all ages. The channel is dedicated to the promotion of scientific subjects and to provide a support in young people's choice of studies. It also aims to inform and guide young people towards knowledge of and changes in the world of labour and the digital evolution of the globalised economy, to raise literacy in respect of digital technologies, to provide training in the educational use of coding and robotics, and to promote the knowledge and use of the English language. RAI Scuola has constantly improved its offer of scientific, environmental, research, space, sustainability, nature and technological content.

## **Rai News 24**

RAI News 24 guarantees 24/7 live information thanks to its reporters. The main local, national and international news— also in English and Ukrainian— are offered to a demanding audience in a continuous flow, with insights and reports and the participation of guests and experts. RAI News 24 is also a service with newscasts in the Italian language of signs (**LIS**) and with spaces dedicated to traffic and weather. Alongside the TV channel, there are Rainews.it, the internet portal of the entire RAI

information with news, updates, photos and products packaged *ad hoc*, and Televideo, the newspaper written on the screen, a medium that maintains its vitality and penetration capacity over time.

## Rai Sport

RAI Sport is the channel broadcasting live sports events and in-depth analyses thereof, from the Olympics to major football events, from cycling to alpine skiing, as well as minority sports. RAI Sport is the only free channel that brings sport in the houses of Italians. Live commentaries, interviews, in-depth reports, columns and original content lend themselves to a great sports narrative of well-known and lesser-known disciplines to offer the public quality sports entertainment. RAI's sports offer, which is wide and varied and always free-to-air, with its broadcasts provides excitement and involvement to viewers, narrating sporting events and broadcasting sports discussion programmes.

## Rai 4K

The experimental RAI 4K satellite channel on air 24 hours a day: major sports events, RAI fiction and flagship programs inserted in a programming slot of more than twelve hours, destined to be increasingly enriched.

## Rai Radio 2

Rai Radio 2's Visual Radio on channel 202 of digital terrestrial offers a further way of enjoying the radio offer by broadcasting the entire daily program of live music and collective narration.

### News offering



Created in 1952 with experimental broadcasts of Italian television and with the name "Telegiornale", Tg1 confirms its position as an authoritative source of information in the Italian news panorama. Informative correctness and respect for pluralism, the credibility of the storytelling and the rigour of the content are the elements that make Tg1 a guaranteed news programme, the window on the world for all Italians, between tradition and innovation. The storytelling uses journalistic reports and lives as privileged tools to narrate the main events. Many reportage services, insights and guests also from the studio aim at bringing daily news into the viewers' homes.



Tg2, with its wide pluralist and objective news, is a reference point for viewers seeking quality journalistic content. Accurate information is provided and lives distributed across news, columns and special editions. The reporters' sagacious perspectives and the accurate verification of facts and sources, along with the many columns with important experts, allowed Tg2 to provide an objective picture of

reality and its background. A direct and clear language, able to reach wide audiences, is used to contribute to drive social debate and promote common civic sense.



Tg3 is a news programme with strong personality, committed at the forefront. Its strengths are news completeness, insight accuracy, the use of a simple but smart language, attention to human rights and the weaker groups in society. Many programmes have satisfied the audience, such as the news that include the Noon edition made in Milan, the news translated into LIS, many lives from the national territories and a rich series of columns.



With 24 newsrooms distributed in all Italian regions, a rich offer of news and columns and a central web-social media platform, TgR guarantees widespread and timely information throughout the country. Testifying the strategic importance of providing information of proximity, TgR is a point of reference for local viewers, thanks to the constant contact with local institutions and proximity to regional realities.



RAI News24 offers news coverage on its all-news channel and acts as service provider for generalist channel in simulcast during the morning shift.



Televideo was created in 1984 and since then it reaches all users, even those who do not use the Internet or are not digitally literate, through their television sets. It is broadcast in its national format on all RAI channels and, in its regional format, on RAI 3, with a total of around 17 thousand pages per day and over 70 columns dealing with the environment, social inclusion, digital literacy, books, culture, leisure, cooking, the local area and children. Televideo, also available in a web version, confirms itself as one of the most user-friendly and supportive products in the daily life of citizens.



RAI Parlamento is the news programme in charge of following parliamentary work, a task carried out daily with programming across the generalist networks. The information offer is characterised by daily editions of the news, political appointments-MEPs, such as sessions dedicated to government communications, ministerial briefings and interviews, which are accompanied by numerous special editions to deepen the most topical issues and weekly columns.

***International television offering:***

RAI operates at an international level with the following channels:

## **Rai News 24**

The all-news channel of RAI (further described above).

## **Rai Italia**

RAI Italia is the channel aimed at Italians abroad and those who love Italy and want to know it better. RAI Italia's editorial offering is divided into four schedules (North and Central America, South America, Sub-Saharan Africa and Asia/Australia) designed to reflect the main time zones. This channel is broadcast via satellite, cable, IPTV and OTT platforms. All the original productions of RAI Italia are available online worldwide, including in Italy and in Europe, thanks to streaming on demand on RAI Italy, foreign section of RAI Play. RAI Italia's mission is to relaunch and redevelop the presence of the Public Service in the world, supporting the promotion of Italian language and culture and the cultural diplomacy of Italy also on the basis of the provisions of the 2017 Convention between RAI and the Presidency of the Council of Ministers.

## **Rai World Premium**

The channel offers a selection of the best of RAI's productions.

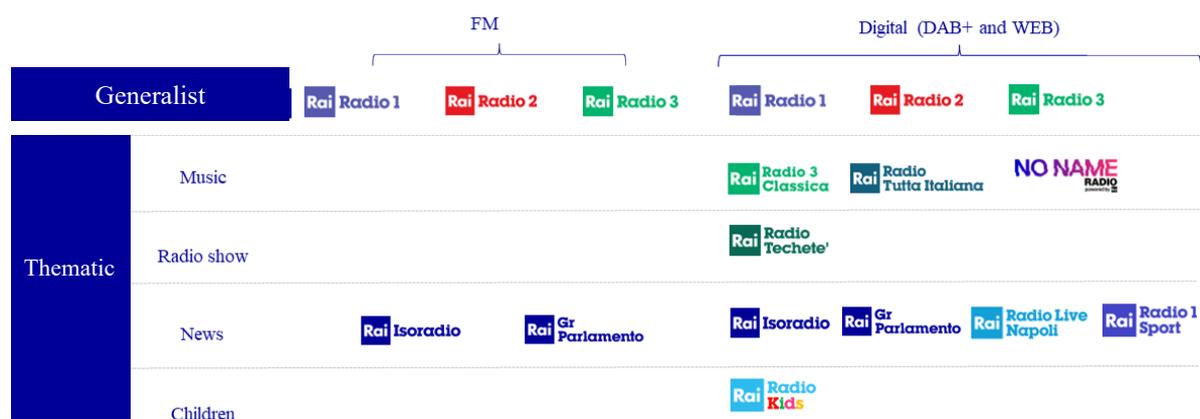
### **Radio offering**

RAI Radio works in a complex and dynamic market context with the main goal being compliance with the commitments set out in the Concession and the Service Agreement.

RAI's offer is organised into 12 channels, broadcast on eight technological platforms, diversified on the basis of editorial mission and reference target, all active online and on social media:

- three generalist radio stations: RAI Radio 1, RAI Radio 2 and RAI Radio 3;
- two special-interest channels: RAI Isoradio (mobility information) and RAI GR Parlamento (institutional); and
- seven specialised digital channels: RAI Radio Tutta Italiana, RAI Radio 3 Classica, RAI Radio Live Napoli, RAI Radio Kids, RAI Radio Techetè, RAI Radio 1 Sport and No Name Radio.

## RAI radio station portfolio



The editorial profile of the generalist channels is divided into the quotas of the genres set out by the Service Agreement (a minimum quota for the genres News, Information, Culture, Society, Music, Service and Public Utility genres).

### Generalist stations

#### Rai Radio 1

RAI Radio 1, RAI Radio's flagship station, reports all the news and sports, from across the world, live.

RAI Radio 1 has an informative, reliable and authoritative vocation; information is provided by 25 daily editions of the radio news program Gr1, in-depth programmes and specials that promptly tell listeners what is happening in Italy and around the world.

Sports remains a mainstay of RAI Radio1 and Gr, with a wide range covered: from football to Formula 1, from MotoGP to basketball, from volleyball to rugby, from athletics to swimming, all told through very successful programmes.

#### Rai Radio 2

Radio 2 uses a multiplatform and interactive structure, a project that combines Public Service and appeal for advertising investors with a variety of music and entertainment. The station communicates constantly with listeners, on air, online and on social networks. The potential and opportunities of the internet are exploited to multiply contact, using the web and social networks. The web extends the life of programmes, allowing new forms of use (e.g., podcast) without diminishing the radio's strength of expression.

#### Rai Radio 3

Radio 3 focuses on contemporary culture, classical music and original views around the world. The musical programming of Radio 3 presents historical broadcasts spanning from classical music to jazz and hosted concerts, with live performances from important Italian and foreign theatres. Musical

programming ranges from the programming of leading musical institutions to large European seasonal festivals.

### Special interest channels

#### Rai Isoradio

RAI Isoradio is the Radio RAI mobility information channel with a flow programming: traffic news, urban and suburban traffic and music are broadcast 24 hours a day, every day of the year. The daily reports with the Highway Police, *Società Autostrade per l'Italia*, ANAS, port authorities, airports, railways and the Local Police headquarters of major cities have been and continue to be a regular presence to ensure continuous and accurate information on the state of traffic and rail, road and air mobility in general.

#### Rai Gr Parlamento

RAI GR Parlamento is the Radio RAI institutional channel that principally deals with the parliamentary activities of the Senate and Chamber, with live broadcasts of sessions from the Houses.

RAI GR Parlamento follows, describes and tells the story of Italian society through institutional dynamics: political current affairs, as well as the economy, environment, labour, respect for human rights, the fight against crime and corruption, and social issues. This is done by following and broadcasting the proceedings of the Parliamentary Committees, conferences, initiatives, appointments and press conferences that take place in institutional venues and that are of public interest.

Specialised networks accompany generalist radio stations to create an offer aimed at intercepting vertical audiences.

They can be listened to in Dab+, via the web, DTT, and with the RaiPlay Sound app.

#### Rai Radio 3 Classica

RAI Radio 3 Classica is the channel on which opera, musicals, operettas and orchestral repertoire find their place, a point of reference for Italian and international classical music, both traditional and contemporary.

#### Rai Radio Tutta Italiana

RAI Radio Tutta Italiana is the radio channel completely dedicated to Italian music. It stands out for its easy listening, with evocative features, a calendar of events, love songs of the past 50 years, and over 120 profiles dedicated to the big names in music. RAI Radio Tutta Italiana also affords plenty of space for emerging singers and new trends.

#### Rai Radio Techete'

RAI Radio Techetè re-proposes historical radio programmes (always by way of original recordings), following the three strands of variety, sport and fiction. RAI Radio Techetè is a different way of promoting the best of Italian radio from post-World War II to the present.



RAI Radio Live Napoli is the radio dedicated to the great musical and cultural heritage of Naples with almost entirely musical programming. And then the news from the Neapolitan music scene, particularly rich in original productions.



RAI Radio Kids is the radio channel that offers fun, music and activities for children.



RAI Radio 1 Sport is the digital radio channel created in connection with the summer 2018 World Cup in Russia. Following the experience of the 2018 World Cup, RAI Radio 1 Sport continued to offer its listeners a very rich menu with the aim of giving the right space to all sporting events that do not find their place in the programming of RAI Radio 1.



No Name Radio is the channel dedicated to children aged 15 to 24. It offers a musical offering focused on rap/trap/hip hop/indie and electronic. Broadcast live from the new Metastudio in Rome, it is hosted by young emerging speakers mainly born after 2000.

## Digital

Developing its web offering is a central goal in RAI's programming and its industrial strategy is guiding its transformation into a media company. This strategy is particularly fuelled by the growing popularity of web offerings with Italian families. RAI is able to drive the transition by its ability to determine in-depth innovations in its offering, consumption and business models.

RAI's web offering is mainly composed of:



RaiPlay is the multimedia portal dedicated to RAI's video offerings live and on demand. The original scripted product is one of the key points for the platform and RaiPlay has focused on titles with a strong impact for the millennial target. Of particular importance are the publications on RaiPlay of Italian series or docu-series in digital-first mode, therefore with a preview of the first episode or the entire season boxset before the television broadcast. Another key asset of the RaiPlay platform is the cinema offering, with a catalogue of over 1,500 titles on demand. Documentaries are also of great importance, including single contents and docuseries, with the best of RAI's documentary offering proposed through educational and thematic itineraries divided by genre. RaiPlay also makes the very rich RAI sports offering available, offering events broadcast on linear channels and a wide range of exclusive events for all sports disciplines. The added value of the RaiPlay offer is the RAI video library offer with a wide selection of programmes, variety shows, dramas and investigations created in over 70 years of television history. Strategic asset of RAI's digital offer is the segment dedicated to children and young people, to which RaiPlay dedicates the Children, Teens and Learning sections and the RaiPlay YoYo app.

Furthermore, many exclusive live events are broadcast on RaiPlay, such as the Sanremo Music Festival; the press conferences and live prime time shows in LIS version; classical music concerts by the RAI

National Symphony Orchestra; live broadcasts of international events; and numerous sporting events, both national and international.



RaiPlay Sound is the digital platform that allows its users to listen to RAI's entire digital audio offering for free, in live streaming and on demand: original titles, audiobooks, audio descriptions of films and fiction, the most popular TV programs and all the programs broadcast on RaiRadio channels. With RaiPlay Sound it is possible to listen live to all RAI Radio channels (14 channels including Rai Radio Trst A and Rai Radio Südtirol, live 24 hours a day), listen on demand to all the audio content published on the platform and explore the content divided into thematic areas. Furthermore, RaiPlay Sound offers a wide variety of original content (podcasts) ranging from entertainment to reality stories, from current affairs to music.



The portal for accessing RAI information, available not only in the mobile and desktop browsing version, but also as an app for smartphones and tablets, distributed on the Android, iOS and Huawei stores. The innovative Interactive Storytelling Desk takes care of interactive and data journalism projects, representing the vanguard of storytelling through digital tools, with the creation of a storytelling system made up of multiple elements such as interactive objects, video, audio, images and text. In addition to this, Rainews.it offers the possibility of seeing the national news services at any time, the 24-hour live broadcast of RaiNews24 and provides regional and sports information.



This portal makes RAI's cultural offering accessible and usable in the digital sphere, with dedicated content and services. The offer is organised into thematic areas and fed with original content produced by the RAI Cultura editorial team, with cultural programs from thematic and generalist television programming, and with titles from the great heritage of the RAI Teche (which is the multimedia archive of RAI productions broadcast throughout the history of RAI).



RaiPlay Yoyo, the protected application entirely dedicated to children, provides a rich thematic program on demand divided into two different targets, defined by age group and updated weekly. In 2023, around 90 titles were made available in rotation on the app for a total of around 7000 episodes to watch online and, of these, around 4,500 episodes to enjoy also offline. This application accompanies children with special offers designed specifically for all occasions.

### **Advertising activities**

The sale of RAI advertising space – on generalist and specialised radio and television channels, on the RAI domain, on teletext and on other minor media – is managed exclusively by RAI Pubblicità, a wholly-owned subsidiary of RAI.

Advertising sales of television and radio space on RAI media are impacted by the entry into force of TUSMA, which led to a redefinition of advertising crowding, both for the Public Service and for commercial broadcasters. As regards the Public Service, in fact, until the end of 2021, advertising messages had to comply with an hourly limit of 12 per cent. (with a possible 2 per cent. overrun to be

made up in the previous or following hour) and a weekly limit of 4 per cent. (the latter calculated on two basins: on the one hand, the average of generalist channels and, on the other, the average of specialised ones). With the entry into force of the TUSMA, the new limit for RAI has been set at 7 per cent. in 2022 and 6 per cent. in 2023 for each time slot (from 6 a.m. to 6 p.m. and from 6 p.m. to midnight) and for each individual channel, while maintaining the hourly limit of 12 per cent. for all hours of the day and with a reduction in the percentage of overruns to be recovered from 2 per cent. to 1 per cent.. These new provisions, applied as of 1 January 2022, led to a reduction in the number of saleable seconds for the RAI Group, generally in prime time television, against an increase in saleable seconds in the average day.

In response to this regulatory change, RAI Pubblicità has developed a new advertising schedule, introducing "short premium breaks" in prime time, a 60-second minibreak that guarantees a position of extreme relevance and excellence in the advertising schedule.

The 2023 advertising investment market in Italy has closed at +1.9 per cent.<sup>6</sup> compared to 2022 (+2.6 per cent. if we also consider digital collection on search, social, classified and OTT), with the TV increasing by +2.1 per cent. and digital by +3.5 per cent. (including search, classified social and OTT).<sup>7</sup>

Notwithstanding the absence of major sporting events in 2023 (2022 benefited from the Football World Cup in Qatar) and the application of the TUSMA, RAI TV advertising market share decreased only by 0.2 points from 20 per cent. to 19.8 per cent. thanks mainly to the new commercial policy.

| TV advertising market share (%) <sup>8</sup> | Year ended 31 December |               |
|--|------------------------|---------------|
|  | 2023                   | 2022          |
| RAI  | 19.8%                  | 20.0%         |
| Mediaset                                     | 56.0%                  | 56.1%         |
| La7  | 4.8%                   | 4.9%          |
| Sky  | 11.7%                  | 11.4%         |
| Discovery                                    | 7.7%                   | 7.6%          |
|  | <b>100.0%</b>          | <b>100.0%</b> |

With regard to other sectors, there is a significant growth in Web (+31%) and revenue resulting from the enlargement of the scope of Rai Pubblicità's activities, which provides a positive contribution both in terms of turnover (from EUR 27.1 million to EUR 49.6 million) and economic margin.

| Rai's advertising by media<br>(€/million) <sup>9</sup> | Year ended 31 December |              |
|--|------------------------|--------------|
|  | 2023                   | 2022         |
| TV   | 556.0                  | 564.5        |
| Radio  | 23.2                   | 23.2         |
| WEB  | 37.5                   | 28.5         |
| Other <sup>10</sup>                                    | (1.6)                  | (0.7)        |
| Third parties  | 49.6                   | 27.1         |
|  | <b>664.7</b>           | <b>642.6</b> |

<sup>6</sup> Nielsen: Advertising universe Digital Homogeneous FCP

<sup>7</sup> Nielsen

<sup>8</sup> Nielsen

<sup>9</sup> Consolidated Financial Statement 2022-2023

<sup>10</sup> Includes contingencies, share due to third parties and other advertising

## **Commercial Activities**

RAI's commercial activities comprise in the management of RAI's intellectual property rights as well as intellectual property rights of third parties. The aim of these commercial activities is finding economic resources different from those traditionally provided by the Licence Fee (as defined below) and by income from advertising. The Group's sales activities are managed by the wholly-owned subsidiary RAI Com.

RAI Com manages agreements with the local public administration, with institutional bodies and with private non-profit organisations, as well as contracts arising from obligations of the RAI/Mimit service agreement (with the exception of Ministries, an activity managed directly by the Parent Company), the sale of rights (cinema, television, music, sport), the distribution of RAI TV channels throughout the world, library and consumer products to name but a few.

## **Other activities**

### **Broadcasting activity**

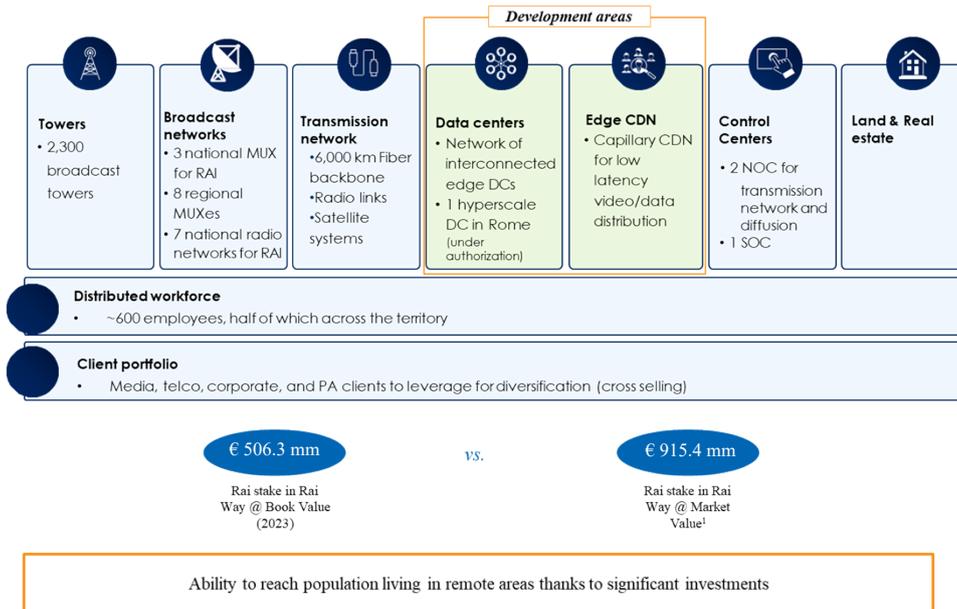
RAI Way is a leading provider of integrated networks infrastructures and services for broadcasters, telecommunication operators, public companies and public administrations; RAI Way uses its own assets and its own competences to guarantee the public radio and television service and the transport and broadcast of television and radio content to its customers, in Italy and abroad, using its wealth of technological, engineering and management know-how, in addition to its infrastructures.

In carrying out its activities, RAI Way also operates in over 2,300 sites equipped with infrastructure and systems for transmitting and broadcasting television and radio signals throughout Italy, it has 21 local network centres and it avails itself of highly specialised workforce.

The services offered by RAI Way include:

- (i) Broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals, through the network infrastructure, to the final users within a geographical area and transmission capacity sale services;
- (ii) Transmission services, for the transmission of radio and television signals via the dedicated network (radio links, satellite, fibre optic) and in particular the provision of Contribution Services, meaning one-directional transport services;
- (iii) Tower Rental services, meaning hosting of third-party transmission and broadcasting equipment at RAI Way's sites including, where required, maintenance services as well as other complementary activities;
- (iv) Network Services consist of a vast range of heterogeneous services which RAI Way is able to provide in relation to electronic and telecommunications networks in general such as, for example, planning and consultancy services.

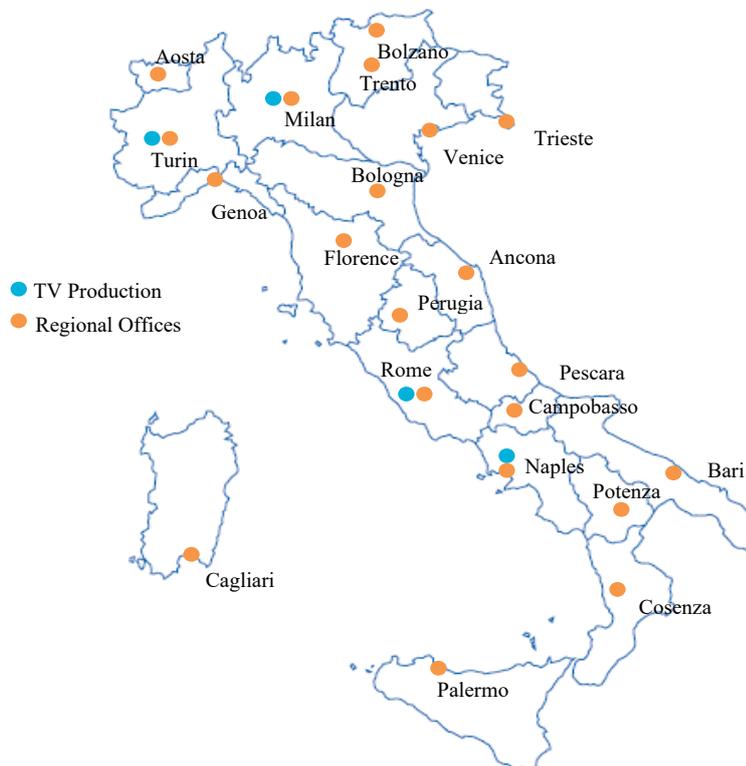
Furthermore, following the development of a private CDN (Content Delivery Network) and the first data centres, which are part of a larger infrastructure being built and distributed throughout the national territory, RAI Way will shortly expand its portfolio of services, offering server housing and low latency connectivity to meet new communication needs, as well as network solutions for the distribution of content on public IP networks (Internet).



1) Factset as of 07 June 2024

## Real estate activity to support core business

RAI currently manages real estate assets totalling approximately 760,000 square metres, of which 639,000 owned by RAI, and 121,000 are leased. The main purpose of the properties is for production activities in the four production centres of Rome, Turin, Milan and Naples, followed by the 21 regional offices and the headquarter offices in Rome and Turin.



## COMPETITIVE POSITION

### Overview

The media sector is facing significant structural changes, in light of the gradual, significant shift in consumer preferences and use of IP and mobile platforms and of non-linear and on-demand services. This transformation of the sector is driven by the "internet giants", which have launched or are poised to launch their respective over the top (OTT) offers and have achieved growing penetration among the audience.

The media sector in Italy shows these same trends, with a significant evolution of OTT offers, especially towards younger audiences (15-44) and with audiences shifting from generalist to specialised channels.

In this context, RAI has a consolidated and competitive starting position and is able to face new market challenges in various reference markets by means of the following:<sup>11</sup>

- a wide-ranging portfolio of free to air television offering, with 13 national channels airing on the DTT platform and via satellite on the free platform TivùSat; RAI offer also includes RAI Radio 2, a visual radio channel and RAI 4K;
- a broad radio offer with 12 channels overall (generalist, specialised, and digital);
- a relevant position in the digital market, with a wide-range offer including the OTT platform RaiPlay, the information portal RaiNews.it, the multimedia portal RaiPlaySound.it, RaiCultura.it and the RaiPlay Yoyo application;
- its position as leading editor for linear television in terms of prime time audience (7.2 million in prime time);<sup>12</sup>
- its position as leader of Italian fiction series in terms of audience in prime time;<sup>13</sup>
- its position as leading television news editor in terms of audience;<sup>14</sup> and
- its position as sixth cinema distributor in terms of market share.<sup>15</sup>

### Television

The Italian television market is experiencing progressive audience erosion as a result of the developing offers on other platforms such as OTT, and VoD (Video on Demand).

Prime time audience decreased by approximately 4 million viewers, from 23.1 million in 2019 to 18.9 million in 2023, while average day audience decreased only by approximately 2 million viewers to 8.2 million, from 9.9 million in 2019. Results recorded in 2020 are linked to the COVID-19 Pandemic.

The contraction of the audience is mainly attributable to a physiological re-composition of television consumption as an effect of the overexposure to the medium following the lockdown periods in 2020/21 and, to a lesser extent, to the methodological changes introduced by Auditel in 2022 (May 2022). With regard to the last point, Auditel revised the perimeter used to calculate the TV audience share, excluding: (i) the audience generated by subjects (publishers/broadcasters/platforms) that did not request to be measured, such as some national/local broadcasters not registered with Auditel; (ii) the

<sup>11</sup> Data for 2023, or as at 31 December 2023

<sup>12</sup> Auditel data 2023 Prime time (20.30-22.30) – All individuals 4+

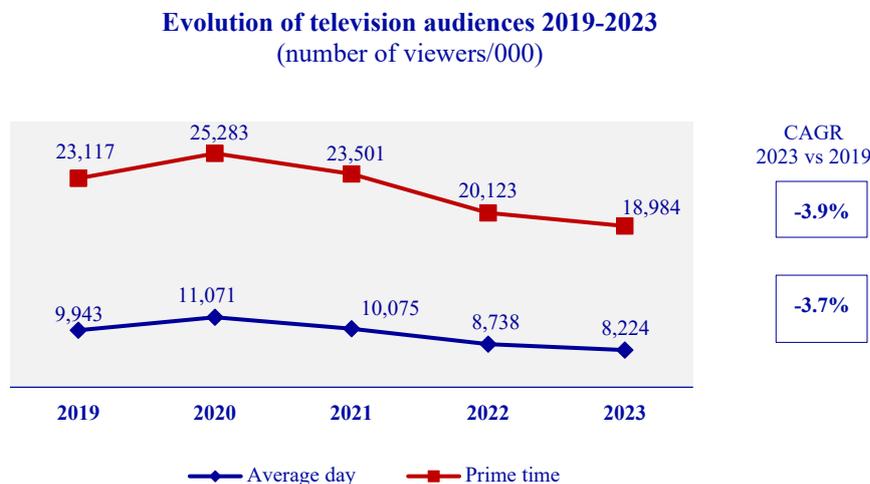
<sup>13</sup> Auditel data 2023 Prime time (20.30 – 22.30) –All individuals 4+

<sup>14</sup> Auditel data 2023, Average day (02.00-02.00) Generalistic channel – All individuals 4+

<sup>15</sup> Cinetel 2023 data – Italian cinema distribution

audience of measured subjects that did not set up the modalities to make their contents identifiable; and (iii) the audience not intentionally estimated, resulting from the use of IP protocol or non-TV contents used through the TV screen.

### Evolution of television audiences 2019 to 2023<sup>16</sup>



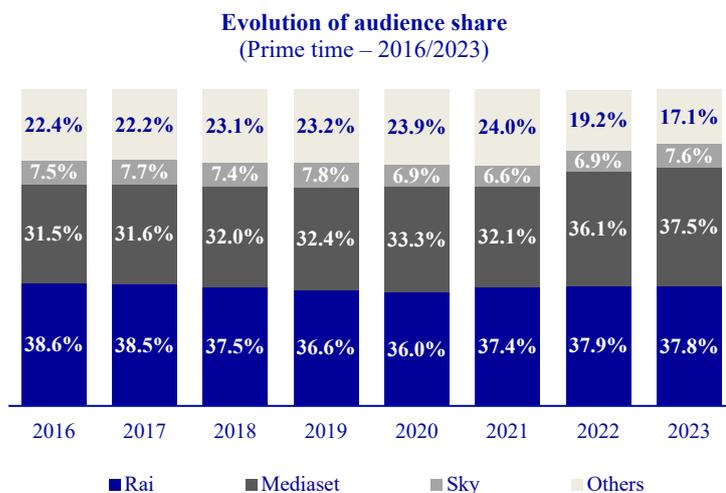
Traditional linear television offers have radically changed in recent years following the shift to digital terrestrial services and the greater potential for available programming that has arisen as a consequence. This has allowed the development of a broad, specialised offer which is able to focus programming on the audience's specific interests and preferences.

In 2023, the television offer in Italy included 268 channels headed by editors located in Italy (compared to the 292 in 2022) and distributed on the DTT and Satellite platforms. Of these, 107 channels are broadcast exclusively on the digital terrestrial platform, 214 only on the satellite platform (both free and pay) and 53 are available on both platforms.<sup>17</sup>

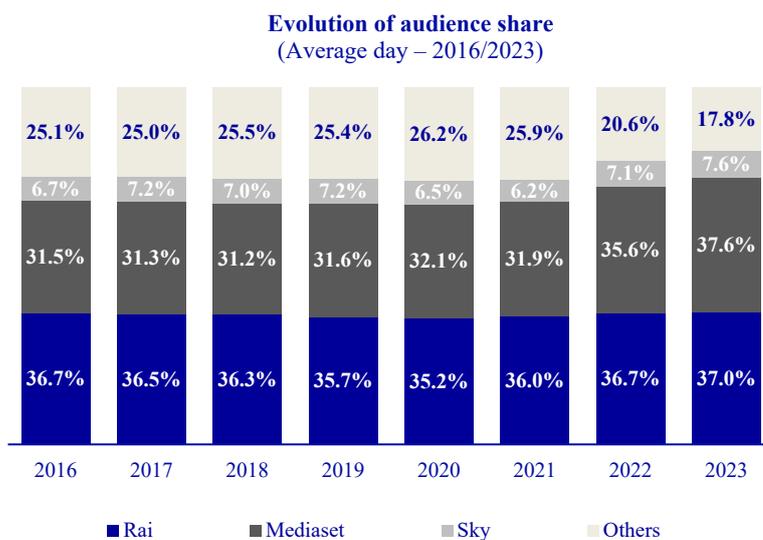
Notwithstanding these significant changes and a more complex competitive scenario, RAI has been able to retain and strengthen its leadership position on the reference market in prime time.

<sup>16</sup> Auditel data 2019/2023 Average day (02.00-02.00) and Prime time (20.30-22.30) – All individuals 4+  
<sup>17</sup> Confindustria Televisioni – Ufficio Studi CRTV - Sintesi Canali Tv Italia 2023

## Prime time TV audience evolution 2016 to 2023<sup>18</sup>



## Average day TV audience evolution 2016 to 2023<sup>19</sup>

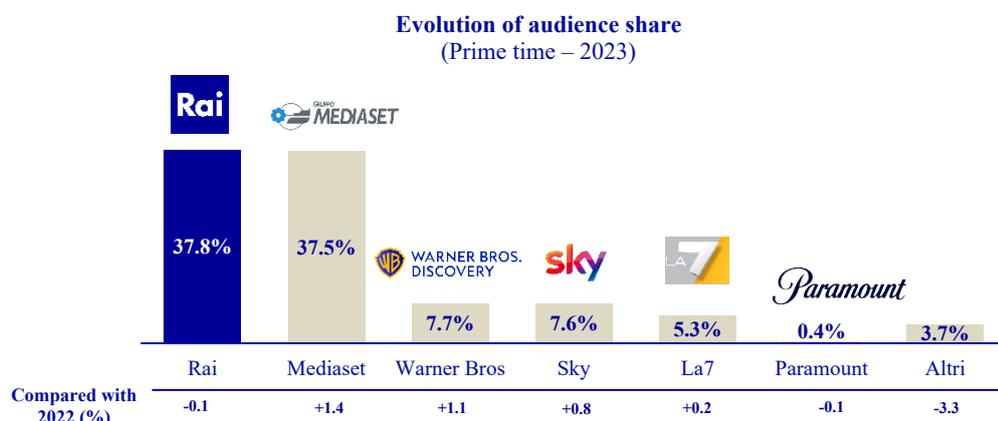


In 2023, RAI has retained its market leadership in prime time, achieving a 37.8 per cent. audience share, compared to Mediaset's 37.5 per cent. share. Warner Bros Discovery's 7.7 per cent. share and Sky's 7.6 per cent. share.

<sup>18</sup> Auditel data 2016/2023 - Prime time (20.30 -22.30) – All individuals 4+

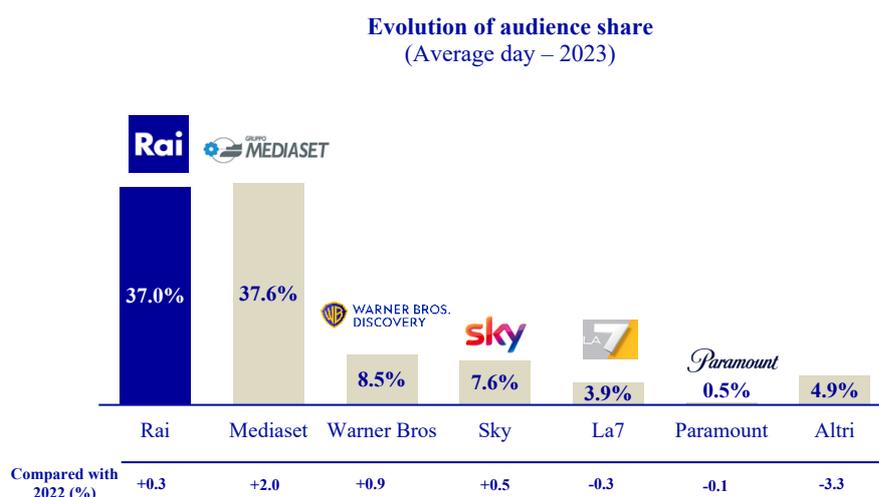
<sup>19</sup> Auditel data 2016/2023- Average day (02.00-02.00) – All individuals 4+

## Italian Television market share evolution in 2023 – Prime Time<sup>20</sup>



In 2023 RAI reached an average day audience share of 37.0 per cent., compared to 37.6 per cent. for Mediaset, 8.5 per cent. for Warner Bros Discovery and 7.6 per cent. for the Sky pay channels.

## Italian Television market share evolution in 2023 – Average Day<sup>21</sup>

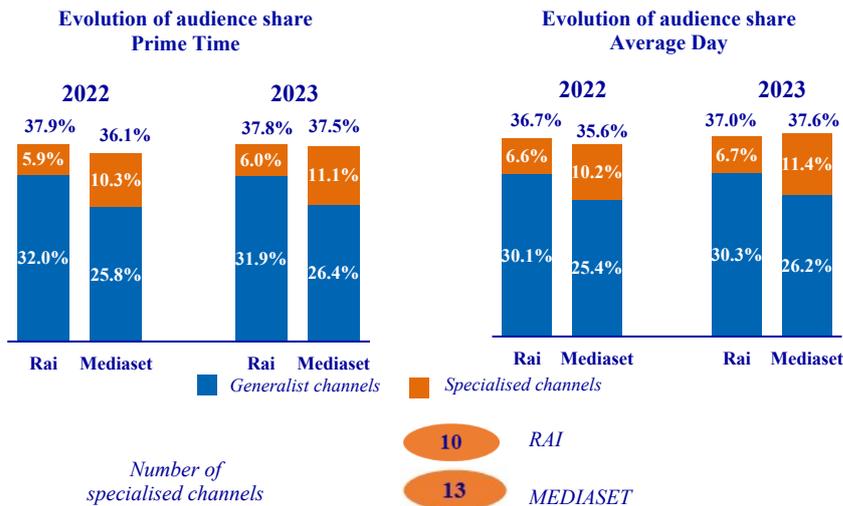


These results are influenced by the greater number of specialized channels offered by Mediaset in comparison to Rai (13 channels versus 10) and the different editorial mission of the channels themselves: the Mediaset channels have a purely commercial vocation, while the Rai channels perform a public service function (for example Rai 5, Rai Storia) which inevitably address a more niche audience.

If we consider the generalist channels, Rai firmly maintain their leadership over the main competitor. In particular, from the comparison it emerges that Rai is the leader both in average day, with a share of 30.3 per cent. (Mediaset 26.2 per cent.), and in prime time with a share of 31.9 per cent. (Mediaset 26.4 per cent.).

<sup>20</sup> Auditel data 2023 - Prime Time (20.30-22.30) – All individuals 4+

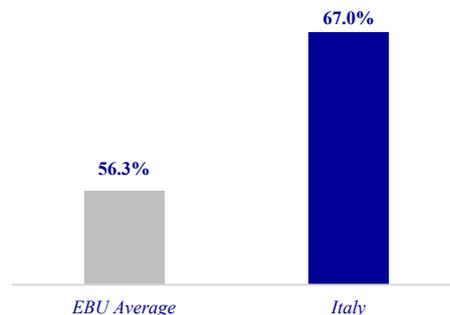
<sup>21</sup> Auditel data 2023 - Average Day (02.00-02.00) – All individuals 4+



RAI has a stronger television weekly reach compared to the average for European public service media, with an average of 67.0 per cent. compared with European Broadcast Union (EBU) members' average of 56.3 per cent. in 2022.

### Public service media television weekly reach (2022)<sup>22</sup>

Public service media television weekly reach (2022)



### Radio

RAI was a founding partner of the *Tavolo Editori Radio (TER)*, a company established in 2016 with the intention of promoting a radio audience survey methodology, 70 per cent. owned by national radio broadcasters and the remaining 30 per cent. by associations of local radio broadcasters. As part of this corporate relationship, RAI was also contractually bound to TER for the collection of radio listening data of national radio stations (RAI Radio 1, RAI Radio 2, RAI Radio 3, RAI Isoradio).

In 2024, TER integrated its corporate mission by evolving towards the holding company model and changed its name to Editori Radiofonici Associati S.r.l. (ERA). The new company took part in the establishment of a Joint Industry Committee, called Audiradio, together with the associations representing advertising investors (UPA) and communication agencies (UNA). Audiradio is aimed at collecting radio audience data through a new methodology, whose first results are expected by 2025.

### Digital

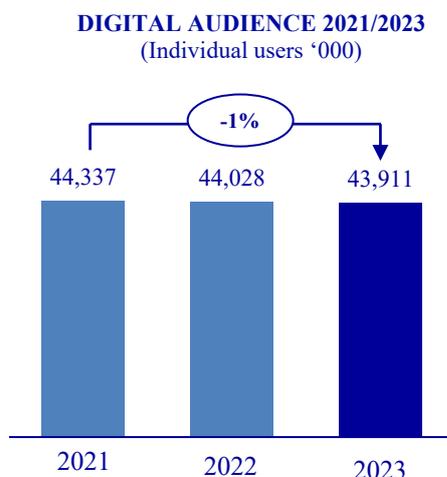
<sup>22</sup> European Broadcasting Union - Media Intelligence Service – “Audience Trends: Television 2022”. Weekly reach based on 15+ minutes consecutive viewing.

The competitive environment has changed radically in recent years following the gradual move towards on-demand media consumption, especially for the youngest audience segments.

That trend has been supported by technological advances. Based on the most recent survey by Auditel-Censis, in Italy digital transformation turned a corner in 2023, in that consistent growth in the penetration of smart TVs meant they outnumbered traditional TVs for the first time. As of the date of this Prospectus, Italian households have 21 million smart TVs and 20.5 million conventional TVs.<sup>23</sup>

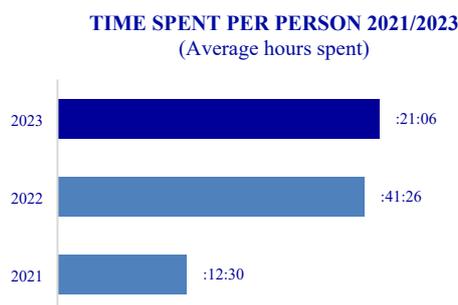
### Digital audience 2021 to 2023

In 2023, the Total Digital Audience was measured by Audiweb as 43.9 million individuals per month,<sup>24</sup> meaning that approximately 75 per cent. of Italy's population connected to the internet at least once a month. That figure has been substantially unchanged over the past three years.



### Total Time Spent 2021 to 2023

The total time spent (TTS) per person has increased over the same period, from approximately 720 hours to 794 hours (an increase of 10 per cent.).<sup>25</sup>



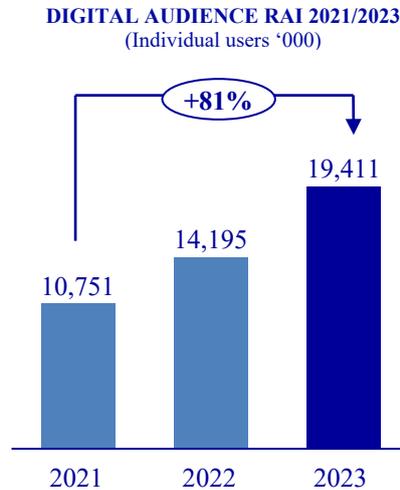
<sup>23</sup> Auditel Report – Censis - La Nuova Italia Televisiva (14 Novembre 2023)

<sup>24</sup> Total Digital Audience 2019-2023 - Audicom, Sistema Audiweb powered by Nielsen

<sup>25</sup> Total Time Spent 2021-2023 - Audicom, Sistema Audiweb powered by Nielsen

## Digital Audience Rai 2021 to 2023

As regards the Issuer, in the same period 19.4 million users connected on average at least once a month to one of the Issuer's sites or apps, which represented 44 per cent. of the population active on the internet. That figure represents a significant increase over 2021 of 81 per cent..<sup>26</sup>

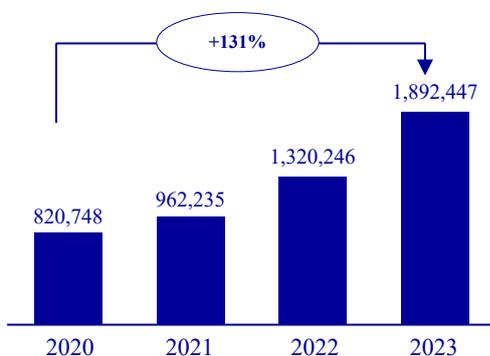


In order to provide an indication of the Issuer's performance against its major competitors, the following figures are taken from Auditel Online, the system that Auditel has developed for measuring television audiences on digital devices. This is a scheme in which six media companies who together represent more than 86.5 per cent. of traditional television audiences have participated since 2020 (RAI, Mediaset, La 7, Discovery, Sky and DAZN).<sup>27</sup>

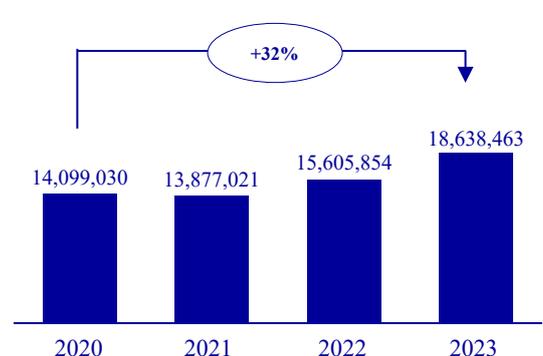
## Total Time Spent and Legitimate Stream 2020 to 2023

In terms of TTS, 1.9 billion hours of content was consumed (both through linear TV and video on demand) in 2023. That represented a notable increase of 131 per cent. over 2020, and an increase of 42 per cent. over the prior year.<sup>28</sup> In terms of legitimate stream (LS), the increase over the same four years period was 32 per cent., and of 19 per cent. over the prior year.<sup>29</sup>

**ALL CONTENTS CONSUMING – TTS – 2020/2023**  
(\*000 Hours spent)



**ALL CONTENTS CONSUMING - LS – 2020/2023**  
(Streams volume '000)



<sup>26</sup> Total Digital Audience Rai 2021-2023 - Audicom, Sistema Audiweb powered by Nielsen

<sup>27</sup> The survey, in this case, is of a census type and is carried out on all devices enabled for viewing via IP protocol (Tablet, Smartphone, Smart TV, PC, Set-Top-Box, Game Console, etc.)

<sup>28</sup> Total Time Spent All Publisher 2020-2023 – Auditel, Sistema Auditel Online

<sup>29</sup> Legitimate Stream Publisher 2020-2023 – Auditel, Sistema Auditel Online

With respect to this scenario, the Issuer has performed well, with its figures trending upwards.

### Total Time Spent RAI 2020 to 2023

In TTS terms, the Issuer's performance exceeded 600 million hours in 2023, having increased markedly over the four years, up 131 per cent. over the period and up 28 per cent. compared to the prior year.<sup>30</sup>

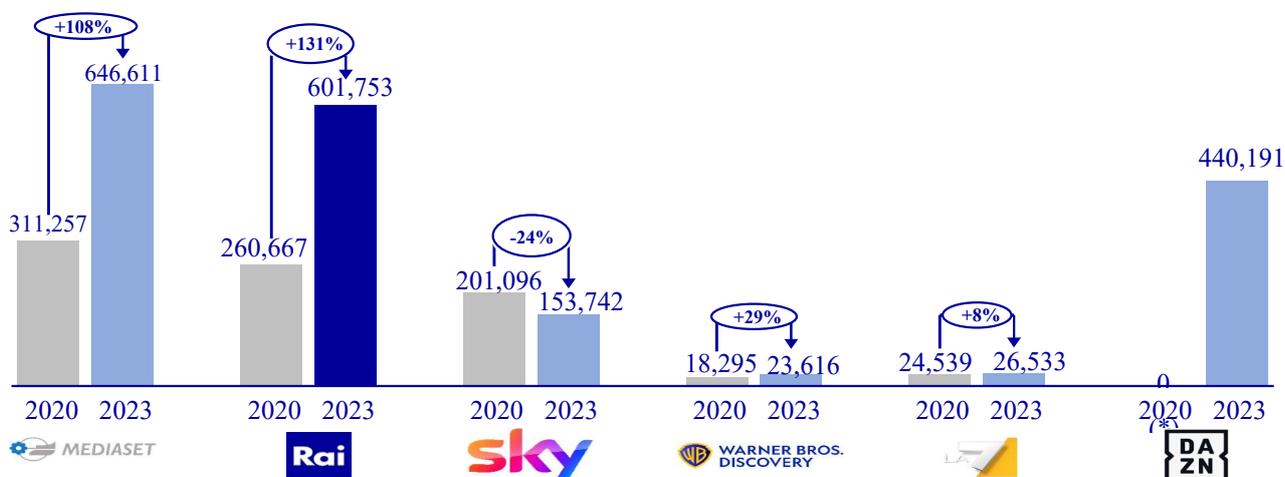
**ALL CONTENTS CONSUMING RAI – TTS – 2020/2023**  
(‘000 Hours spent)



### Total Time Spent All Publishers 2020 to 2023

The TTS, which assesses the time spent consuming media content, is the most important performance indicator for a public service operator, in that it reflects the Issuer's strategy of maximising public engagement. This strategy contrasts with that of commercial operators who tend to favour shorter-form content in order to maximise commercial revenues.

**ALL CONTENTS CONSUMING – TTS – 2020/2023**  
(‘000 Hours spent)



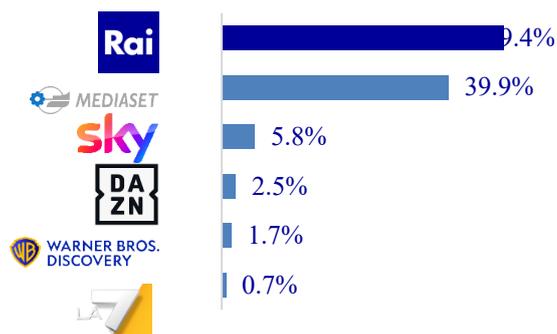
<sup>30</sup> Total Time Spent RAI 2020-2023 – Auditel, Sistema Auditel Online

(\*) Rilevazione dal 13.08.22

### Total Time Spent - Consuming VOD Online Long Form (>30') - 2023

The public service operator strategy emerges even more clearly if one focuses the analysis on consumption of digital editorial content lasting more than 30 minutes, where the Issuer is the market leader with a market share of almost 50 per cent..<sup>31</sup>

CONSUMING VOD Online LONG FORM (>30') – TS - 2023 (Hours spent %)



### Legitimate Stream RAI 2020 to 2023

Also in terms of LS, the Issuer's results showed substantial increases, of 79 per cent. over the four years 2020-2023, and of 20 per cent. over 2022, thus outperforming its panel of peers.<sup>32</sup>

ALL CONTENTS CONSUMING RAI - LS – 2020/2023  
(Streams volume '000)



### Interactions 2023

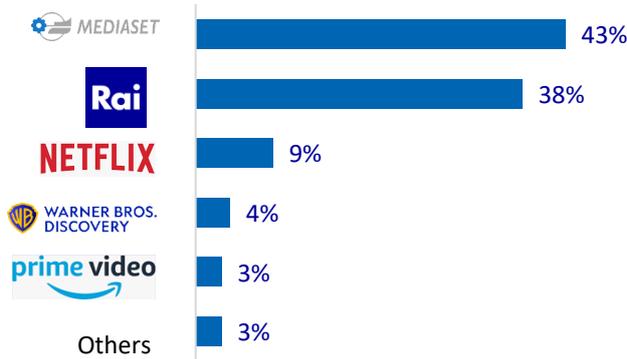
Regarding the world of social networks, the 2023 ranking of traffic generated by television publishers sees Rai with 204 million interactions (38%).<sup>33</sup>

<sup>31</sup> Consuming Vod Online LONG FORM (>30') 2023 – Auditel, Sistema Auditel Online

<sup>32</sup> Legitimate Stream RAI 2020-2023 – Auditel, Sistema Auditel Online

<sup>33</sup> Interactions 2023 - Talkwalker (excluding sporting events and therefore SKY and DAZN publishers)

### INTERACTIONS – 2023



The active and synergistic presence of Rai accounts on the various social networks has made it possible to reach different and complementary audiences, consistently with the objectives of the social strategy conceived not by channel but by content and genre. 2023 was the year of affirmation of community building (including the success of Mare Fuori also on social media) and of experimentation, both in terms of opening and "beta-testing" of new platforms (WhatsApp Channel and Threads) or new thematic profiles (TikTok) but also the creation of innovative content (new vertical formats for reels and stories, new social story formats, etc.)

### Cinema

As illustrated in the diagram below, the Italian cinema production and distribution market is composed of a mix of U.S. "majors" and Italian players. The market is dominated by the majors with 01 Distribution in sixth position. In the distribution business only five players have a market share greater than 10 per cent.

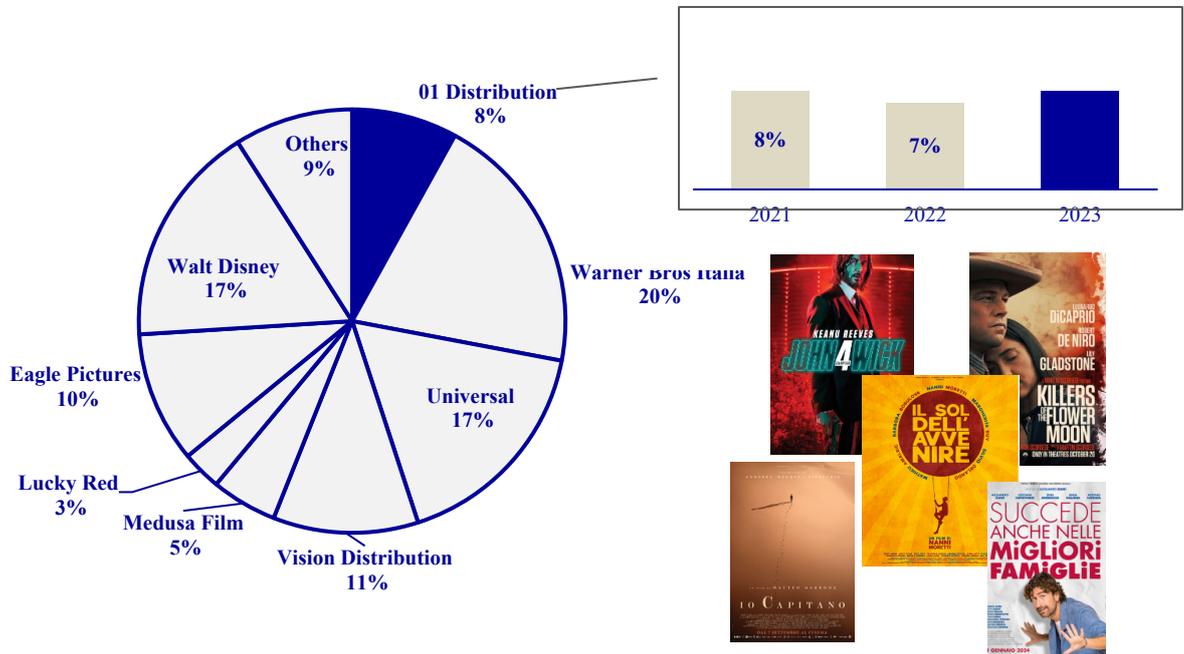
In 2023, the Issuer is in sixth position with an 8 per cent. market share behind Warner Bros Italia (20 per cent.), Walt Disney (17 per cent.), Universal (17 per cent.), Vision Distribution (11 per cent.) and Eagle Pictures (10 per cent.).<sup>34</sup>

During the past three years, 01 Distribution recorded about 8 per cent. in terms of market shares.

<sup>34</sup> Cinetel 2023 data – Italian cinema distribution

## Italian cinema distribution 2023

Distributors on the total Italian market (2023)

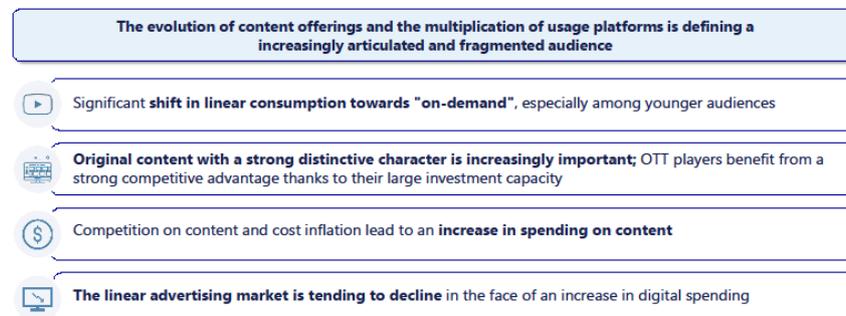


## STRATEGY

### The 2024 – 2026 Business Plan

Over recent years, the audiovisual media market has been undergoing radical change, with content and distribution platforms developing in ways that have made consumer habits more varied and complex. In such an environment, it has been increasingly difficult for traditional broadcasters to hold onto their role.

The audiovisual market is undergoing profound transformation, characterized by the shift towards "on demand" consumption and an increase in competitiveness



Fonte: Audiweb, Auditel, Rai

In particular, consumption is increasingly on demand, especially for younger audiences. The ability to develop content that stands out for its distinctiveness is necessary to stay relevant. Competition is

increasingly fierce, with the increasingly widespread presence of global OTT platforms. Production costs have risen, while the linear television advertising market has declined.

Additionally, traditional media groups like RAI are positioned towards audiences that are middle-aged or older, and this has impacts upon the public service's universal character.

All of the European public service broadcasters face a similar challenge and must respond to market changes by becoming more user-centric, in which the ultimate consumer is at the heart of media consumption choices.

### **Business Objectives**

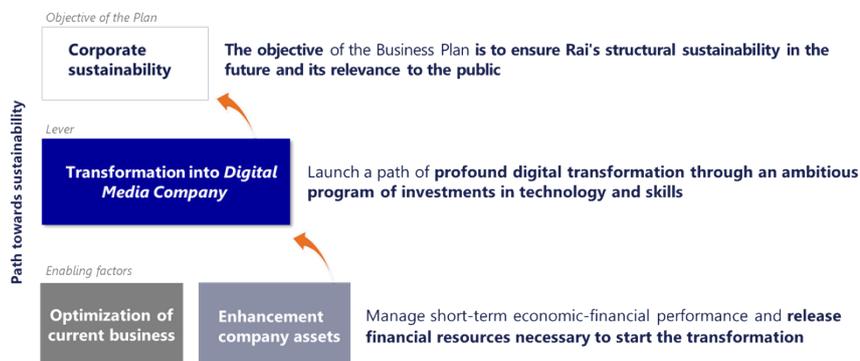
The 2024-26 Business Plan is thus central to, and in service of, finding a practical response to the new challenges this environment presents. The 2024-26 Business Plan sets forth how RAI will over the period become a digital media company, in order to ensure that the Issuer has a central role in the new multiplatform, multidevice landscape, and confirms the essential role of the public service broadcaster as the principal engine supporting and growing Italy's audiovisual industries, by ensuring that the Issuer's structure is stable over the medium and long term, and that it enjoys financial and economic sustainability.

The 2024-26 Business Plan responds to the needs of the context in coordination with the objectives of the new Service Agreement and the Sustainability Plan



More specifically, the 2024-2026 Business Plan works in combination and harmony with the Service Agreement and the 2024-2026 Sustainability Plan approved by the Board of Directors in January and February 2024, respectively. It lays down the initiatives and actions that will be required for the Issuer's structural transformation that will carry the public service into the future.

The Business Plan aims to achieve the transformation into *Digital Media Company* by optimizing the business perimeter and enhancing company assets



From 2024 to 2026, the 2024-26 Business Plan imposes an objective of effecting a series of strategic initiatives that will ensure that RAI achieves structural sustainability over the medium and long term,

through improved performance and greater relevance to its audience, making the Issuer Italian consumers' favourite choice.

Achieving that objective will require a profound digital transformation supported by an ambitious programme of investments in technology and in new expertise, in line with the changes that other European public service broadcasters are pursuing.

Initiatives to optimise the existing business, to contain cost increases and commercially exploit certain of the Issuer's assets are required to release financial resources necessary to begin that transformation, with major investments in technology and expertise.

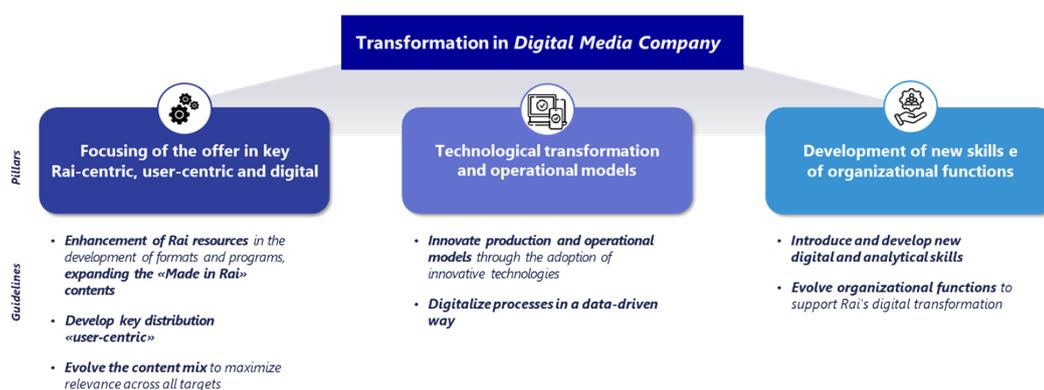
## 1) The 2024-26 Business Plan's objective

Digital transformation is intended to ensure the Issuer's structural sustainability, emphasising its role and function as a public service, so that the Issuer is:

- (i) the leading media company in Italy in terms of reach and total time spent on linear and digital platforms, providing free content that may be accessed at any time and in any location, through a user-centric approach;
- (ii) the leading producer in terms of investments in distinctive content with a clear national identity, with a broad range offered on a multiplatform basis;
- (iii) the benchmark for linear and digital information content for Italian consumers, in terms of authority, reliability and plurality; and
- (iv) in the vanguard in adopting ground-breaking production models that are data-driven, based on the latest technology and new digital and analytical expertise.

## 2) Transformation into a digital media company

The evolution into a *digital media company* includes strategic initiatives regarding the offer, the review of operating models and the introduction of new skills



The Issuer's transformation into a digital media company rests on three key strategic pillars:

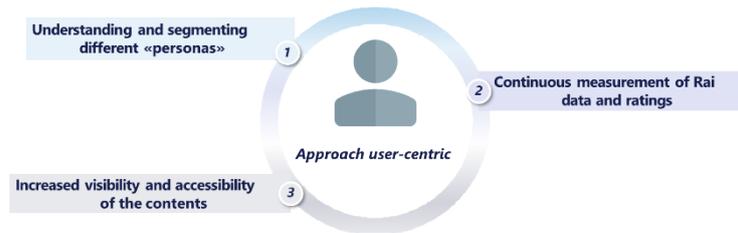
- (i) the first consists in making changes to content by strengthening the editorial capabilities and the development of programmes within RAI (an approach described as "RAI-centric"), and placing the user at the heart of editorial decision-making to better address their needs;

- (ii) the second envisages the transformation of operating and production models through technological renewal and the digitalisation of processes, to achieve greater efficiency and make day-to-day operations more flexible and streamlined; and
- (iii) the third provides for the development of the digital and analytical expertise that will be required to understand and serve the public as well as possible, and work within new operating models.

With respect to the first pillar, regarding changes to the supply, the 2024-26 Business Plan identifies a path that focuses on making products more RAI-centric, which is to say, by bolstering the centrality of the Issuer in programme development and in securing ownership of intellectual property, by increasing the volume of programmes that are "made in RAI" (meaning they are fully developed and produced inhouse) and enhancing and developing internal production talent.

To enhance internal capabilities further, a Group-wide platform will be launched to elicit, in a structured way, ideas on new programme formats that could be included on the Issuer's channels and platforms, developed by RAI's own personnel.

To develop a *user-centric* and *data-driven* approach, it becomes essential to put data at the center of the various decision-making processes



To bolster the relevance, performance and enjoyment of the Issuer's programming for every segment of the audience, a change in approach is needed, in particular with reference to the definition and development of the programmes on offer.

This will require a user-centric, data-driven approach in which the user, meaning the various segments of which the audience is comprised, is at the centre of all the programme-making and distribution decisions, to address the different needs present among the Italian public and recoup relevance to younger audiences.

This means understanding the consumer habits of different user segments, instituting a sound process for continuous measurement of performance in support of programme-making decisions, and strengthening the promotion of content also on third-party platforms, where the less loyal audience to RAI's programmes is most concentrated.

Adopting a user-centric, data-driven approach should improve the market position of the Issuer's digital platforms and channels, bringing a change to the mix of contents, through new products and new formats, in order to better serve the public.

With respect to the second pillar, the 2024-26 Business Plan envisages an ambitious overhaul of television production models, to provide a greater focus on automation, digitalisation and remote working that will bring RAI up to date with the latest standards through models that are more efficient and productive. Specifically, it envisages the introduction of multifunction, remote-operating editing suites, cameras remotely operated by robots, virtual studios, mobile sets, and the latest post-production technology. Finally, the 2024-26 Business Plan provides for the gradual adoption of artificial

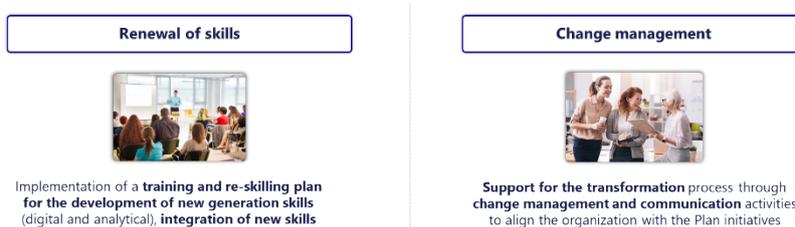
intelligence technologies. These are increasingly showing how useful they can be as a means of improving and simplifying working processes.

The third and final pillar of the transformation into a digital media company is focused on developing the digital and analytical expertise that will be required to understand and serve the public as well as possible, and to be able to operate within the new operating models.

Specifically, developing new areas of expertise will be structured around the implementation of a training and reskilling programme that will encourage the development of digital and analytical expertise, with new recruitment where the expertise is not capable of being developed within the organisation itself.

The process of transformation will be supported by a change management programme that will engage all of the Issuer's personnel in the changes and transformations that the Business Plan brings about.

The evolution of human resources occurs through the renewal of skills and change management to support the transformation process



### 3) The enabling factors

In order to commence the Issuer's transformation, the 2024-26 Business Plan provides for financial resources to be released through:

- optimisation of the existing business that minimises non-strategic spending and improves business efficiency; and
- sale of some existing business assets, in particular with reference to investee company and property assets.

In particular, the transformative initiatives contained in the 2024-26 Business Plan are intended to be financed mainly through the sale by the Issuer of a minority stake in Rai Way, that in any event maintains the ownership of the majority of its share capital, in accordance with the provisions set forth in the DPCM Rai Way as amended by the DPCM Rai Way 2024 (See also “*Corporate Structure–Rai Way*”). The aforementioned sale is expected to occur by the end of 2024.

With regard to the property assets, the Business Plan holds to the approach of and initiatives described in the 2023-32 Property Plan that was approved in November 2023. The latter plan provides for an extensive project of rationalisation, modernisation and repurposing of offices and production facilities, including measures involving the headquarters and the production centres in Rome, Milan, Naples and Turin, and the transformation of the regional offices.

These actions will serve to modernise and upgrade the Issuer's property assets, reducing and optimising its footprint and rationalising its use of space, based on its corporate requirements and also with an eye to ESG considerations.

The Property Plan, already approved in November 2023, is functional to the modernization and refunctionalization of Rai real estate assets



In summary, with the sector facing rapid change and intensifying competition, the 2024-2026 Business Plan identifies a clear path for the Issuer's transformation that will allow it to keep its net financial position at levels that are entirely sustainable and assure economically balanced operational management.

## SUSTAINABILITY

### Sustainability's Role and Governance in the RAI Group

Sustainable development is a fundamental driver in the Group's activities. As a public service provider of radio, television and multimedia content, the organisation's objectives have long had a sustainability focus. That is evidenced by the extensive presence among the Issuer's programmes of content dedicated to sustainability in its many aspects (e.g., the environment, inclusion and equal opportunities, the quality of information, emphasis on young people, innovation, justice, health) and its commitment to technological innovation with a view to social inclusion and accessibility (for a detailed account of this, see the Group's 2023 Sustainability Report, that will be available at <https://www.rai.it/trasparenza/> once presented to the shareholders' meeting).

In line with a view of sustainability that is not secondary to the Issuer's strategy and investments, but rather an integral part of the organisation's development, and key to the legitimacy of the public service, in 2022, the Issuer revised its internal rules governing sustainability, adopting a dual model that entailed strict coordination built around two of the organisation's functions: Finance and Planning (*Finanza e Pianificazione*), which is responsible for sustainability reporting, and RAI Sustainability – ESG (*RAI per la Sostenibilità – ESG*), which is responsible for sustainability planning. More specifically, the latter function is responsible for setting and coordinating, even following the periodic involvement of stakeholders, the manner in which sustainability objectives will be pursued through a structured approach, in respect of all three ESG elements (i.e., Environmental, Social, and Governance), as part of the Issuer's and the Group's strategies. These objectives include promoting narratives of social and environmental interest as part of the Issuer's programming content.

Central to RAI's organisational mandate is the essential relationship it has – partly through participation in the activities and projects of the European Broadcasting Union – with policies, strategies and regulatory developments on sustainability matters at a European level, in coordination with RAI's International Relations and European Affairs department.

With respect again to ensuring sustainability has a presence throughout the organisation, and in order to provide effective management governance in this area – given the pervasive importance of ESG themes – RAI's sustainability's governance provides for the appointment by each of the company's departments and subsidiaries of an individual identified as sustainability contact person ("ambassador").

Finally, for specific topics relevant in terms of sustainability, the organisation has established a number of interdepartmental roundtables, groups and committees, including:

- (i) the Gender Equality Committee, which promotes awareness of and respect for equal opportunities in RAI's content (*on-screen*) and develops actions to achieve better gender balance within the organisation (*off-screen*);
- (ii) the Fake News and Media Literacy Committee, which seeks to ensure that information is not just pluralistic, balanced and mindful of freedom of expression, but above all reliable, credible and able to fight back against disinformation;
- (iii) the National Recovery and Resilience Roundtable, which the Issuer has set up as the main institutional means of informing and involving the public with regard to content and the progress of projects regarding the National Recovery and Resilience Plan;
- (iv) the RAI young people working group (*Tavolo Giovani*), in charge of suggesting – within the organisation – input regarding:
  - content and approaches suitable for wide-ranging discussion of issues important to young people, being issues that closely regard their present and future; and
  - seizing opportunities that arise as part of the Issuer's development as a digital media company to draw the organisation closer to young people, culturally and in terms of skills and attitudes; and
- (v) the AI Roundtable, which pulls together and discusses knowledge and experience already present within the Group, assessing the results and impacts, with a view to structuring a shared and conscious approach on this subject.

## **Sustainability Strategy**

Consistent with an approach to sustainability under which it forms an integral part of RAI's strategy, the Issuer's Board of Directors on 22 February 2024 approved the RAI's 2024-2026 Sustainability Plan, following the approval of the 2024-2026 Business Plan. Thereby, the Issuer set out how it anticipated developing in the future, with a focus on sustainability from both a financial standpoint and with respect to ESG matters.

The ESG strategy set forth in the Sustainability Plan is the result of an extensive, thorough process that has involved the whole organisation and other major stakeholders. That process first examined which ESG issues and values should be prioritised by the Issuer, which led to the definition of the new Materiality Matrix (*Matrice di Materialità*) that was included in the Group's 2022 Sustainability Report. That matrix served as the foundation for the definition of the guidelines for the Group's sustainability strategy, which the Board of Directors approved in October 2023; and subsequently for the Sustainability Plan, identifying strategic objectives and initiatives, and specific projects. Some projects have already been settled in detail, while others will be further detailed or fully realised, in terms of KPIs and targets, as the Business Plan is implemented.

The following image illustrates the seven pillars on which the sustainability strategy is based:



The following sets forth an overview of the main projects of the Sustainability Plan 2024-2026 with reference to the environment, social and governance areas.

(i) Commitment to the environment, which includes:

- projects for upgrading and rationalising the property assets, with a view to, inter alia, reducing its property footprint;
- gradual digitalisation of business processes, embracing new production and organisational models, such as desk sharing, with a reduced environmental impact;
- the Carbon Footprint project, which seeks to provide a more accurate and comprehensive measurement of the business's carbon footprint, as a means of achieving a gradual reduction;
- further progress in the pursuit of excellence that began with the Prix Italia 2023, so that expertise within the business regarding green production is gradually refined, shared and applied to programming projects of increasing complexity.

(ii) Promotion of gender equality, including:

- the No Women No Panel initiative, which seeks to achieve a balanced gender presence through public discussions and events, further details of which, including with regard to last year's work, will be set out in the Group's 2023 Sustainability Report;
- the 50:50 Project, which seeks to promote proper representation of women in the Issuer's schedules and programming, further details of which, including with regard to last year's work, will be set out in the Group's 2023 Sustainability Report; and
- opening of a working group through which the relevant departments will be able to better understand the requirements and feasibility of gender certification for the Group.

(iii) Quality of information, a commitment that is always an essential duty for RAI given its public service role, and one that is increasingly pressing given the complex technological context, presently and in the future. For further information regarding this commitment and the

programming provided by the various news organisations within RAI, see the Group's 2023 Sustainability Report.

- (iv) Young people, both *on-screen*, with the boosting of programming dedicated to younger viewers across a range of platforms (with a focus on digital and social media), and *off-screen*, putting in place activities to listen to and get to know the younger part of the population, not least within the organisation itself. The Young People Listening Project (*Progetto Ascolto Giovani*) fits into this scope. It examines the experience of employees aged under 40 and their perception of the organisation and its products, in order to develop a plan of action that will drive policies for attracting and retaining such audiences.
- (v) Commitment to integrating ESG principles in the value chain, in particular through a project that promotes sustainability among suppliers and in supply processes, so as to achieve a sustainable supply chain.
- (vi) Commitment to strengthening accountability tools regarding ESG issues, starting with an ESG Content Tracker as an AI software-based tool aimed at measuring the Issuer's content in line with its materiality matrix values and as an instrument for a more suitable definition of the company's ESG *on-screen* strategy.

Following approval of the Sustainability Plan, an implementation process has begun, starting with extensive communications activity that the Issuer is pursuing with internal and external stakeholders. Communication regarding the Sustainability Plan is intended to promote awareness and commitment within the organisation, required in order for the specific projects to be executed successfully. Similar communication, addressed to outside the organisation, will ensure that the public service provider offers the greatest transparency and accountability, not just in relation to its achievements but also to its commitments to sustainability in the future.

## **Sustainability Reporting**

As part of gradually integrating sustainability into the Issuer's strategy, activities and culture, the commitment to monitoring and reporting on the organisation's sustainability performance plays a fundamental role.

Since 2018, the Group has published an annual sustainability report, which brings together the consolidated non-financial statement, prepared in accordance with Legislative Decree No. 254 of 30 December 2016 implementing Directive 2014/95/EU, and the Sustainability Report required by the terms of the RAI/Mimit service agreement, as a means of providing all interlocutors, institutional and otherwise, with a detailed account of the Issuer's sustainability performance over the financial year.

The report sets out the process by which the Group (meaning RAI's directors and senior management and its subsidiaries' senior management) and interested stakeholders together identify the main environmental, social and governance issues that should be prioritised, assessed in terms of their importance and ability to impact the business, the environment, society and stakeholders. These issues, which concern both the content that the Issuer provides as a public service broadcaster on the various platforms and the business activities of the Group, are as follows:

- (a) Environmental Issues:
  - i. Supporting the environmental transition; and
  - ii. Responsible consumption and reduction of emissions;
- (b) Social Issues:

- i. Quality of information;
  - ii. Commitment to young people;
  - iii. Relationship with local areas;
  - iv. Responsibility and social cohesion;
  - v. Relevance and universality;
  - vi. Human capital;
  - vii. Accessibility and inclusivity;
  - viii. Diversity and equal opportunities; and
  - ix. Value creation;
- (c) Governance Issues:
- i. Innovation and digital transformation;
  - ii. Transparency, ethics and integrity;
  - iii. Reliability;
  - iv. Data security and cybersecurity; and
  - v. Working with institutions.

The materiality analysis identified the following issues as having the greatest impact, as broken down by the various ESG areas:

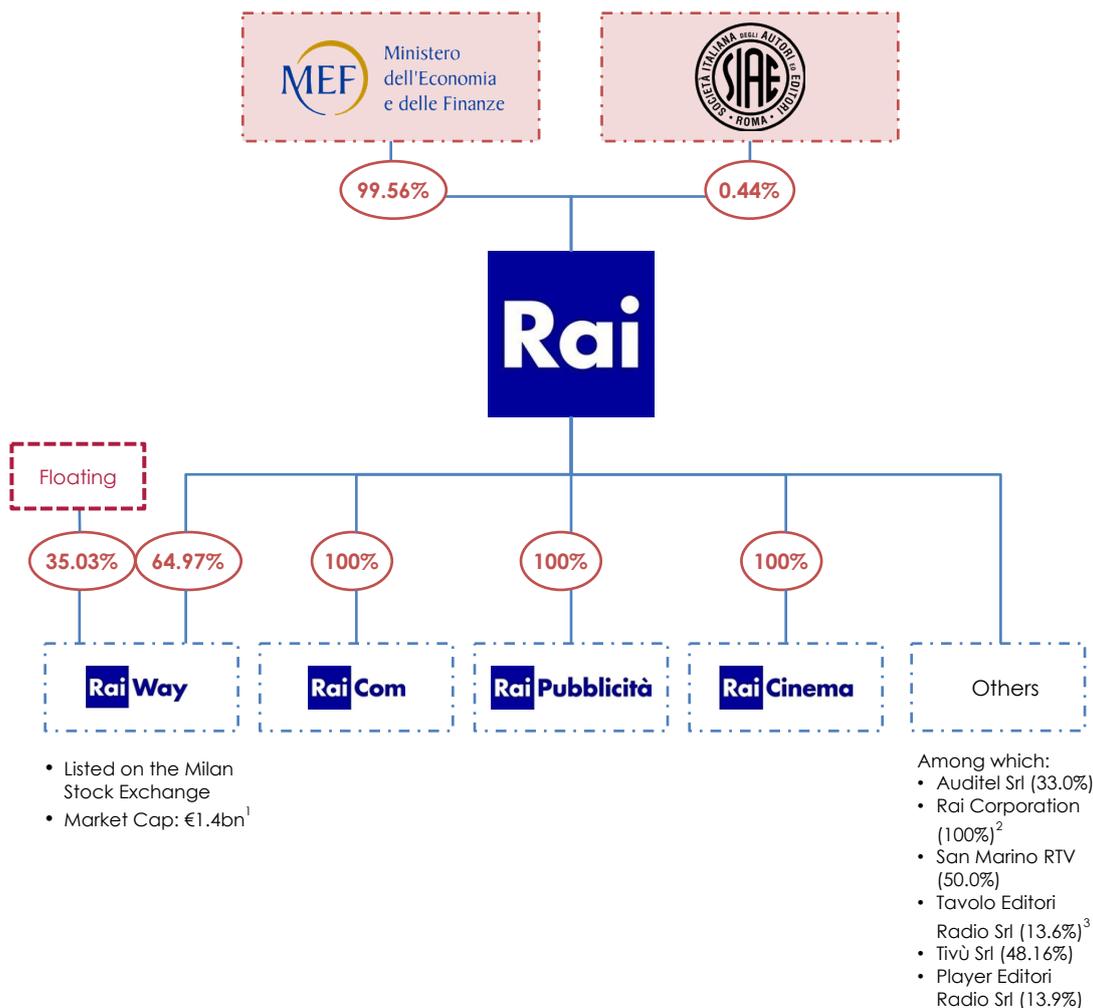
- Environmental (E): "Supporting the environmental transition" (Issue (a)(i));
- Social (S): "Quality of information" (Issue (b)(i)) and "Commitment to young people" (Issue (b)(ii)); and
- Governance (G): "Innovation and Digital Transformation" (Issue (c)(i)), "Transparency, Ethics and Integrity" (Issue (c)(ii)) and "Reliability" (Issue (c)(iii)).

The following issues make up the seven pillars of the Sustainability Plan: Issue (a)(i); Issue (a)(ii); Issue (b)(i); Issue (b)(ii); Issue (b)(vi); Issue (b)(vii); Issue (b)(viii); Issue (c)(i); and Issue (c)(ii).

The Group's 2023 Sustainability Report and the 2023 consolidated non-financial statement were approved by RAI's Board of Directors at its meeting on 17 April 2024. On 28 May 2024, the mentioned documents were presented at the shareholders' meeting and are available in Rai website [www.rai.it/trasparenza](http://www.rai.it/trasparenza).

## **CORPORATE STRUCTURE**

The table below provides an overview of the organisational structure of the Group as at 31 December 2023.



1) Factset as of 07 June 2024

2) Rai Corporation is in liquidation

3) Tavolo Editori Radio Srl changed company name into ERA- Editori Radio Associati on 22 April 2024

The Issuer has three wholly and one partially owned operative subsidiaries as follows:



The company's purpose is the acquisition of copyrights and intellectual property rights, for commercial exploitation, in audiovisual, film, television and multimedia products; the provision, even to RAI and its associates, of the above mentioned copyrights and intellectual property rights in audiovisual, film and television products; the organisation, administration and management of the mentioned rights in audiovisual, film, television and multimedia products; the distribution, marketing and sale of rights in Italy and elsewhere; the production of audiovisual products for the Italian and foreign markets, film, television and video-communication products, regardless of the form of broadcasting, distribution and mechanical medium; the construction, organization and management of distribution circuits, cinemas and multiplex cinemas, online/offline film distribution channels. The Issuer owns 100 per cent. of the share capital of RAI Cinema.



The company's purpose is the production, distribution and sale of interactive and multimedia products and services for any media platform, making no distinction as to the means of distribution, directed to private customers, business customers, the public administration and other authorities; the organisation and sale of third parties' products and services of the kind stated above; the organisation, production and distribution of any kind of product and service that is economically relevant to the development of the internet and of other interactive services. The Issuer owns 100 per cent. of the share capital of RAI Com.



The company's purpose is the acquisition, on the domestic and international markets, of advertising, sponsorships, commercial and social communications and every other form and kind of advertising, destined for radio and television broadcasting, in whichever medium will be used in the present and in the future (airwaves, satellite, cable, free and/or pay channels/stations etc.); and the acquisition of advertising in the forms indicated above, destined for any other communication medium, present and future, such as the press, audio and video cassettes, posters, cinema, billboards, the internet etc. The Issuer owns 100 per cent. of the share capital of RAI Pubblicità.



The company's purpose is the design, development and maintenance of software and telecommunications networks, and the installation, implementation and management of these networks; the development and management of a commercial, distribution and assistance network aiming at the transmission, distribution and dissemination, in the territory of the Republic of Italy, San Marino and the Vatican City of signals, sound and video programmes of RAI and its subsidiaries and of telecommunications services of any kind. The company's purpose also includes the provision of wireless infrastructure and relevant services to wireless operators, including the leasing of site antennas and co-leases, built-to-suit services, network programming and design, site research and purchase, site design and construction, network optimisation, infrastructure maintenance, network management and maintenance and relevant microwave or optical fibre transmission services. RAI Way was listed on the Milan Stock Exchange in 2014. At the date of this Prospectus, RAI owns a 64.97 per cent. stake in RAI Way.

The Decree of the President of the Council of Ministers of 17 February 2022 concerning the terms governing the reduction of RAI S.p.A.'s shareholding in RAI Way S.p.A. ("*Disciplina di riduzione della partecipazione di RAI S.p.A. nella società RAI Way S.p.A.*") (the **DPCM Rai Way**) was issued further to article 21(3) of Law Decree No. 66 of 24 April 2014 (subsequently converted into Law No. 89 of 23 June 2014). Such decree enables RAI to reduce its equity interest in RAI Way through one or more extraordinary transactions, provided that RAI's equity interest must not fall below 30 per cent. and that control of its strategic infrastructure is unaffected. Such decree was amended by the DPCM Rai Way 2024, which introduced an address of preference for functional operations to ensure the merger between entities in the same sector, confirming at the same time the possibility of also carrying out transactions for the disposal of minority shares, provided they are compatible and consistent. Moreover, the regulation of the management and governance agreements to be signed in the event of extraordinary transactions has been better explained. As of the date of this Prospectus, the publication of the DPCM Rai Way 2024 in the Official Gazette (Gazzetta Ufficiale) is pending.

RAI is evaluating (i) possible operations to ensure the merger between entities in the same sector and (ii) the method by which it intends to reduce its equity interest in RAI Way, both in accordance with the aforementioned decrees. No indication can be given as at the date of this Prospectus as to when any such transaction may take place.

See also "*Risk Factors—Risks associated with the Issuer's strategy—Failure to implement its strategy could adversely affect the Issuer's and the Group's results of operations.*"

## **CORPORATE GOVERNANCE**

### **Overview**

#### ***RAI Reform Law***

Law No. 220 of 28 December 2015 (the **RAI Reform Law**— *Riforma della Rai e del servizio pubblico radiotelevisivo*) introduced significant changes in respect of the Issuer's corporate governance and transparency regime. RAI Reform Law was incorporated in the TUSMA and reflected in the Issuer's by-laws.

The main change introduced by the RAI Reform Law concerned the introduction of the role of the Chief Executive Officer, replacing the previous role of General Manager. With respect to the new obligations regarding transparency prescribed by the RAI Reform Law specifically, RAI adopted its first transparency and corporate communication plan in 2016.

#### ***TUSMA***

Legislative Decree No. 208 of 8 November 2021, setting forth the consolidated legislation on audiovisual media services, was published in the Official Gazette No. 293 of 10 December 2021. It transposed Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018, amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (the Audiovisual Media Services Directive) in view of changing market realities. Articles 59-63 provide terms governing the Issuer's public radio and television services. Legislative Decree No. 208 of 8 November 2021, as amended, is referred to as TUSMA.

#### ***Board of Directors***

Pursuant to article 63 of the TUSMA, the number of members of the Board of Directors is seven. The Board of Directors of the Issuer is appointed by the **Assembly** (MEF and SIAE) at a general meeting of the Assembly (**General Meeting**). The Board of Directors is in charge for a period of three financial years with the possibility to be renewed for one additional term only.

Two of the board members are elected by the Chamber of Deputies; two board members are elected by the Senate of the Republic of Italy; two board members are nominated by the Council of Ministers upon recommendation of the MEF; and one member of the board of directors is nominated by the employees of the Issuer who have been working for the Issuer for at least three consecutive years.

The mandate of the Board of Directors expired with the approval of the financial statements for the year ending on 31 December 2023, which took place on 28 May 2024. The current Board of Directors have full administrative powers until the appointment of the new Board.

### ***Board of Statutory Auditors***

The Board of Statutory Auditors, composed of three members and two substitutes, is appointed at a General Meeting. One of the three members is the President, directly appointed by the Assembly. All Statutory Auditors must be Auditors entered in the register kept by the Ministry of Justice.

The Board of Statutory Auditors is in place for a period of three financial years. Their mandate terminates on the date on which the Assembly for the approval of the financial statements regarding the third financial year of their mandate is convened. Their mandate can be renewed.

The Statutory Auditors can be discharged only on the basis of fair grounds.

The Board of Statutory Auditors monitors: (i) compliance with the law and the by-laws; (ii) respect of the principles of proper administration and adequacy of the Issuer's organisational structure (paying attention to the competencies of the internal control systems, of the administrative and accounting systems) and of their effectiveness.

The Statutory Auditors individually and at any time can carry out inspections and controls, as well as request information from the Directors, also in relation to the Issuer's subsidiaries, regarding company operations or specific businesses.

They can also make the same requests for information directly to the management and control bodies of the Issuer's Subsidiaries (article 2403-bis of the Civil Code). The Board of Statutory Auditors can exchange information with the corresponding bodies of the Subsidiaries in relation to the administration and control systems and to the general trend of the business.

They must take part in the Board of Directors' meetings (pursuant to article 2405 of the Civil Code).

In case of omission or unjustified delay by the Board of Directors, the Auditors must call meetings of Shareholders. They can also, after having so communicated to the Chairman of the Board of Directors, call meetings of Shareholders if, during the execution of their duties, they discover facts and actions which warrant an urgent requirement to step in (pursuant to article 2406 of the Civil Code).

The Board of Statutory Auditors shall report to the Assembly on the results of the financial year and of its activity in the performance of its duties. It must also make comments and suggestions regarding the financial statements and their approval (pursuant to article 2429 of the Civil Code).

### **Management and Supervisory Bodies**

#### ***Board of Directors***

The key role of the Board of Directors is to fulfil RAI's Public Service mandate and meet its social objectives. It is also to ensure the execution of its primary objectives under statute (i.e. the management of the Issuer and performance of all operations should be within the aim of achieving its social goals), and control and assure the proper fulfilment of the purposes and obligations of the Public Service broadcaster, established by law (pursuant to article 59, paragraph 2 of the TUSMA). Obligations and responsibilities of the board are specifically defined through law (specifically by article 63 of the TUSMA) and statute.

The current members of the Board of Directors are set out below, together with an indication of their principal activities outside the Issuer as at the date of this Prospectus.

| <b>Name</b>        | <b>Position</b>  | <b>Principal activities outside the Group</b>   |
|--------------------|--|---|
| Marinella Soldi    | Chairwoman   | Member of the executive board of EBU; Non-executive Director of BBC Board; Non-executive Director of Nexi S.p.A.; Non-executive Director of Ariston Holding NV; Member of the General Council of Confindustria Radiotelevisioni |
| Roberto Sergio     | CEO  |   |
| Simona Agnes       | Director   | Member of the Board of Directors of Istituto della Enciclopedia Italiana and of Treccani Scuola; Member of the Board of Directors of Telethon Foundation; Chairwoman of the Conservatory of Music of Santa Cecilia              |
| Francesca Bria     | Director   |   |
| Igor de Biasio     | Director   | Member of the board of directors and CEO of Arexpo S.p.A.; Chairman of Terna S.p.A.   |
| Alessandro di Majo | Director   | Member of the General Counsel and of the Counsel of the President of Confindustria Radiotelevisioni   |
| Davide Di Pietro   | Director<br>(Member of the board nominated by the employees of the Issuer) |   |

The commissioned judge of the Court of Accounts (as at the date of this Prospectus, Massimo Lasalvia) also participates at all meetings of the Board of Directors in accordance with article 12 of Law No. 259 of 21 March 1958 and the Presidential Decree of 10 March 2010.

The following Directors can be re-elected: Marinella Soldi, Simona Agnes, Francesca Bria, Alessandro di Majo, Davide Di Pietro and Roberto Sergio.

The business address of each of the members of the Board of Directors is at the registered office of the Issuer, Viale Mazzini 14, Rome, Italy.

### **Board of Statutory Auditors**

The current members of the Board of Statutory Auditors will remain in office until the annual general Shareholders' meeting called to approve the financial statements for the financial year ending on 31 December 2024. Members of the Board of Statutory Auditors are in charge for a period of three fiscal years. All the auditors may be re-elected.

The current members of the Board of Statutory Auditors are set out below. Members are appointed by the Assembly. The Assembly also appoints the Chairman.

| <b>Name</b>         | <b>Office</b>     |
|---------------------|-------------------|
| Carmine di Nuzzo    | Chairman          |
| Emanuela Capobianco | Standing Auditor  |
| Giovanni Caravetta  | Standing Auditor  |
| Pietro Contaldi     | Alternate Auditor |
| Antonella Damiotti  | Alternate Auditor |

### ***Corporate Director General***

On 27 March 2019, the Board of Directors of the Issuer approved the introduction of the figure of the Corporate Director General. As at the date of this Prospectus, the Corporate Director General is Giampaolo Rossi.

### ***Auditing firm***

PricewaterhouseCoopers S.p.A. was in charge of the external audit of the financial statements of the Issuer and the limited review of the half-yearly report as at 30 June each year for the 2015 to 2023 period.

In April 2023, EY S.p.A. has been appointed for the external audit of the financial statements of the Issuer and the limited review of the half-yearly report as at 30 June each year, and of the Sustainability Report for the 2024-2032 period in compliance with current laws and regulations and with the approval of the relevant authorities.

### ***Managers<sup>35</sup>***

Below is the list of the senior managers of the Issuer and the positions they hold on the date of this Prospectus.

| <b>Name</b>         | <b>Position</b>              |
|---------------------|------------------------------|
| Marco Brancadoro    | Chief Financial Officer      |
| Felice Ventura      | HR and Organisation Director |
| Francesco Spadafora | General Counsel              |
| Marco Cunsolo       | Chief Operations Officer     |
| Stefano Ciccotti    | Chief Technology Officer     |

The business address of each of the senior managers listed above is the registered office of the Issuer, Rome, Viale Mazzini 14, Rome, Italy.

### ***Chief Executive Officer***

The Chief Executive Officer, as also the Chairman, is RAI's legal representative and is appointed by the Board of Directors upon recommendation of the Assembly (the MEF and SIAE). The Issuer's by-laws provide that the mandate of the Chief Executive Officer has the same duration as that of the Board of Directors: three years from the date of nomination and in any event no longer than the duration of mandate of the then current Board of Directors. The Chief Executive Officer carries out the key operational role of the company. The Chief Executive Officer's role is to set out and sponsor strategic initiatives to the Board. Amongst his or her main activities, the Chief Executive Officer:

- responds to the Board of Directors regarding the management of the Issuer and supervises the organisation and functioning of the Issuer within the ambit of the plans and directives set out by the Board of Directors;

<sup>35</sup> For full organisation please refer to the following link: <https://www.RAI.it/trasparenza/Organizzazione-e-Risorse-Umane-88972b31-8d4c-49ba-bccf-c1cdf0f5d136.html>

- ensures that programming is in line with editorial choices taken by the Board of Directors;
- ensures personnel management and appoints first level managers – with respect to directors of networks, channels as well as editors, after first (mandatorily) obtaining the views of the Board of Directors; in the case of editors, the Board of Directors' views are binding to the extent that they are shared by two thirds of the Board Members;
- undertakes to prepare and submit the three-year strategic plan to the Board for approval;
- executes contracts pertaining to the management of the Issuer, subject to the requirement to present any contracts relating to strategic matters to the Board of Directors (including the annual transmission and production contracts and any amendments thereto);
- proposes any restructuring or re-organisation to the Board for its approval;
- prepares and presents the annual budget to the Board for its approval;
- independently manages contracts (of a non-strategic nature) with value of less than Euro 10 million (contracts with a higher value have to be presented to the Board of Directors for approval);
- presents, in order to obtain the approval of the President/ Board, any contract involving a financial consideration of more than Euro 10 million;
- updates the Board on company general management; and
- proposes the Issuer's transparency and communication plan to the Board of Directors.

### ***Chairman***

The Chairman, as also the Chief Executive Officer, is RAI's legal representative. The Chairman is nominated by the Board of Directors following a positive appraisal, expressed by a two-thirds majority, by the Parliamentary Commission for the general direction and supervision of radio and television services (*Commissione Parlamentare per l'indirizzo Generale e la Vigilanza dei Servizi radiotelevisivi*). The Chairman is responsible for:

- calling board of directors meetings;
- setting up meeting agendas, also on the basis of information provided by the CEO, managing meetings, including General Meetings; and
- calling the Assembly at the Board of Directors' request.

The Chairman has also been delegated certain powers by the Board of Directors – subject to a resolution of the Shareholders' Meeting – in particular regarding external and institutional relations, and the supervision of the internal control procedures.

## Conflicts of interest

Certain members of the Board of Directors and Board of Statutory Auditors of the Issuer hold identical offices in other companies (as described in the tables above), and this situation, together with other circumstances which may arise from time to time, may lead to conflicts of interest. Where such conflicts arise, the Issuer has in place procedures to manage the situation in accordance with applicable laws. More specifically, the Issuer manages conflicts of interest in accordance with article 2391 of the Italian Civil Code.

## Employees

The following table shows the overall number of employees on the payroll of the Group as at 31 December 2023 and 2022:

### RAI Group

Average employees as at 31 December 2023 and 31

| December 2022                 | Year ended 31 December 2023 |            |               | Year ended 31 December 2022 |            |               |
|-------------------------------|-----------------------------|------------|---------------|-----------------------------|------------|---------------|
|                               | Permanent                   | Fixed Term | Total         | Permanent                   | Fixed Term | Total         |
| Executives                    | 322                         | 0          | 322           | 311                         | 0          | 311           |
| Journalist                    | 1,953                       | 59         | 2,012         | 1,961                       | 59         | 2,020         |
| Supervisors                   | 1,602                       | 0          | 1,602         | 1,445                       | 0          | 1,445         |
| Office workers                | 7,515                       | 66         | 7,581         | 7,639                       | 70         | 7,709         |
| Other employees <sup>36</sup> | 871                         | 2          | 873           | 913                         | 1          | 914           |
| <b>Total</b>                  | <b>12,263</b>               | <b>127</b> | <b>12,390</b> | <b>12,269</b>               | <b>130</b> | <b>12,399</b> |

(€/million)

|                                    | Year ended 31 December |                |
|------------------------------------|------------------------|----------------|
|                                    | 2023                   | 2022           |
| <b>Personnel cost<sup>37</sup></b> | <b>1,069.2</b>         | <b>1,007.4</b> |

## Major shareholders

99.56 per cent. of the Issuer is owned by MEF and the remaining 0.44 per cent. is owned by SIAE (*Società Italiana degli Autori ed Editori*— Italian Society of Authors and Publishers).

## LEGAL PROCEEDINGS

### Civil proceedings

Almost all civil disputes are concerned primarily with production activities, transmission to the public, availability of programmes, and take the form of claims for damages. Mostly these are related to allegations of defamation or breaches of personality rights, in particular image, privacy and confidentiality rights, along with allegations of breaches of copyright.

In terms of employment and pension matters, the Issuer has several disputes that primarily regard demands for reinstatement, claims to establish fictitious interposition of labour, claims for reranking of

<sup>36</sup> Includes nonoffice, Orchestra members and medical staff

<sup>37</sup> Relates to "HR expenses" disclosed on the consolidated income statements. In 2023, this includes redundancy incentive costs of € 39.1 million (€ 1.5 million in 2022).

an employee's employment status, claims for compensation for alleged demotions and alleged breach of pension obligations under individual or collective employment arrangements.

The following are the most substantial disputes:

- (i) **Einstein Fiction S.r.l., in bankruptcy**: statement of claim (*atto di citazione*) by Einstein Fiction S.r.l., in bankruptcy, against RAI alleging breach of contract (in connection with the production of the TV series "*Agrodolce*");
- (ii) **Region of Sicily**: statement of claim (*atto di citazione*) in connection with the termination of the agreement dated 10 May 2006 between RAI and the Region of Sicily and of the supplemental agreement dated 26 June 2008 alleging non-performance by RAI. Through a judgment published on 22 October 2019, the court of Palermo dismissed the Region of Sicily's claim in its entirety and instead upheld RAI's counter-claim (in connection with the production of the TV series "*Agrodolce*");
- (iii) **Banca Nazionale del Lavoro**: claim regarding a breach of contract alleged by Einstein Fiction (in connection with the production of the TV series "*Agrodolce*"); and
- (iv) **CiaoSette S.n.c., the AFI (the Italian recorded music industry's trade association) and others**, in connection with phonographic producers' (*produttori fonografici*) rights. These regard claims for fair compensation under the Italian copyright legislation, concerning the use of certain phonograms in television transmissions, and certain music that was specifically commissioned by RAI Com.

#### ***Administrative proceedings and proceedings before the supervisory authority***

There is also a number of administrative disputes involving the Issuer that relate to the production, transmission and availability of programmes. The most material of the administrative claims that the Issuer has brought are those for the cancellation of certain administrative penalties that the Italian Communications Regulatory Authority (**AGCOM**) imposed in exercise of its supervisory powers.

With respect to matters of administrative law, the Issuer has pursued a number of initiatives in the administrative courts regarding Licence Fees (as defined below) (with respect to reductions in the amounts paid to the Issuer, and also to the annual calculations of those amounts) and in relation to administrative contributions and fees payable to supervisory authorities.

There is also a number of disputes regarding contractors arising out of bidding procedures that the Issuer opened for supplies of works, services and goods. Typically, in these proceedings, under the main claim the claimant seeks to have the tender acts revoked, and in some cases also to take over the contractor's position, with a claim for compensation brought subordinately to that main claim.

There is also a considerable number of disputes with privately-owned broadcasters, either claiming particular frequencies or denying interference with RAI transmissions that have been made using RAI Way facilities.

With respect to proceedings regarding the assignment of existing television frequencies involving major network operators in the Italian market, these include the referrals to the Court of Justice of the European Union of the Joint Cases C-764/23 (Cairo Network S.r.l.), C-765/23 (Europa Way S.r.l.) and C-766/23 (Persidera S.p.A.). The Court of Justice is asked to rule on a number of preliminary issues regarding the planning, conversion and assignment of frequencies following Italy's Council of State remission orders No. 10415/2023 (in the combined proceedings *R.G.* 4334/2021 and *R.G.* 4335/2021, brought by Cairo Network S.r.l.), No. 10416/2023 (in proceeding *R.G.* 5152/2021, brought by Europa Way S.r.l.) and No. 10419/2023 (in proceeding *R.G.* 4244/2021 and *R.G.* 4251/2021 brought by Persidera S.p.A.). Specifically, the proceedings pending before the Council of State regard the PNRF for use in digital terrestrial television approved in 2019, the criteria under which networks would be

converted, and other decisions related to the reallocation of the spectrum into smaller bands (the **Refarming**), including those decisions that awarded rights to transmission capacity.

A dispute regarding an agreement between the Municipality of Sanremo and RAI is particularly significant.

The litigants in this proceeding are Je S.r.l. (applicant), the Municipality of Sanremo (respondent), and RAI-Radiotelevisione Italiana S.p.A. (as a party with interests contrary to those of the applicant - *controinteressata*) before the Regional Administrative Court of Liguria (*R.G.* Nos. 627/2023 and 801/2023). The applicant seeks to cancel a resolution by the Municipal Assembly (ref. 314 of 21 November 2023, published on 28 November 2023), and the agreement made between the Municipality of Sanremo and RAI, on the exclusive licence to use the trademark "*Festival della Canzone Italiana*" (Italian Song Festival).

### ***Criminal proceedings***

As regards criminal matters, some of RAI's employees and contractors are defendants in criminal proceedings due to acts related to their activities for RAI. As a consequence, RAI is involved in a number of such proceedings, either as the party with civil liability (e.g. in defamation cases) or as the victim of the offence/the civilly damaged party (e.g. in corruption and fraud cases).

Most of these criminal proceedings concern the offence of defamation (especially defamation committed through TV or radio means), which in Italy can indeed constitute a criminal offence, and other offences connected to news production (such as illicit publication of judicial documents or privacy violations). The few remaining proceedings concern breaches of health and safety rules, copyright infringement and related rights, crimes against the public administration, crimes against the property.

Although the above cases do not necessarily give rise to any payment of damages by RAI, they may still affect RAI's reputation especially if they are reported by the media. These include, for example, proceedings related to injuries or illness allegedly related to working conditions.

As of the date of this Prospectus, RAI is not involved in any proceedings for corporate administrative liability for criminal offences under Legislative Decree No. 231 of 8 June 2001.

## **REGULATORY FRAMEWORK**

### ***Regulatory framework and developments of the television and radio broadcasting sector in Italy***

The concession for radio transmission services has always been, and still is, granted by the Italian State to RAI through conventions of the Italian President. Laws related to the transmission service (e.g., Law No. 223 dated 6 August 1990, so called *Legge Mammi*, as well as Law No. 103 dated 14 April 1975) cover solely the assignment of the public service by way of concession to a joint stock company totally owned by the State.

Between 1952 and 1994, the general radio transmission services have been granted to RAI throughout a series of conventions granted by way of decree of the Italian President. The decree dated 1994, which was the last one published before the one currently in force, confirmed the exclusive concession (for a twenty years period) of the radio and television public transmission service by any means in the whole territory of the Republic of Italy.

Since 2004, with the entry into force of the Gasparri Law, RAI is identified as the exclusive public broadcaster of the radio, television and multimedia service.

At this moment, RAI's Public Service obligations are clearly defined in the 2017 Convention and in the Service Agreement. Pursuant to the 2017 Convention and the relevant legal framework (i.e., the Gasparri Law, as supplemented by the TUSMAR, as amended and supplemented by the RAI Reform

Law, as amended and supplemented by TUSMA, as amended by Legislative Decree No. 50 of 25 March 2024), RAI has been granted a Concession to provide essential radio, television and multimedia broadcasting services in Italy (the **Public Service**).

Article 59 of the TUSMA expressly provides that the Issuer holds an exclusive concession for the supply of public radio, television and multimedia services, with article 59, paragraph 1, identifying by name RAI as the concessionaire, instead of the previous generic reference (included in the Gasparri Law) to a joint-stock company (*società per azioni*).

The Concession is granted until 30 April 2027.

The procedure dictated by law is envisaged to be both started and completed in 2027, for the new assignment of the new ten-year concession granted by the Mimit.

The 2017 Convention is aimed at overhauling the provision of public television, radio and multimedia services in Italy. Amongst other things, the 2017 Convention renewed and revised the terms of the Concession. Article 16 of the 2017 Convention stipulates that, in the event of serious and repeated non-compliance with the obligations arising from the 2017 Convention, the withdrawal of the Concession may be ordered. Article 15 of the 2017 Convention provides that, in the event of late payment of the Licence Fee (as defined below) and of any sum due to the Italian State for any reason, unless the delay results from causes not attributable to it, RAI will be required to pay a penalty. The same article also specifies that the amount of the penalty cannot exceed the sum of (a) the official discount rate applicable on the date on which such payments are to be effected plus (b) 2.5 per cent. Where the delay exceeds one month, the amount of 2 per cent. is increased to 5 per cent. per annum. Where the delay exceeds one year, a penalty of 10 per cent. will be applied.

Moreover, serious and repeated non-compliance with the obligations, pursuant to the same procedure envisaged for awarding the public radio, television and multimedia service, may result in the forfeiture of the Concession (art. 16 of the Convention).

The Concession granted to the Issuer to provide the Public Service as set out in the 2017 Convention applies in conjunction with the TUSMA. In addition, the requirements, obligations and priorities of the Public Service, as described in the 2017 Convention and the TUSMA, including with respect to the public radio, television and multimedia services offered, the quality and the technical standards of service to be maintained, are amended and elaborated on from time to time in a periodic service agreement which the Issuer enters into with the Mimit (as further explained below).

The latest such Service Agreement, as set out in the Official Gazette no. 165 of 25 May 2024, will remain in force until the next RAI/Mimit service agreement comes into effect.

Within the framework of the 2017 Convention and the above-mentioned legal framework, the Service Agreement disciplines the various activities which the Issuer carries out for the purposes of fulfilling its Public Service obligations: in particular, the offer of radio, television and multimedia services distributed across a number of different platforms and in different manners, the maintenance of technical and qualitative standards of the offer, the use of its ability to transmit, the realisation of editorial content, the use of technical tools for the production and distribution both on an analogue and on a digital basis as well as the establishment and management of control and monitoring systems.

As an operator of telecommunication and broadcasting infrastructure, the Group is also subject to the provision of the Electronic Communications Code (*Codice delle Comunicazioni Elettroniche* - Law Decree No. 259 of 1 August 2003 as amended, *inter alios*, by Legislative Decree No. 207 of 8 November 2021, which was amended by Legislative Decree No. 48 of 24 March 2024, entered into force on 28 April 2024) (see further below under "*Health, Safety and the Environment*").

In 2016, by means of Law No. 198 of 26 October 2016 (the so-called **Editorial Law**), the procedure for the renewal of the public service Concession for radio, television and multimedia services was changed.

In 2017, the Italian legislator has significantly sought to reform the obligations relating to investments and content output for Italian and European productions, innovating article 44 of the TUSMAR (subsequently amended and supplemented by TUSMA). In particular, the so-called *Franceschini decree* of 2017 revised the percentages for required programming and investments in respect of Italian and European productions. These programming and investment obligations are much more rigorous for the Issuer than they are for privately-owned media companies. This has been amended by subsequent regulations. The obligations relating to investments and content output are further detailed in the various regulations published by AGCOM.

A series of changes to article 44 *et seqq.* of TUSMAR was introduced between 2018 and 2024:

- (i) the Franceschini Decree introduced the new quota regime;
- (ii) further changes were introduced in the 2019 Budget Law, postponing the increases to quotas from 1 January 2019 to 1 July 2019 (with the existing scheme remaining in place over the intervening period);
- (iii) a third set of changes were introduced under a Law Decree of 28 June 2019, which came into force on 1 July 2019 and was converted into Law No. 81 of 8 August 2019 (in force from 13 August 2019), which further altered the quotas, introduced additional quotas, and postponed the increases to quotas to 1 January 2020; and
- (iv) lastly, some minor changes were introduced by Legislative Decree No. 50 of 25 March 2024, supplementing and correcting the TUSMA.

The new system of programming and investment quotas that resulted from these regulatory and legislative changes (articles 52 to 57 of the TUSMA) remains more onerous for the Issuer than for private operators.

The TUSMA also makes changes in other areas.

Above all, it imposed a general obligation to ensure adequate visibility for media services of general interest, irrespective of the platform, whose protection and detailed regulation is delegated to AGCOM.

It also imposes an obligation upon suppliers of media services to develop action plans regarding accessibility, to ensure that services may increasingly be enjoyed by the persons with disabilities.

It prohibits media providers from processing minors' personal data for commercial purposes, including direct marketing, profiling and targeted advertising based on observed conduct.

Articles 43 to 49 provide amended rules governing advertising, sponsorship and product placement.

Article 45 radically revises the regulation of advertising cap for the public service broadcaster. Previously, the cap had been set at 4 per cent. of programming overall, but that has been discarded in favour of tighter rules that impose tests for each channel and for individual time bands.

Specifically, the Issuer's transmission of advertising was restricted, on every channel, to 6 per cent. , in the time slot between 6 a.m. to 6 p.m. and from 6 p.m. to midnight, and to 12 per cent. in any given hour. If that limit is exceeded, in any case by less than 1 per cent., there must be an offsetting reduction, in either the prior or the following hour.

New limits were also imposed on privately-owned national broadcasters, which were raised to 20 per cent. from 6 a.m. to 6 p.m. and from 6 p.m. to midnight, without any hourly restriction, in compliance with the principle of flexibility set by the European legislation in this area. This has resulted in a significant contraction in the Issuer's advertising revenues.

Article 48 of the TUSMA provides the rules on product placement setting the kinds of programmes in which it is permitted, such that product placement is permitted in all audiovisual media services, other than the news, current affair shows, consumer programmes, religious programmes, and children's programmes.

The TUSMA includes provisions that safeguard pluralism among sources of information that reflect the changed market conditions, with the ever-growing presence of multinational platforms. In particular, AGCOM is granted greater powers to investigate whether market operators are assuming positions that hurt pluralism and impose penalties against them.

### ***Main obligations on RAI detailed in the 2017 Convention, the Gasparri Law and in the TUSMA***

Pursuant to the legal framework set out above, RAI must assure, amongst other things:

- The broadcasting of all the television programmes and of Public Service content of the concessionaire throughout the entire national territory;
- An adequate number of hours dedicated to education, information and cultural promotion;
- Provision of access to the programme schedule, within the limits indicated by law, in favour of: parties and groups represented in Parliament and regional assemblies and councils; associative organisations of local autonomies; the national unions; the religious communities; political movements; agencies and political and cultural associations; legally recognised national associations of the cooperative movement; associations of social promotion enrolled in national and regional registries; ethnic and linguistic groups and other groups of important social interest that may so request;
- Production, distribution and transmission of programmes abroad;
- Transmission in German and Ladin language for the independent province of Bolzano, in Ladin language for the independent province of Trento, in French language for the independent region of Valle d'Aosta and in Slovenian language for the independent region of Friuli-Venezia Giulia;
- Free transmission of social messages as requested by the Prime Minister's Office;
- The transmission, during appropriate hours of the day, of content specifically aimed at minors, addressing both the needs and the sensibilities of children ranging from toddlers to teenagers;
- Preservation of radio and television historical archives;
- Destination of a quota of the annual total revenues to the production of European works;
- The realisation of infrastructure for the transmission of radio and television programmes on terrestrial frequencies by means of digital technology;

- Respect of the limits of advertising concentration;
- The provision of public information at a national and regional level by means of offices in each of the regions and autonomous provinces of Italy;
- Adoption of suitable measures of protection for people with sensory handicaps;
- The promotion of decentralised centres of production.

### ***Service agreement with the Ministry of Enterprises and Made in Italy***

The Service Agreement provides that RAI carries out, for the purpose of the public radio, television and multimedia service and, in particular, the offer spread across the various platforms, in all modes, the realization of editorial content, the provision of technological services for the production and transmission of the signal in analogue and digital technology, the preparation and management of control and monitoring systems. Such agreement establishes a set of objectives, operational guidelines, quality parameters, types of programmes whose implementation is entrusted to the independent publishing capacity of the concessionaire company in compliance with the principles and the relevant legislation.

The Service Agreement sets out a number of obligations for RAI, in particular:

- specific guidelines regarding RAI's television, radio and multimedia offer, as well as guidelines regarding the development and support of the audio-visual industry;
- for the television offer, reserve for genres (information, Service programmes, cultural programmes and entertainment, information and sports programmes, programmes for minors and for Italian and European audiovisual works) at least 70% of the annual programming of the generalist networks (80% of that of the third network) in the time slot between 6 and 24 hours. No less than 70% of the overall annual programming of semi-generalist/thematic networks should be reserved for the same genres. The programming, in accordance with the transmission schedules, must be spread in a balanced way throughout the year, in all time slots (including prime time) ;
- for the radio offer, reserve for genres (news, information, culture and entertainment, programmes on social and customs issues, music, service programmes, public utility services, such as traffic and road safety services) no less than 70 per cent. of the annual programming offer of the national channels Radio Uno and Radio Due and not less than 90 per cent. of Radio Tre. No less than 70% of the overall annual programming of thematic channels should be reserved for the same genres;
- specific commitments towards children and persons with disabilities;
- obligations relating to RAI's service offering abroad;
- specific obligations relating to infrastructure, plants and distribution;
- specific requirements regarding research and development;
- obligations to offer its users the widest range of TV programmes and shows, providing them with high-quality, complete and objective information;

- obligations to deliver Public Service broadcasting television, radio, multimedia offered through the various platforms (linear or on demand services);
- obligations to maintain the necessary systems to ensure it can efficiently control and monitor its activities;
- of particular relevance is also the putting in place of certain organizational systems which were prescribed by article 21 of the Service Agreement: in particular, (i) the joint committee appointed to define the methods for the application and development of activities and obligations as provided under the negotiation program in order to overcome the difficulties for its application a joint advisory committee that publishes opinions and raises proposals for the social programming and for the initiatives of RAI related to the offers for people with disabilities.

Article 20 of the Service Agreement provides that the supervision of public service obligations is entrusted to the AGCOM and to the Mimit according to their respective competences.

Rai is also required to draw up, by 30 June of each financial year, a sustainability report, which also takes into account the activities carried out in the socio-cultural field, with particular regard to respect for information, social and political pluralism, the protection of children and minority rights, the representation of women, the family, people with disabilities and the promotion of national culture; the sustainability report also includes the results of the monitoring of the quality of the offer as perceived by users and the corporate reputation of the concessionaire company.

Moreover, according to article 24, to guarantee the obligations assumed, RAI has set up a guarantee deposit of Euro 1,000,000 with leading banking institutions; in the event of forfeiture, the Ministry of the Economy and Finance has the right to forfeit the security deposit. For non-compliance with the obligations assumed by RAI, which do not involve a more serious penalty, the Ministry, after the due objection to RAI itself, can apply a penalty, defined with the Authority's provision in its minimum and maximum, for each infringement found, in application of the principle of proportionality.

The current Service Agreement introduces the following changes *vis-à-vis* the previous one:

(i) environmental awareness: under articles 2, 8 and 12, the Issuer has an obligation to ensure that its overall programming is sustainable and innovative, promotes public environmental awareness, and increases consumers' scientific knowledge around the new challenges of the environmental transition. Those duties are coordinated into an organic project built around pursuit of the United Nations' 2030 Agenda for Sustainable Development Goals (SDGs). In particular, in order to achieve this objective, the Issuer must structure its programming to include analysis of causes, effects, and remedies for the ongoing climate change and loss of biodiversity. The Issuer must also assume a key role in the country by leading a cultural change on sustainability and contributing to the growth of public opinion by making it increasingly well-informed and knowledgeable of the environmental crises and the importance of the environment, biodiversity and the wellbeing of animals;

(ii) transformation into a digital media company, and digitalisation: under article 3, consistent with the public financial resources derived from the Licence Fees (as defined below), the Issuer is obliged to accelerate its transformation from broadcaster to digital media company, putting in place a strategy of digitalisation, improving production models and distribution strategies for a multiplatform future, both by investing in innovative solutions of a technical and technological nature, and by ensuring that its digital offering is relevant, accessible and readily available to all users, as a contribution to closing the digital divide by, *inter alia*, boosting streaming services;

(iii) programming for young people: under the new article 5, which is dedicated to programming for individuals between 18 and 35, the Issuer must set out content that is appealing to younger audiences,

using *inter alia* social networks, and seeking to expand its news programming and related content on issues such as eating disorders, addictions and dependencies, and the harm arising from drug abuse, by experimenting with new forms of communication that resonate with this age category. In addition, it has a responsibility to foster a culture of staying within the law, and the prevention of and fight against all forms of violence, including bullying and cyberbullying, helping viewers to recognise signs of such behaviour;

(iv) minors: article 5-*bis* imposes an obligation upon the Issuer that there be parental control services on the RaiPlay platforms;

(v) accessibility: article 9 requires the Issuer to ensure that there are suitable measures for people with sensory disabilities, so those who need assistive technology or particular configurations may access the public service programming without discrimination, with at least one edition of the three main channels' new programmes carrying sign language interpretations each day, ensuring provision for every time band, and ensuring that services may be accessed by people who are deaf and visually impaired, by placing the interpreter in an appropriately sized and coloured frame;

(vi) artificial intelligence: article 3 provides that the Issuer must make the best use of emerging technologies, including artificial intelligence, including with support from the RAI Centre for Research, Technological Innovation and Experimentation (CRITS), in order to promote its content, boost accessibility and fight disinformation. More specifically, the Issuer must, subject to the availability of resources, increase the use of AI tools both for subtitling and audio description, by extending their use to 20 per cent. by the end of 2025, to 30 per cent. by the end of 2026, to 40 per cent. by the end of 2027, to 50 per cent. by the end of 2028, and to 60 per cent. by the end of 2029. Furthermore, the article also provides for the use of AI tools to enhance the structure and usability of existing and future digital platforms for public service programmes (such as Rainews.it, RaiPlay and RaiPlay Sound) to ensure that content is utilised as fully as possible, and accessed with the greatest possible usability;

(vii) signal broadcasting: the revised article 15 provides for the Issuer to experiment with 5G broadcasting standards, especially for urban areas with heavy IP traffic, for new TV distribution services for mobile and nomadic users. In doing so, it will make use of dedicated UHF frequencies that will be assigned, possibly also on a temporary basis, by the Mimit. The Issuer will also experiment with DVB-I, Hybrid Broadcast Broadband TV (HbbTV), and other pioneering technologies;

(viii) digital radio: in accordance with article 15, the Issuer is obliged to use appropriately the transmission capacity it is assigned, to enable all of its national and local radio content to be distributed with high quality audio, as part of the consolidation of the digital radio market (DAB+ standard);

(ix) financial sustainability: article 19 provides that the public funds derived from the Licence Fees (as defined below) received by the Issuer must be consistent with the set of activities that characterise the Public Service, so as to ensure that in each year of the agreement's term, there is the necessary correspondence between the activities it is responsible for carrying out, the related costs it incurs, and the public funding it receives under article 61, paragraph 3, of the TUSMA.

### ***Istat List***

In 2016, the Issuer was included for the first time in the list of those public administration institutions which are included in the Italian State's consolidated accounts (the **Istat List**) in the section including producers of cultural services (*amministrazioni centrali, enti produttori di servizi assistenziali, ricreativi e culturali*). The Issuer's inclusion in this list is to be reconfirmed every year. As a consequence of its inclusion in the Istat List, the Issuer's accounts are consolidated at a national level, in the Italian State's financial statements. Pursuant to the 2018 Budget Law, the Issuer was exempt from the restrictions on expenditure (regarding management, organisation, accounting, finance and investments) which would otherwise apply to institutions included in the Istat List. Specifically, the

provision states that "in order to ensure that the activities serving the achievement of the institutional and corporate objectives attributed to the public service broadcaster are fully and effectively performed, and to ensure a balance of competition in the radio and television market, the provisions restricting expenditure on management, organisation, accounting, finance, investment and divestment that apply under the existing legislation to general government bodies on the Istat List kept pursuant to article 1 of Law 196 of 31 December 2009, shall not apply to RAI-Radiotelevisione Italiana S.p.A."

### ***Covering the costs of the public radio, television and multimedia service and Licence Fees***

Article 61 of the TUSMA provides that the costs related to the delivery of Public Service radio and television broadcasting is to be covered by the licence fee established in Legislative Decree No. 246 of 21 February 1938, converted into Law No. 880 of 4 June 1938, as subsequently amended from time to time (the **Licence Fee**).

Article 61, paragraph 3 of the TUSMA entrusted the determination of the amount of the Licence Fee to a ministerial decree, citing in particular the need to cover the cost of the service: by the end of the month of November of each year, the Ministry of Communication shall determine the amount of Licence Fees to be applied as of 1 January of the following year. This shall allow RAI to cover those costs which arise in the fulfilment of its general radio and television public service obligations which have been entrusted to it. The cost is calculated by reference to the last financial statements, taking into account also inflation and Rai's need to develop technologically. The amount of the Licence Fee is to be determined directly by the Ministry of Communication.

The Licence Fee is owed by every individual who possesses one or more devices capable of receiving radio or television transmissions in his or her household (a private home). The so-called "ordinary Licence Fee" is owed by individual households whereas the so-called "special fee" applies to the use of devices capable of receiving radio or television transmissions outside of individual households, in the context of a commercial activity and with the aim of a direct or indirect commercial gain.

The procedure for determining the Licence Fee has been subject to amendments over time: originally the amount of the Licence Fee was determined by law; subsequently the legislator implemented the so-called add-on to the Licence Fee (i.e., an additional fee, determined by the Ministry of Communication on a yearly basis, was added on to the amount determined by law); lastly, with the approval of Law No. 206 of 25 June 1993, the mechanisms for the determination of the Licence Fee were moved to the 2017 Convention and the Service Agreement.

As of 2004, following the reform introduced by the Gasparri Law, the Ministry of Communication (now the Mimit) is in charge of determining the amount of the Licence Fee by means of a decree. The Licence Fee determined by Mimit in each case is effective as of 1 January of the following year in order to allow RAI to cover the costs which it will incur in such year for the purposes of fulfilling the public service obligations entrusted to it "as can be derived from the most recent financial statements taking into account also inflation and companies' requirements for technological research and development." To that end, please see for example for the year 2006, the Ministerial Decree of 30 November 2005; for the year 2007, the Ministerial Decree of 15 December 2006; for the year 2008, the Ministerial Decree of 18 December 2007 for the year 2009, the Ministerial Decree of 18 December 2008; for the year 2010, the Ministerial Decree of 11 December 2009; for the year 2011, the Ministerial Decree of 23 December 2010; for the year 2012, the Ministerial Decree of 19 December 2011; for the year 2013, the Ministerial Decree of 20 December 2012; and for the year 2014, the Ministerial Decree of 17 December 2013.

In order to combat Licence Fee evasion, article 1, paragraphs 152-159, of the 2016 Stability Law has changed the Licence Fee's mechanisms (see below) for the financial years starting in 2016. However, the special licence fee provided for the detention of appliances outside the family area continues to be determined by decree published by the Ministry of Economic Development (now the Mimit) on an annual basis (reference is made to Ministerial Decree of 30 December 2015, Ministerial Decree of 22

December 2016, Ministerial Decree of 21 December 2017 and Ministerial Decree of 28 December 2018 which has determined the amounts specified under table 3 and table 4 attached to Ministerial Decree of 29 December 2014 for the years 2016, 2017, 2018 and 2019 respectively).

As regards the collection mechanism, article 1, paragraph 153, letter c) of the 2016 Stability Law clarified that the amounts owed as Licence Fees are separately addressed in the relevant electricity bills and that these amounts are to be on-paid to the Italian State by the individual electricity companies by the twentieth day of the month following the month during which such fee was collected. By 20<sup>th</sup> December of each year, each electricity company will have to have on-paid the entire amount received in that year to the Italian State (article 3 of Legislative Decree No. 246 of 21 February 1938).

The ordinary Licence Fee for private use, which was reduced by the 2016 Stability Law from Euro 113,5 to Euro 100 for the year 2016 (article 1, paragraph 152), was further reduced to Euro 90 for the year 2017 by article 1, paragraph 40 of the 2017 Budget Law. Article 1, paragraph 1147 of the 2018 Budget Law fixed the Licence Fee for 2018 at Euro 90, which was again confirmed by article 1, paragraph 89 of the 2019 Budget Law.

The 2016 Stability Law further addressed what was to happen with Licence Fee revenues deriving from the new Licence Fee collection mechanism which exceeded the amounts provisioned for in the financial statements for the year 2016 (the so-called **Extra Revenue**). Paragraphs 160 *et seqq.* of article 1 of the 2016 Stability Law clarified that such Extra Revenue should be split between the Italian State and the Issuer, in the percentages of 33 per cent. and 67 per cent. respectively for the year 2016 and in the percentages of 50 per cent. and 50 per cent. respectively for the years 2017 and 2018, provided that any additional outstanding revenues will be assigned to RAI and there are certain revenues that will be assigned to certain specific scopes, as provided by law (such as the revenues assigned to the "Accademia Nazionale di Santa Cecilia" according to article 27, paragraph 8, of Law No. 488 dated 23 December 1999). Revenues not utilised during a financial year could be utilised in the next one. Article 1(90) of the 2019 Budget Law has confirmed that the Extra Revenue shall again be split between the Italian State and the Issuer in the percentages of 50 per cent. and 50 per cent., as for the years 2017 and 2018.

Article 1, paragraph 89, of the 2019 Budget Law has then set the Licence Fee for household users at Euro 90 *per annum*.

Article 1, paragraph 90, of the 2019 Budget Law has established that half of the Extra Revenues should be paid to the Treasury, which would apply some or all of the monies to the Fund for Pluralism and Innovation in Information (*Fondo per il pluralismo e l'innovazione dell'informazione*), and to the increase to Euro 8,000 of the annual income threshold under which there is an exemption from payment of the licence fees for the individuals over 75 years old.

The rules governing public financing were amended in the 2021 Budget Law. This law abolished the 5 per cent. withholding on sums payable to the Issuer intended to cover the costs of providing the public service, which had been established by article 1, paragraph 292 of the 2015 Stability Law, and the diversion of Extra Revenue, of which the Issuer had received 67 per cent. in 2016, and 50 per cent. in the years from 2017 to 2020 (under article 1, paragraph 619, of the 2021 Budget Law).

The diversion of the increased revenues that had flowed from the new and more effective methods of collecting Licence Fees, towards purposes unrelated to the discharge of the duties associated with the public service, was in open contrast to the functional constraint of the duties, *inter alia* as a matter of constitutional law, which was a feature of how the amount of the Licence Fee was determined, and the coverage of the service's costs.

The 2021 Budget Law also provided that revenues received by way of radio licence fees would, from 1 January 2021, be applied:

- (i) to the Fund for Pluralism and Innovation in Information established in the Italian State Budget (*Bilancio di previsione dello Stato*), in respect of the first Euro 110 million; and
- (ii) to the Issuer, without prejudice to those specific items to which legislation had already allocated certain Licence Fee revenues, in respect of any additional amounts.

Finally, article 1, paragraphs 19 and 20 of the 2024 Budget Law, provide that the Licence Fees would be reduced only for 2024, and that the Issuer would benefit from the 2024 Supplementary Funding (further described below).

The household television Licence Fee was set at Euro 70 for 2024.

Paragraph 20 states that, with a view to improving the quality of the public service on radio, television and multimedia channels throughout the country, in connection with the initiatives contemplated by the Service Agreement for the modernisation, development and infrastructural management of the distribution networks and platforms, and the creation of internal radio, television and multimedia productions, the Issuer would receive the 2024 Supplementary Funding, i.e., a subsidy of Euro 430 million for 2024 (including VAT - Euro 413 million net of VAT), in three instalments payable in January, March and June.

According to article 1, paragraph 158 of the 2016 Stability Law, the new provisions regarding the collection of Licence Fees specifically does not apply to television sets outside of family households; fees for such "special licences" (i.e., those relating to television sets held for commercial use) are currently determined by the Mimit.

The amount of Licence Fees attributable to the Issuer are transferred to the Issuer on the basis of the Italian State Budget (*Bilancio di previsione dello Stato*) by the Government in three instalments per year, being at the end of January (40 per cent.), at the end of May (30 per cent.) and at the end of September (30 per cent.) in each case calculated by reference to the forecasted expenditures as adjusted over the course of the year to take into account the actual amounts collected. The balance of the amount of ordinary Licence Fees actually paid in the year by individual households and received by the State is communicated and the share due to the Issuer and is settled.

### ***Digital Terrestrial Television***

The (EU) Decision 2017/899 of the European Parliament and of the Council imposed the application of the 700 MHz band (694-790 MHz, the so-called **Band 700**) to any wireless communication services (5G), which are used in part for the broadcasting service. As a consequence, television services using such Band 700 have been reallocated into the UHF frequency (470-694 MHz) and into the III-VHF Band (174 a 230 MHz).

Pursuant to the legislation that regulated the release of Band 700, the so-called Refarming (article 1, paragraphs 1026-1034 of the 2018 Budget Law, as amended by article 1, paragraph 1106, of the 2019 Budget Law), RAI currently has 3 multiplex DTT (Digital Terrestrial Television) in operation with rights of use valid until 2032, renewable.

### ***Health, Safety and the Environment***

RAI's facilities and operations are subject to environmental and occupational health and safety laws and regulations. These laws govern the hazard occupational exposition, the discharge of pollutants into air, water and land as well as the use, the storage and the disposal of hazardous substances and waste materials.

European Union directives and regulations together with guidelines provided by Italian authorities set out a framework of measures to ensure the protection of both third-parties and employees exposed to hazards.

RAI applies for the necessary legal permissions for its activities and adopts every possible measure to reduce the hazards to which the workers are exposed.

RAI adopted the Certified International Standard UNI ISO 45001:2018, to control and improve its health and safety performance by:

- Identification and control of health and safety risks;
- Reduction of the potential for accidents;
- Legal compliance; and
- Improvement of overall performance.

With regard to environmental compliance, every local unit complies with the relevant laws, regulations and guidelines.

RAI claims positive compliance trends and low level of workplace accidents, significantly lower than national average level. Additionally, by creating a Certified Management System, RAI has obtained a 5 per cent. discount to its INAIL (Italian Institute for Insurance against Accidents at Work) insurance premium since 2010.

RAI will improve its environmental quality management system (ISO 14001 certified) to integrate the existing health and safety quality management system into it.

In particular, a combination of European Union directives and regulations and guidelines issued by Italian authorities impose, for the frequencies up to 300 GHz, a limit to the power of electromagnetic fields and created a set of guidelines and measures to ensure the protection of the public as well as employees exposed to such radiation. These rules provide that towers and facilities found to exceed such limits may be required by the competent local authorities to move to different locations or may be shut down if they fail to do so. Furthermore, the authorisation of local authorities is required prior to carrying out of any civil work for the creation or expansion of broadcasting sites, the erection of towers or the installation of transmitting equipment. In addition, the installation of any antenna, cell tower and other transmitting equipment is subject to the competent local authority being satisfied that the relevant requirements, setting the limits to exposure to electromagnetic radiation, have been met. For more information, see "Risk Factors – *The Issuer is exposed to risk in relation to environmental regulation*".

In implementing the objectives and values underlying our environmental policy, RAI has adopted an environmental quality management system (ISO 14001 certified), according to which the Issuer has committed to:

- Identifying and managing environmental issues relating to the exercise of its business activities, ensuring compliance with applicable regulations;
- Pursuing ongoing personnel information and training on environmental impact issues;

- Optimising the use of natural resources by, among others, implementing continuously monitored environmental impact prevention and maintenance strategies;
- Ensuring compliance with applicable regulations concerning electromagnetic emissions; and
- Collaborating and coordinating with local authorities and the authorities.

Historically, RAI has been found to be in compliance with these requirements, as attested also by the OHSAS 18001:2007 and UNI ISO 45001:2018 (workplace safety) certifications we have obtained.

### **Key contracts of the Issuer**

What follows is a summary of the material contracts that are not entered into in the ordinary course of the Issuer's business.

#### ***Agreement with RAI Pubblicità***

RAI and RAI Pubblicità entered into an agreement under which RAI Pubblicità is the exclusive advertising agency for television and radio content and services provided by RAI, and in relation to advertising in physical spaces connected with RAI initiatives.

Such agreement is in force as of 1 January 2013, for a two-year term, which has been automatically renewed every two years (last renewal in 2023).

#### ***Service Agreement with RAI Way***

Pursuant to the provisions of the RAI Way Service Agreement, it is the responsibility of RAI Way to provide the Issuer and the Group with a full broadcasting service in order to ensure, *inter alia*, the proper fulfilment by the Issuer of its Public Service obligations and the Issuer is required to pay RAI Way a fixed annual amount in return for the supply of the service. Subject to limited exceptions, the Issuer may not terminate the agreement during the Initial Term and, in the case of termination by the Issuer during the second term caused by the will of the issuer itself and not for events of force majeure, certain penalty payments apply. In detail, the application of economic penalties differentiates according to the different types of services and the year in which the termination occurs.

With acts of 10 December 2019 and of 2021, following good-faith negotiations, RAI and RAI Way amended the RAI Way Service Agreement to regulate certain important technical features and to adjust the payments, further to the changes in services resulting from the Refarming process (article 1, paragraphs 1026-1034 of the 2018 Budget Law, as amended by article 1, paragraph 1106, of the 2019 Budget Law, governing the liberalisation of the 700 MHz band).

Originally, the RAI Way Service Agreement, in force as of 30 June 2014, had a term of seven years (**Initial Term**), and it was automatically renewable for two further consecutive seven-year terms, and a final expiration date not to exceed 21 years from signing. By means of the agreement dated 10 December 2019, RAI and RAI Way renegotiated the agreement's term, i.e., until 30 June 2028, while leaving the existing provisions on renewal and termination unchanged.

#### ***Agreement with RAI Com***

RAI has entered a mandate agreement with RAI Com, pursuant to which RAI appoints RAI Com, *inter alia*, for the negotiation, signing and management of agreements arising from the undertakings provided by the Service Agreement and the 2017 Convention, as well as agreements (including framework

agreements pursuant to article 59, paragraph 2, letter f) of the TUSMA) with other public bodies and some commercial and sales agreements.

Such agreement is in force as of 30 June 2014, for a three-year term, which was automatically renewed every three years (last renewal in 2023).

#### ***Agreement with RAI Cinema***

There is an agreement in place between RAI and RAI Cinema governing the latter making available a catalogue of films and other programmes to which RAI Cinema holds rights, and the purchase by RAI of rights to make individual transmissions of the works.

Under the agreement, while RAI Cinema retains autonomy in its operations and decision-making, it is obliged to invest in the purchase, development, production, co-production, and pre-purchase of European and Italian audiovisual works, in each year for which the agreement is in effect, to an extent appropriate to the achievement of the investment and programming objectives that RAI has as part of meeting its public service duties.

The agreement runs from 1 July 2020 to 31 December 2022, subject to automatic renewal each year on not more than two occasions. The agreement currently in force is due to expire on 31 December 2024.

## TAXATION

### REPUBLIC OF ITALY

*The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. Following the date of this Prospectus, the Issuer will not update this summary to reflect changes in laws and/or in practice and, if such a change occurs, the information in this section could become invalid.*

### Republic of Italy

#### Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented, (**Decree. No. 239**) regulates the tax treatment of interest, premiums and other income, including the difference between the redemption amount and the issue price, (hereinafter collectively referred to as **Interest**) deriving from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 issued, inter alia, by Italian companies other than small capitalized companies, provided that the notes are traded on a EU or EEA regulated market or multilateral trading facility or, if not traded in the aforementioned market or multilateral trading facility, that such securities are held by "qualified investors" pursuant to article 100 of Legislative Decree No. 58 of 24 February 1998.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

#### Italian resident Noteholders

Where an Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a de facto partnership not carrying out commercial activities or professional association; or
- (c) private or public institutions (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. (either when Interest

is paid or when payment thereof is obtained by the holder on a sale of the Notes) (unless Noteholder described under (a) to (c) has entrusted the management of their financial assets, including the Notes, to an authorised intermediary and has opted for the application of the asset management regime (*regime del risparmio gestito*) - see under "*Capital gains tax*" below for an analysis of such regime). All the above categories are qualified as "net recipients". In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by the Italian law, as amended and supplemented.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, *società di gestione del risparmio (SGRs)*, stockbrokers and other qualified entities identified by a decree of the Ministry of Finance (each an **Intermediary**). An Intermediary (a) must: (i) be resident in Italy; or (ii) be a permanent establishment in Italy of a non-Italian resident Intermediary; or (iii) be an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

Where an Italian resident Noteholder is a company or similar commercial entity (including limited partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and private and public institutions carrying out commercial activities and holding the Notes in connection with this kind of activities) or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the "status" of the Noteholder, also to "IRAP" (the regional tax on productive activities).

If the investor is resident in Italy and is (i) an open-ended or closed-ended investment fund ("**Fund**") and investment company with fixed capital ("**SICAF**"), *Fondi Lussemburghesi Storici*, or an investment fund with variable capital ("**SICAV**"), and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the management results of the Fund, SICAF or SICAV. The Fund, SICAF or SICAV will not be subject to taxation on such result, but a withholding tax of 26 per cent. may apply to income of the Fund, SICAF or SICAV derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

If the investor is an Italian resident individual holding Notes not in connection with entrepreneurial activity who have opted for the asset management regime are subject to a 26 per cent. annual substitute

tax on the increase in value of the managed assets (which increase would include Interest accrued on the Notes) accrued at the end of each tax year (the “**Asset Management Tax**”).

If the investor is an Italian real estate funds (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or a real estate SICAF to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended and supplemented, apply, and the Notes are held by an authorised intermediary, Interest accrued on the Notes are subject neither to substitute tax nor to any other income tax in the hands of the real estate fund or real estate SICAF. The income of the real estate fund or real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the **Pension Fund Tax**).

Subject to certain conditions (including minimum holding period) and limitations, Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by the Italian law, as amended and supplemented from time to time.

The above categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, directly or indirectly with an Italian authorised Intermediary.

### **Non-Italian resident Noteholders**

According to Decree No. 239, payments of Interest in respect of the Notes will not be subject to the *imposta sostitutiva* if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected provided that:

- (a) such beneficial owner is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy and listed in the Ministerial Decree dated 4 September 1996 as amended and supplemented from time to time (the **White List**). According to Article 11, par. 4, let. c) of Decree No. 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4 September 1996 as amended from time to time; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (ii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iii) certain foreign "institutional investor", whether or not subject to tax, which is established in a country included in the White List and provided that they timely file with the relevant depositary the appropriate self-declaration.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent., or at the reduced rate provided for by the applicable double tax treaty, if any, to Interest paid to non-Italian Noteholders other than the above.

To ensure payment of Interest in respect of the Notes without the application of the *imposta sostitutiva*, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must:

- (a) be the beneficial owners of payments of Interest on the Notes (institutional investors that do not possess the status of taxpayer are deemed to be beneficial owners by operation of law);
- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, inter alia, that he or she is resident, for tax purposes, one of the above-mentioned White List states. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident holder of the Notes to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident holder of the Notes.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

### **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

### **Capital gains tax**

#### **Italian resident Noteholders**

Any capital gains obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes

are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident partnership not carrying out commercial activities, (iii) an Italian private or public institution not carrying out mainly or exclusively commercial activities, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a 26 per cent. capital gains tax (*imposta sostitutiva sulle plusvalenze*).

In respect of the application of *imposta sostitutiva sulle plusvalenze*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are effectively connected, the *imposta sostitutiva sulle plusvalenze* will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, **capital gains** mean any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay under the administrative savings regime (*regime del risparmio amministrato*) the *imposta sostitutiva sulle plusvalenze* separately on capital gains realised on each sale or redemption of the Notes. Such separate taxation of capital gains is allowed subject to:
  - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
  - (ii) an express election for the administrative savings regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva sulle plusvalenze* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the administrative savings regime, where a sale or redemption of the Notes results in a capital loss, it may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the administrative savings regime, the Noteholder is not required to report the capital gains in the annual tax return.

- (c) In the asset management regime, any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-

end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by the Italian law, as amended and supplemented from time to time.

Any capital gains realised by a Noteholder that is a Fund, SICAF or a SICAV will be included in the result of the portfolio accrued at the end of the tax period. The Fund, SICAF or SICAV will not be subject to taxation on such results, but a withholding tax of 26 per cent. may apply on income of the Fund, SICAF or SICAV derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Any capital gains realised by a Noteholder who is an Italian real estate fund (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or a real estate SICAF to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, is subject neither to *imposta sostitutiva sulle plusvalenze* nor to any other income tax in the hands of the real estate fund or real estate SICAF. The income of the real estate fund or real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain conditions (including minimum holding period) and limitations, capital gains in respect of Notes realized upon sale, transfer or redemption by Italian pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by the Italian law, as amended and supplemented from time to time.

### **Non-Italian resident Noteholders**

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes traded on regulated markets are not subject to the *imposta sostitutiva sulle plusvalenze* irrespective of the place in which they are deemed to be held. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva sulle plusvalenze*, in the following case:

- (a) In the event that (i) the non-Italian resident beneficial owners is resident in a country which allows for a satisfactory exchange of information with Italy included in the White List. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the asset management regime or are subject to the administrative savings regime, exemption from Italian capital gains tax will apply upon

condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes (institutional investors that do not possess the status of taxpayer are deemed to be beneficial owners by operation of law) are (i) an international entity or body set up in accordance with international agreements which have entered into force in Italy; (ii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iii) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva sulle plusvalenze* at the current rate of 26 per cent.. However, Noteholders may benefit from a double taxation treaty with Italy providing that the capital gains realised upon the sale or redemption of Notes are to be taxed only in the resident tax country of the recipient.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments by Law No. 286 of 24 November 2006 effective from 29 November 2006, and Law No. 296 of 27 December 2006, the transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) 4 per cent. for transfers in favour of the spouse and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. for transfers in favour of siblings; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- (d) 8 per cent. for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.500,000.

The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments are included in an individual long-term savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth by the Italian law, as amended and supplemented from time to time.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift

(including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

### **Transfer tax**

No transfer tax is due on the transfer of the Notes. Contracts relating to the transfer of securities are subject to a € 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

### **Stamp Duty**

Pursuant to Article 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, as amended from time to time, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent. and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). Stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

Based on the wording of the law and the implementing decree issued by the Italian MEF on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth tax on financial assets deposited abroad***

According to Article 19 par. from 18 to 23 of Law Decree No. 201 of 6 December 2011, as amended from time to time, Italian resident individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent.. Starting from fiscal year 2024, the wealth tax applies at the rate of 0.4 per cent for financial assets held in countries or territories listed in the Ministerial Decree dated 4 May 1999. For taxpayers other than individuals, this wealth tax cannot exceed Euro 14,000 per year. In this case the above mentioned stamp duty provided for by Article 13 of the tariff Part I attached to Decree 642 does not apply. This tax applies on the market value at the end of the relevant year (or at the end of the holding period) or – in the lack of the market value – on the nominal value or redemption value, or in the event that the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement and the items of income derived from the Notes have been subject to tax by the same intermediaries.

### ***Tax Monitoring Obligations***

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or

similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, on the condition that the items of income derived from the Notes have been subject to tax by the same intermediaries and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia withdrew its participation in March 2016. The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person

established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Citigroup Global Markets Europe AG and UniCredit Bank GmbH (the **Joint Global Coordinators**), Citigroup Global Markets Europe AG and UniCredit Bank GmbH (the **Joint Bookrunners** and, together with the Joint Global Coordinators, the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) entered into with the Issuer dated 8 July 2024 and subject to the conditions contained therein, jointly and severally agreed to subscribe or procure subscribers for the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses incurred in connection with the issue of the Notes and pay certain commissions, and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Manager has represented and agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Prohibition of sales to EEA Retail Investors

Each Manager has represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the United Kingdom. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

## Other United Kingdom regulatory restrictions

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done in relation to any Notes in, from or otherwise involving the United Kingdom.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (as amended, the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## **General**

No action has been taken by the Issuer or the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information and no such material or information will be distributed or published in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 14 May 2024 and 28 June 2024.

### Listing and Admission to Trading

Application has been made for the Notes to be admitted to listing on the Official List and to trading on the regulated market of Euronext Dublin with effect from the Issue Date. The total expenses relating to the admission to listing and trading are expected to be approximately €7,500.

### Eurosystem Eligibility

The Notes are issued in NGN form and intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue of the Notes or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2844410287 and the Common Code is 284441028. The CFI Code is DBFUFB and the FISN Code is RAI SPA/4.5 BD 20290710 UNSEC UNGTD, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sources from the responsible National Numbering Agency that assigned the ISIN. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Material Adverse Change / Significant change

Since 31 December 2023 there has been no significant change in the financial performance or financial position of the Issuer and its Subsidiaries and there has been no material adverse change in the financial position or prospects of the Issuer and its Subsidiaries.

### Litigation

Save as disclosed in this Prospectus at pages 117 to 119 above, neither the Issuer nor any of its Subsidiaries are or have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer and/or its Subsidiaries taken as a whole.

### Independent Auditors

PricewaterhouseCoopers S.p.A. was appointed as independent auditor of the Issuer from for the financial years ended 31 December 2015 to 31 December 2023.

PricewaterhouseCoopers S.p.A. audited, in accordance with International Standards on Auditing (ISA Italia), the 2022 Consolidated Financial Statements and the 2023 Consolidated Financial Statements, without qualification. The 2022 Consolidated Financial Statements and the 2023 Consolidated Financial

Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. 2022 Consolidated Financial Statements and the 2023 Consolidated Financial Statements, together with the relevant independent auditors' reports, are incorporated by reference in this Prospectus (See "*Documents Incorporated by Reference*").

PricewaterhouseCoopers S.p.A. is an independent public accounting firm registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) held by the MEF pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012. PricewaterhouseCoopers S.p.A., with its registered office in Piazza Tre Torri 2, Milan, Italy, is also a member of ASSIREVI (*Associazione Nazionale Revisori Contabili*), being the Italian Auditors Association.

In April 2023, EY S.p.A. has been appointed for the external audit of the financial statements of the Issuer and the limited review of the half-yearly report as at 30 June each year and of the Sustainability Report for the 2024-2032 period in compliance with current laws and regulations and with the approval of the relevant authorities.

### **Third Party Information**

The Issuer confirms that third party information contained in the Prospectus has been accurately reproduced and, where such information has been included in the document, the sources have been identified. As far as the Issuer is aware and is able to ascertain from information published by a third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

### **U.S. Tax**

The Permanent Global Note, definitive Notes and the Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

### **Documents Available**

As long as the Notes are outstanding, copies of the following documents will, when published, be available for the life of the Prospectus for inspection at the specified office of the Fiscal Agent:

- (a) the by-laws (*statuto*) of the Issuer available at [http://www.rai.it/dl/doc/1533290900193\\_Statuto.pdf](http://www.rai.it/dl/doc/1533290900193_Statuto.pdf);
- (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2023 and 2022, in each case together with the audit reports prepared in connection therewith;
- (c) the most recently published audited annual consolidated financial statements of the Issuer;
- (d) a copy of this Prospectus;
- (e) a copy of any supplement to this Prospectus and any other documents incorporated herein or therein by reference; and
- (f) the Agency Agreement.

## **Managers transacting with the Issuer**

Each of the Managers and its affiliates (including their parent companies) has engaged, and may in future engage, in investment banking and/or commercial banking (including derivatives contracts, the provision of loan facilities and consultancy services) and other related transactions with, and may perform other services for the Issuer and its affiliates (including other members of the Issuer's group) in the ordinary course of business. In particular, some of the Managers are lenders under certain financing facilities that part of the proceeds from the issue of the Notes will be used to refinance (see also "*Use of Proceeds*"). The Managers, or their affiliates (including their parent companies), may also act as counterparties in the hedging arrangements they expect to enter into in connection with such refinancing, and will receive customary fees for their services in such capacities.

In addition, in the ordinary course of their business activities, the Managers and their respective affiliates (including their parent companies) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates or any entity related to the Notes. The Managers or their respective affiliates (including their parent companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk-management policies. Typically, such Managers and their respective affiliates (including their parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their respective affiliates (including their parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Yield**

The yield on the Notes will be 4.466 per cent. calculated on an annual basis on the basis of the issue price of the Notes of 99.600 per cent.. The yield is calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

## **Post-issuance Information**

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

## **Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

## ISSUER

### **RAI - Radiotelevisione italiana S.p.A.**

Viale Mazzini 14  
00195 Rome  
Italy

## JOINT GLOBAL COORDINATORS

### **Citigroup Global Markets Europe AG**

Reuterweg 16, 60323  
Frankfurt am Main  
Germany

### **UniCredit Bank GmbH**

Arabellastrasse 12  
81925 Munich  
Germany

## JOINT BOOKRUNNERS

### **Citigroup Global Markets Europe AG**

Reuterweg 16, 60323  
Frankfurt am Main  
Germany

### **UniCredit Bank GmbH**

Arabellastrasse 12  
81925 Munich  
Germany

## FISCAL AGENT

### **The Bank of New York Mellon, London Branch**

Queen Victoria Street  
London EC4V 4LA  
United Kingdom

## LEGAL ADVISERS

*To the Issuer as to Italian and English law*

### **Clifford Chance – Studio Legale Associato**

Studio Legale Associato  
Via Broletto 16  
20121 Milan  
Italy

*To the Managers as to Italian and English law*

### **Simmons & Simmons**

Via Tommaso Grossi, 2  
20121 Milan  
Italy

Citypoint  
One Ropemaker Street  
London EC2Y 9SS  
United Kingdom

**AUDITORS**

*To the Issuer*

**PricewaterhouseCoopers S.p.A.**

Piazza Tre Torri 2

20145 Milan

Italy

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

Ten Earlsfort Terrace,

Dublin 2