Press Release

RAI WAY APPROVES THE 2020 DRAFT FINANCIAL STATEMENTS

Further improvement in profitability and net income

Three-year Sustainability Plan approved

- **Key results for the year ended 31 December 2020 (*vs* 31 December 2019):**
  - **Core revenues of € 224.5m (+1.4%);**
  - **Adjusted EBITDA[1] of € 136.1m (+3.7%);**
  - **Operating profit (EBIT) of € 89.4m (-0.8%);**
  - **Net profit of € 64.0m (+1.0%);**
  - **Investments[2] of € 60.6m (€ 35.3m at 31 December 2019);**
  - **Net debt of € 46.1m (compared to € 9.5m at 31 December 2019).**
- **Proposed dividend of 23.85 €cent/share, for a total amount in line with 2020 Net income and a dividend yield equal to 5.0%[3]**
- **Approved the 2023 Sustainability Plan, which reinforces the Company's commitment to the environment, communities, employees, ESG governance systems and innovation**

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[1] The Company assesses performance also on the basis of certain measures not considered by IFRS. Set out below is a description of the components of the indicators that are important for the Company:
. EBITDA (earnings before interest, taxes, depreciation and amortization): this is calculated as profit before income taxes, depreciation, amortization, write-downs and financial income and expenses.
. Adjusted EBITDA: this is calculated as profit before income taxes, depreciation, amortization, write-downs, financial income and expenses and non-recurring expenses/income.
. Operating profit or EBIT (earnings before interest and taxes): this is calculated as profit before income taxes and before financial income and expenses.
. Net Debt: the format for the calculation of Net Debt is the one provided in paragraph 127 of CESR Recommendation 05-054b, which implements Regulation (EC) no. 809/2004.

[2] Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to €6.5m in 2020

[3] Dividend yield based on the closing price recorded on 17 March 2021 on MTA Stock Exchange managed by Borsa Italiana (4.73 €/share)

- **Proposed new authorization to the Shareholders' Meeting for the purchase and disposal of treasury shares**
- **Proposed a long-term incentive plan to the Shareholders' Meeting**

Rome, 18 March 2021 - The Board of Directors of Rai Way S.p.A. ("Rai Way" or the "Company"), met today under the chairmanship of Giuseppe Pasciucco, examined and unanimously approved the Company's draft of the financial statements for the year ended 31 December 2020.

Aldo Mancino, CEO of Rai Way, stated: "*Despite the unprecedented context that characterized 2020, the results turned out to be above expectations, with a tangible improvement in EBITDA and a strong cash generation. We are fully committed on the set-up of new services and digital transformation envisaged in the Industrial Plan, whose guidelines and objectives are confirmed. In 2020 we have already invested around 50 million euro in development activities representing the engine of our future growth. We will face with determination the opportunities and challenges of 2021, focusing on the pillars and targets of the Sustainability Plan approved today: innovation, respect for the environment with the goal of Carbon Neutrality by 2025, employee welfare and social and cultural development of communities.*"

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Key Results at 31 December 2020

In a context characterized globally by a widespread and marked downturn in economic activity due to the impact of the Covid-19 pandemic, the 2020 results confirm the soundness of Rai Way's business model, which is reflected in the growth of revenues and EBITDA and strong recurring cash generation.

In March, the company approved and presented its Industrial Plan, defining the strategic guidelines and financial targets to 2023. The initiatives planned aim to strengthen the core business through the management of new platforms and services and the digital evolution of the operating model, to expand the infrastructure portfolio with assets that guarantee dimensional scale, synergies and/or diversification and to manage optionality for innovative uses of the existing infrastructure. To date, the set-up and planning of the main initiatives is underway.

Regarding the relations with the customer RAI, 2020 mainly focused on the evolution and updating of the DTT network required by the refarming process and defined in the agreement signed in December 2019. In particular, during the year the coverage extension of the thematic Multiplexes continued, doubling the number of sites hosting the related equipment, and the procurement and installation activities for both the new macro-regionalized MUX and the upgrade to DVB-T2 of the national Multiplexes were started. Moreover, with regard to further new services provided to Rai, the reconfiguration of the satellite offer, which enabled the broadcasting of regional contents on the Tivusat platform, and the renewal of the MF radio network are worth mentioning.

Concerning the activities with third-party customers, as part of the refarming process Rai Way was awarded in 2020, following the completion of the first tenders called by the Ministry of Economic Development, rights to use frequencies in Lombardy and Piedmont, areas characterized by a wide range of local television offerings.
In the Tower Rental segment, the dynamics already observed in previous years were confirmed, with the growing contribution of hospitality services for Fixed Wireless, Corporate and Broadcasting Radio/TV customers offsetting the pressure in the mobile operators' segment, leading to a substantially stable overall volume of business compared to 2019.

Finally, in October, a new loan agreement was finalised for a total of €170 million that will cover the financing needs related to the organic initiatives included in the Industrial Plan.

The Company's **core revenues** amount to € 224.5 million for the year ended 31 December 2020, an increase of 1.4% over € 221.4 million as represented in the 2019 results. Revenues from RAI, equal to € 191.3 million, reflect mainly the contribution for € 10.9 million from new services. Revenues from third-party customers amount to € 33.2 million.

Adjusted EBITDA amounts to € 136.1 million, an increase of 3.7% over € 131.2 million in 2019, due to higher revenues as well as a reduction in operating expenses also due to the temporary effect of security measures related to the pandemic emergency. The margin on revenues reached 60.6% (compared to 59.3% in 2019). Including the impact of non-recurring expenses (€ 1.0 million in 2020 compared to € 0.1 million in 2019), **EBITDA** amounts to € 135.1 million, representing an increase of 3.1% over € 131.1 million reported in 2019.

Operating profit (EBIT) amounts to € 89.4 million, a decrease of 0.8% over € 90.1 million in 2019 mainly due to higher amortization resulting from increased development investments and one-off factors such as the aforementioned non-recurring expenses and the benefit recorded in 2019 from the release of provisions for risks of € 1.5 million.

Net profit amounts to € 64.0 million, an increase of 1.0% compared to the 2019 results of € 63.4 million.

In 2020, **investments**[4] amount to € 60.6 million, of which € 48.3 million relate to development and M&A activities (€ 35.3 million in 2019, of which € 17.2 million in development activities). In addition, treasury shares were purchased in the period - as part of the buyback program approved by the Shareholders' Meeting of June 24, 2020 started in August and ended in November - for a total amount of € 20.0 million.

Net invested capital[5] amounts to € 210.9 million, with **net debt** closing at € 46.1 million (including the impact from the application of the new IFRS-16 accounting standard for € 35.4 million) compared to € 9.5 million as of 31 December 2019, showing - net of development investments, share buyback and dividend payment - a further strengthening of the recurring cash generation.

Proposal for the allocation of profit for the year

The Board of Directors of Rai Way adopted a resolution at today's meeting to propose to the Shareholders' Meeting the allocation of the net income for 2020 to dividend to Shareholders for an amount of approx. € 64.0 million and to "Retained earnings reserve" for an amount of approx. € 700. Consequently, the proposal envisages - taking into account

[4] Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to €6.5m
[5] Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets

the 3,625,356 treasury shares in portfolio whose right to dividend is attributed proportionally to the other shares[6] - the payment of a total gross dividend of € 0.2385 per each outstanding ordinary share, to be paid on 26 May 2021 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 25 May 2021, with the share going ex-dividend on 24 May 2021 on detachment of coupon no. 7.

Outlook for 2021

Based on the information available to date regarding the evolution of the Covid-19 emergency and in a scenario that assumes the management of 3 Multiplexes for the customer RAI following the *refarming* process, the Company expects for the year 2021:

- growth in Adjusted EBITDA supported by higher revenues, although limited by an increase in operating costs resulting from the expected reduction of the effects recorded in 2020 due to the pandemic emergency and the implementation of new services;
- maintenance capex on core revenues ratio exceeding the 2020 value and development investments increasing due to *refarming* activities.

Approval of the Sustainability Plan 2023

In the framework of the implementation of the Industrial Plan 2020-2023, the Board of Directors approved the Sustainability Policy and Plan that define the principles and the corporate strategy on sustainability, confirming Rai Way's commitment to respond to global challenges and to generate sustainable value in the medium-long term for all stakeholders.

In particular, the Plan focuses on 6 strategic guidelines, consistent with the topics assessed as material by Rai Way's stakeholders, capable of matching 9 of the Sustainable Development Goals (SDGs) set by the United Nations. Respect for the environment, the well-being and growth of employees combined with the social and cultural development of the community, the alignment of ESG governance systems and technological innovation play

[6] Pursuant to art. 2357-ter of the Italian Civil law

a priority role. The guidelines have then been broken down into qualitative objectives and quantitative targets to be achieved through specific actions and initiatives - in addition to those already identified in the Industrial Plan - grouped according to the 4 pillars of Environment, Social, Governance and Innovation.

Among the most challenging environmental objectives, noteworthy is the fight against climate change with the target of carbon neutrality[7] by 2025 to be pursued through the purchase of 100% of electricity from renewable sources and the implementation of initiatives to monitor and reduce consumption, with over € 100 million of investment in the period 2020-2023 in more efficient systems and equipment. Actions are also planned to spread the culture of environmental respect among stakeholders, including, for example, the engagement of the supply chain.

On a social level, Rai Way confirms the attention to the health, safety and welfare of its employees as well as to their professional development, valuing diversity, promoting gender equality (with 35% of women managers) and ensuring a balance between private and working life through an accessible agile work model. Consistent with the vocation of public service, great importance is also given to the relationship with the territory, both in terms of control of electromagnetic emissions and reduction of landscape impacts, and in terms of promotion of social, cultural and economic development of the community, first of all through an improvement of the coverage of the DTT network that will impact over 1,000 Italian municipalities.

Regarding ESG governance, Rai Way will continue to develop systems and controls aligned with best practices and integrated with sustainability profiles, also by adhering to international ethical and anti-corruption standards such as the United Nations Global Compact. The presence of 20% ESG objectives within the long-term incentive plan proposed to the Shareholders' Meeting, will also confirm the centrality of sustainability in the corporate strategy, ensuring the alignment of the management.

Lastly, its technological footprint will allow Rai Way to develop innovation initiatives and contribute to the digitalization of our country with approximately € 200 million of investments that will enable the evolution of the Company (starting from the strengthening of the digital

[7] Carbon Neutrality based on CO_2 emissions of scope 1 + 2

skills of its employees) and of its customers, also through the search for innovative uses of the existing infrastructure and the expansion of the infrastructure managed, in line with the strategic objectives of the Industrial Plan.

Proposal to the Shareholders' meeting to authorize the purchase and disposal of treasury shares following the revocation of the previous authorization for the part not executed

The Board of Directors has resolved to propose to the Shareholders' meeting - following the revocation of the authorization approved on June 24, 2020 for the part not executed - to authorize, for the period of eighteen months following the date of the Shareholders' Meeting approval, the purchase, on one or more tranches and also through intermediaries, of treasury shares up to a maximum number of shares not exceeding 10% of the *pro tempore* share capital, at a price that shall be neither lower nor higher by more than 20% of the official stock exchange price recorded by Borsa Italiana S.p.A. in the session preceding each individual transaction, in accordance with any of the means permitted by applicable laws or regulations, national or European, in force with respect to the subject matter, excluding the faculty of purchasing treasury shares through the purchase and sale of derivative instruments traded on regulated markets that entail the physical delivery of the underlying shares, which purchase may be, possibly, carried out also according to applicable market practices permitted by Consob.

All the above in order to enable the Company to continue to have at its disposal an important instrument of flexibility, which might be used for:

- investing liquidity in the medium and long term, or for purposes of optimizing the structure of the share capital or in any case for taking advantage of market opportunities;
- limiting, in accordance with the provisions in force, unusual movements in quotations and regularizing trends in trading and prices in situations of temporary distortions due to an excess of volatility or a low level of trading liquidity;
- creating a portfolio of treasury shares that can then be deployed for uses deemed to be the interest of the Company, including the servicing of stock incentive plans or

the issuing of bonus shares to shareholders.

Simultaneously, the proposal will also be made – again, following the revocation of the authorization already approved by the Shareholders' Meeting of June 24, 2020 – to authorize, without time limit, the disposal also through intermediaries, of treasury shares purchased according to the above terms, or already held by the Company, even before having fully exercised the authorization to purchase referred above, at a price or, in any case, in accordance with criteria and conditions established by the Board of Directors, having regard to the procedures actually deployed, the trend in share prices in the period preceding the transaction and the best interest of the Company, in accordance with the purposes (including those set out above) and in any means permitted by applicable laws or regulations, national or European, in force with respect to the subject matter. Shares serving equity incentive plans will be granted in the manner and under the terms set forth in the regulations of the related plans. For further information, reference should be made to the Report of the Board of Directors on the authorization proposal, which will be published in accordance with the prescribed procedures (including by publication on the Company's website www.raiway.it under the section Governance System/Shareholders' Meeting/Meetings/Ordinary Meeting 2021) and within the prescribed time periods.

Proposal to the Shareholders' Meeting of a long-term incentive plan

The Board of Directors approved, on the proposal of the Remuneration and Appointments Committee, a long-term incentive plan involving ordinary shares of Rai Way (the "**Shares**") called the "2021-2023 Share Incentive Plan" (the "**Plan**"), to be submitted for approval to the Shareholders' Meeting of 27 April 2021. The Plan is intended as an incentive tool for management while at the same time contributing to the pursuit of the priority objective of creating value for shareholders over the long term, as well as reinforcing the retention policies of management holding positions of greater importance and therefore more directly responsible for company results.

The Plan is addressed to the CEO and General Manager, all Executives with Strategic Responsibilities of the Company, and any other executives of the Company or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code or directors with delegated powers of the latter who will be identified by the Board of Directors among the persons holding relevant functions, taking into account the responsibilities deriving from the role covered in relation to the achievement of the performance objectives envisaged under the Plan.

The purpose of the Plan is to grant, free of charge, rights which - subject to the achievement of certain performance targets and depending on the level of achievement of the latter - allow the beneficiaries to receive free of charge one (1) Share for each right granted. It is envisaged that, in the event of approval of the Plan by the Shareholders' Meeting, the first allocations of rights will take place by June 30, 2021 and at the latest by September 30, 2022. The Shares will be assigned in 2024, i.e., in the year following the end of a three-year vesting period, subsequent to the Shareholders' Meeting approving the financial statements as of December 31, 2023. 50% of the Shares that will actually be received by the CEO and General Manager under the Plan and 30% of the Shares that will actually be received by beneficiaries other than the latter will be subject to a lock-up period of two years from the date of assignment of the Shares. The Plan will be serviced by Shares already in the Company's portfolio or subsequently purchased. Please refer, however, to the information document prepared on the Plan pursuant to the applicable regulatory provisions and which will be published in accordance with the procedures (including publication on the Company's website www.raiway.it section Corporate Governance/Shareholders' Meetings/Extraordinary and Ordinary Shareholders' Meetings 2021) and within the prescribed terms.

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Rai Way announces that today, Thursday 18 March 2021 at 5:30pm CET, the results for 2020 will be presented to the financial community via conference call.

The presentation supporting the conference call will be made available in advance on the Company's website www.raiway.it, in the Investor Relations section.

To take part in the conference call:

Italy: +39 02 8020911 - UK: +44 1 212818004 - USA: +1 718 7058796

The replay of the conference call will be available after the end of the event in the Investor Relations - Events kit section of the website www.raiway.it.

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The manager in charge of preparing the corporate accounting documents, Adalberto Pellegrino, declares, pursuant to article 154-bis of the Consolidated Finance Law (TUF), that the accounting information in this release corresponds to the underlying accounting documents, books and entries.

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Disclaimer

This release contains forward-looking statements on the future events and results of Rai Way that are based on current expectations, estimates and forecasts about the sector in which Rai Way operates and on management's current opinions. By their nature these items contain an element of risk and uncertainty as they depend on the occurrence of future events. The actual results could differ, even materially, from those stated for a variety of reasons such as: global economic conditions, the effect of competition and political, economic and regulatory developments in Italy.

Rai Way S.p.A.

Rai Way manages and develops the terrestrial broadcast infrastructure which carries the television and radio signals of RAI, Italy's national public broadcasting company, and provides services to its business customers. Rai Way has an extensive experience and technological, engineering and organizational know-how in the Italian media and broadcast infrastructure market. Such a unique expertise, together with the skills and ongoing training of its around 600 employees, makes Rai Way an ideal partner for any companies and entities seeking for integrated solutions to develop their network and transmit their signals. Rai Way operates throughout the national territory and can rely on its headquarters in Rome, 21 local network centers and more than 2,300 sites across Italy.

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2020FY Income Statement

(€m; %)	4Q19	4Q20	FY19	FY20
Core revenues	**55,7**	**56,4**	**221,4**	**224,5**
Other revenues and income	0,9	0,5	0,9	0,5
Purchase of consumables	(0,4)	(0,4)	(1,2)	(0,9)
Cost of services	(12,1)	(11,2)	(42,2)	(39,7)
Personnel costs	(12,6)	(12,8)	(45,3)	(46,5)
Other costs	(0,9)	(1,0)	(2,6)	(2,9)
Opex	**(25,9)**	**(25,3)**	**(91,3)**	**(89,9)**
Depreciation, amortization and write-downs	(10,8)	(12,6)	(42,4)	(45,4)
Provisions	(0,1)	(0,3)	1,5	(0,3)
Operating profit (EBIT)	**19,7**	**18,7**	**90,1**	**89,4**
Net financial income (expenses)	(0,2)	(0,4)	(1,3)	(1,1)
Profit before income taxes	**19,4**	**18,3**	**88,8**	**88,3**
Income taxes	(5,8)	(5,1)	(25,5)	(24,3)
Net Income	**13,7**	**13,2**	**63,4**	**64,0**

EBITDA	**30,6**	**31,6**	**131,1**	**135,1**
EBITDA margin	*55,0%*	*56,0%*	*59,2%*	*60,2%*
Non recurring costs	(0,0)	0,1	(0,1)	(1,0)
Adjusted EBITDA	**30,6**	**31,5**	**131,2**	**136,1**
Adjusted EBITDA margin	*55,0%*	*55,9%*	*59,3%*	*60,6%*

2020FY Balance Sheet

(€m)	2019FY	2020FY
Non current assets		
Tangible assets	177,6	200,9
Rights of use for leasing	36,2	32,5
Intangible assets	14,3	15,9
Financial assets, holdings and other non-current assets	1,3	2,1
Deferred tax assets	2,7	2,8
Total non-current assets	**232,1**	**254,2**
Current assets		
Inventories	0,9	0,9
Trade receivables	74,8	62,6
Other current receivables and assets	5,0	4,2
Current financial assets	0,3	0,7
Cash and cash equivalents	30,2	4,1
Current tax receivables	0,1	0,1
Total current assets	**111,2**	**72,4**
TOTAL ASSETS	**343,3**	**326,6**
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	62,9	63,5
Treasury shares	-	(20,0)
Total shareholders' equity	**184,2**	**164,8**
Non-current liabilities		
Non-current financial liabilities	0,3	15,1
Non-current leasing liabilities	26,3	23,9
Employee benefits	14,4	13,2
Provisions for risks and charges	15,9	16,3
Total non-current liabilities	**56,9**	**68,5**
Current liabilities		
Trade payables	54,3	45,5
Other debt and current liabilities	34,1	36,0
Current financial liabilities	0,2	0,3
Current leasing liabilities	13,3	11,5
Current tax payables	0,4	0,0
Total current liabilities	**102,3**	**93,3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**343,3**	**326,6**

2020FY Cash Flow Statement

(€m)	4Q2019	4Q2020	FY2019	FY2020
Profit before income taxes	**19,4**	**18,3**	**88,8**	**88,3**
Depreciation, amortization and write-downs	10,8	12,6	42,4	45,4
Provisions and (releases of) personnel and other funds	1,5	2,0	2,4	5,1
Net financial (income)/expenses	0,2	0,4	1,0	0,9
Other non-cash items	(0,7)	0,2	(0,7)	0,3
Net operating CF before change in WC	**31,2**	**33,6**	**134,0**	**140,0**
Change in inventories	0,0	0,0	0,0	0,0
Change in trade receivables	5,5	7,3	(3,6)	12,5
Change in trade payables	8,4	7,4	8,7	(8,7)
Change in other assets	2,3	0,8	0,8	0,8
Change in other liabilities	(3,8)	(6,1)	(0,4)	2,0
Use of funds	(0,9)	(0,1)	(1,2)	(2,6)
Payment of employee benefits	(0,8)	(1,9)	(3,2)	(3,5)
Change in tax receivables and payables	(0,0)	(0,3)	0,2	(0,3)
Taxes paid	(2,4)	(2,3)	(24,6)	(24,0)
Net cash flow generated by operating activities	**39,6**	**38,4**	**110,7**	**116,0**
Investment in tangible assets	(20,3)	(24,2)	(32,3)	(55,7)
Disposals of tangible assets	0,9	-	0,9	-
Investment in intangible assets	(2,3)	(1,7)	(3,0)	(4,3)
Change in other non-current assets	(0,0)	(0,0)	0,1	0,1
Change in holdings	-	(0,5)	-	(0,5)
Change in non-current financial assets	-	(0,4)	-	(0,4)
Business combination	-	(0,5)	-	(0,5)
Net cash flow generated by investment activities	**(21,7)**	**(27,2)**	**(34,4)**	**(61,3)**
(Decrease)/increase in medium/long-term loans	(0,1)	14,9	(0,2)	14,8
(Decrease)/increase in current financial liabilities	(0,1)	(20,6)	(0,8)	0,1
(Decrease)/increase in IFRS 16 financial liabilities	(1,1)	(4,5)	(2,3)	(11,2)
Change in current financial assets	(0,1)	(0,2)	(0,2)	(0,4)
Net Interest paid	(0,1)	(0,3)	(0,2)	(0,8)
Buyback	-	(12,3)	-	(20,0)
Dividends paid	-	-	(59,7)	(63,3)
Net cash flow generated by financing activities	**(1,4)**	**(23,0)**	**(63,4)**	**(80,8)**
Change in cash and cash equivalent	**16,4**	**(11,8)**	**13,0**	**(26,1)**
Cash and cash equivalent (beginning of period)	13,8	15,9	17,2	30,2
Cash and cash equivalent (end of period)	30,2	4,1	30,2	4,1