

An aerial night photograph of a city, likely Milan, with the Spina 900 complex in the foreground. The image is overlaid with a series of concentric white circles in the upper left corner, creating a ripple effect. The city lights are visible in the background under a dark blue sky.

**Rai Way**

**Interim Financial  
Report at 30  
September 2020**

**Rai Way.**  
La strada della comunicazione.



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## Company name, share capital and registered office

Company name: Rai Way S.p.A.  
Share capital: €70,176,000 fully paid  
Registered office: Via Teulada 66, 00195 Rome  
TAX CODE/VAT NO.: 05820021003  
Company website: [www.raiway.it](http://www.raiway.it)  
Subject to management and coordination by RAI - Radiotelevisione Italiana S.p.A.  
The Company has no secondary offices.

## Corporate Bodies and Committees <sup>1</sup>

### Board of Directors

#### **Chairman**

Giuseppe Pasciucco

#### **Chief Executive Officer**

Aldo Mancino

#### **Directors**

Stefano Ciccotti  
Riccardo Delleani  
Annalisa Raffaella Donesana  
Barbara Morgante  
Umberto Mosetti  
Donatella Sciuto  
Paola Tagliavini

#### **Secretary to the Board**

Giorgio Cogliati

#### Control and Risks Committee

Paola Tagliavini (Chairperson)  
Barbara Morgante  
Donatella Sciuto

### Board of Statutory Auditors

#### **Chairman**

Silvia Muzi

#### **Standing Auditors**

Maria Giovanna Basile  
Massimo Porfiri

#### **Alternate Auditors**

Nicoletta Mazzitelli  
Paolo Siniscalco

#### External Auditors

PricewaterhouseCoopers S.p.A.

#### Remuneration and Appointments Committee

Riccardo Delleani (Chairperson)  
Annalisa Raffaella Donesana  
Umberto Mosetti

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<sup>1</sup> In office at the date of this report.

Information on the powers assigned within the Board of Directors and the Company's system of corporate governance in general can be found in the Report on Corporate Governance and Ownership Structures relating to the year 2019, published on the Company website ([www.raiway.it](http://www.raiway.it)).

## **Rai Way S.p.A.'s activities**

Rai Way<sup>2</sup> (hereafter the Company) is a leading provider of integrated networks infrastructures and services for broadcasters, telecommunication operators, corporates and public administrations; the Company uses its own assets and its own competencies 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, leveraging its excellent wealth of technological, engineering and management *know how*, in addition to its infrastructures.

Since 2014 Rai Way has been listed on the Electronic Stock Market (MTA) of Borsa Italiana following the Global Sales Offering promoted by the shareholder RAI, which allowed the Company to confirm its previously initiated opening to the market, reinforcing its image as an independent enterprise.

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 the whole of Italy, has 21 local network centers and avails itself of a highly specialized workforce.

The services offered by the Company include:

- (i) Broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals to the end users within a geographical area;
- (ii) Transmission services, for the transmission of television and radio signals via the connecting network (radio links, satellite systems, fiber 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 the Company's sites including, where required, maintenance services as well as other complementary activities;

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<sup>2</sup> Rai Way has opted for the simplified system set forth in Arts. 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation no. 11971 of 14 May 1999 as amended (Consob Issuers' Regulations), and therefore does not need to meet the informational document publication obligations set forth for significant merger, spin-off, capital increase by means of the contribution of assets in kind, acquisition and disposal transactions.

(iv) *Network Services*, which consist of a vast range of heterogeneous services, which the Company is able to provide in relation to electronic and telecommunications networks in general such as, for example, planning and consultancy services.

The services described are offered by Rai Way to different categories of customers: *Broadcasters* (a category that also includes local and national radio and television network operators and *players*, which includes RAI), telecommunication operators (mainly MNOs, or *Mobile Network Operators*), public administrations and private companies.

### **Main alternative performance measures**

The Company assesses performance 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 as stated in Recommendation CESR/05–178b.

- Gross operating profit or EBITDA – earnings before interest, taxes, depreciation and amortization: this is calculated as profit before income taxes, depreciation, amortization, provisions, write-downs and financial income and expenses. EBITDA also excludes profits and losses from managing equity investments and securities, as well as gains and losses arising from the sale of equity investments, which are classified in the financial statements as “financial income and expenses”.
- Adjusted gross operating profit or Adjusted EBITDA – earnings before interest, taxes, depreciation and amortization: this is calculated as profit before income taxes, depreciation, amortization, provisions, write-downs and financial income and expenses, adjusted to exclude 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, without adjustment. EBIT also excludes profits and losses from managing equity investments and securities, as well as gains and losses arising from the sale of equity investments, which are classified in the financial statements as “financial income and expenses”.
- Net Invested Capital: this is defined as the sum of Fixed Assets and Net Working Capital less Provisions.

- Net Financial Position: the format for the calculation of NFP is compliant with the provisions of paragraph 127 of Recommendation CESR/05-054b, which implements Regulation (EC) no. 809/2004.
- Capital expenditure: equal to the sum of the expenditure for the maintenance of the infrastructure of the Company's network (Maintenance Expenditure) and for the development/launch of new commercial initiatives (Development Investments). The item does not include the increases in financial fixed assets and in rights of use for leases.

### **Summarized economic and financial data**

The following is a summary of the economic data of Rai Way at 30 September 2020 compared to the results at 30 September 2019.

In addition, figures are also provided for the Company's Net Financial Position and Net Invested Capital at 30 September 2020 compared to equivalent figures at the close of the previous financial year:-

The changes and percentages shown in the following tables are calculated using values expressed in Euros.

	9 months	9 months		
(figures in millions of euro; %)	2020	2019	Delta	Change %
<b>Key income statement figures</b>				
Core revenues	168.0	165.7	2.3	1.4%
Other revenues and income	0.0	0.1	(0.0)	(58.5%)
Other operating costs	(30.8)	(32.5)	1.7	5.2%
Personnel costs	(32.7)	(32.7)	0.0	0.0%
Adjusted EBITDA	104.5	100.6	3.9	3.9%
Operating profit (EBIT)	70.7	70.4	0.3	0.4%
Net income	50.8	49.7	1.2	2.3%
	9 months	9 months		
(figures in millions of euro; %)	2020	2019	Delta	Change %
<b>Key statement of financial position figures</b>				
Capital expenditure	34.2	12.7	21.5	169.2%
of which maintenance	6.2	6.9	(0.6)	(9.3%)
	9 months	12 months		
(figures in millions of euro; %)	2020	2019	Delta	Change %
Net Invested Capital	205.3	193.7	11.6	6.0%
Shareholders' Equity	164.1	184.2	(20.1)	(10.9%)
Net Financial Position (NFP)	41.3	9.5	31.7	332.0%
<b>Ratios</b>				
Adjusted EBITDA / Core revenues (%)	62.2%	60.7%	1.5%	2.5%
Net income / Core revenues (%)	30.3%	30.0%	0.3%	0.9%
Maintenance CAPEX / Core revenues (%)	3.7%	4.1%	(0.4%)	(10.5%)
Cash conversion rate (%)	94.0%	87.4%	6.7%	7.6%
NFP / Adjusted EBITDA (%)	39.5%	9.5%	30.0%	315.7%

\* data for the comparison of Net Invested Capital, Shareholders' Equity and Net Financial Position are expressed at 31 December 2019.

- Core revenues amounted to €168.0 million, representing an increase of 1.4% compared to the values recorded at 30 September 2019.
- Adjusted EBITDA amounted to €104.5 million, an increase of €3.9 million compared to the values at 30 September 2019. The increase is mainly due to higher core revenues of €2.3 million and lower operating costs of €1.7 million. The Company defines this indicator as EBITDA adjusted for non-recurring expenses.
- The ratio between Adjusted EBITDA and core revenues was 62.2% compared to 60.7% at 30 September 2019.



- Operating profit (EBIT) amounted to €70.7 million, an increase of €0.3 million compared to the figure recorded at 30 September 2019.
- Net income was €50.8 million, up 2.3% compared to 30 September 2019.
- Capital expenditure of €34.2 million relates to the maintenance of network infrastructure and development projects.
- Net Invested Capital amounted to €205.3 million, with a Net Financial Position of €41.3 million and a Shareholders' Equity of €164.1 million.

A summary of the Company's income statement for the periods ended 30 September 2020 and 30 September 2019 is set out in the following table:

Income statement

(figures in millions of euro; %)	9 months	9 months	Delta	Change %
	2020	2019		
Revenues from RAI	142.8	140.5	2.3	1.6%
Revenues from third parties	25.2	25.2	(0.0)	(0.1%)
<b>Core revenues</b>	<b>168.0</b>	<b>165.7</b>	<b>2.3</b>	<b>1.4%</b>
Other revenues and income	0.0	0.1	(0.0)	(58.5%)
Personnel costs	(32.7)	(32.7)	0.0	0.0%
Other operating costs	(30.8)	(32.5)	1.7	5.2%
<b>Adjusted EBITDA</b>	<b>104.5</b>	<b>100.6</b>	<b>3.9</b>	<b>3.9%</b>
EBITDA margin	62.2%	60.7%	1.5%	2.5%
Adjustments	(1.1)	(0.1)	(1.0)	N.M.
<b>EBITDA</b>	<b>103.5</b>	<b>100.5</b>	<b>3.0</b>	<b>3.0%</b>
Amortization/Depreciation	(32.7)	(31.6)	(1.1)	(3.5%)
Bad debt provisions	(0.0)	(0.1)	0.0	67.4%
Provisions	(0.0)	1.6	(1.6)	(102.7%)
<b>Operating profit</b>	<b>70.7</b>	<b>70.4</b>	<b>0.3</b>	<b>0.4%</b>
Net financial expenses	(0.7)	(1.0)	0.3	32.7%
<b>Profit before income taxes</b>	<b>70.0</b>	<b>69.4</b>	<b>0.6</b>	<b>0.9%</b>
Income taxes	(19.2)	(19.7)	0.5	2.8%
<b>Net income</b>	<b>50.8</b>	<b>49.7</b>	<b>1.2</b>	<b>2.3%</b>
NET INCOME margin	30.3%	30.0%	0.3%	0.9%

Rai Way's revenues amounted to €168.0 million, an increase of €2.3 million compared to the previous period (+1.4%) despite a temporary slowdown in the execution of certain development projects starting from the middle of March following the progressive spread of the Covid-19 virus in Italy.

The activities carried out for the RAI Group generated revenues of €142.8 million, an increase of 1.6% compared to the same period of the previous year. The increase of €2.3 million derived from new services requested by the customer (known as “new services”), referring primarily to extending the MUX coverage. With regard to commercial relationships with other customers, revenues from third parties were €25.2 million, in line with the prior period (-0.1%).

### Operating costs

The income statement item “Personnel costs” – excluding non-recurring costs for retirement incentives classified as part of adjustments – amounted to €32.7 million, in line with the prior period. The average headcount of the Company was 610 in the first nine months of 2020, down by 3 compared to 2019.

“Other operating costs” – which consist of consumables and goods, services and other costs net of non-recurring items – amounted to €30.8 million, down by €1.7 million over the previous period. The reduction is mainly due to the reduction in several variable costs following the spread of the Covid-19 virus and in part to the impact of the new electricity supply contract effective from the second quarter of the year. Other operating costs do not include the non-recurring costs for extraordinary operations that are not included in the calculation of Adjusted EBITDA.

Adjusted EBITDA amounted to €104.5 million, an increase of €3.9 million compared to the value of €100.6 million at 30 September 2019, representing a margin of 62.2%.

(figures in millions of euro; %)	9 months	9 months	Delta	Change %
	2020	2019		
<b>Adjusted EBITDA</b>	<b>104.5</b>	<b>100.6</b>	<b>3.9</b>	<b>3.9%</b>
Non-recurring costs	(1.1)	(0.1)	(1.0)	N.M.
<b>EBITDA</b>	<b>103.5</b>	<b>100.5</b>	<b>3.0</b>	<b>3.0%</b>

Non-recurring costs, amounting to €1.1 million, mainly refer to a voluntary redundancy initiative for the Company's personnel.

The Operating profit of €70.7 million was €0.3 million higher than in the same period of the previous year due to the one-off effect in 2019 of the release of a provision of €1.5 million following the favorable outcome of certain COSAP (rent for occupation of public land) disputes and an increase in amortization/depreciation of €1.1 million.

Financial expenses closed with a balance of €0.7 million, an improvement of €0.3 million over the previous period, also due to the effect of lower interest expense on lease contracts. Net income amounted to €50.8 million, an increase of €1.2 million over the same period in 2019 benefiting from the tax relief measure provided for in the Relaunch Decree (Decree Law no. 34/2020) which led to the exemption of the 2019 IRAP balance and part of the first 2020 IRAP advance payment.

### Capital expenditure

During the first nine months of 2020, capital expenditures amounted to €34.2 million (€12.7 million in the same period of 2019), of which €6.2 million relating to the maintenance of the Company's network infrastructure (€6.9 million in the same period of 2019) and €28 million to development investments (€5.8 million in the same period of 2019).

(figures in millions of euro; %)	9 months	9 months	Delta	Change %
	2020	2019		
<b>Maintenance expenditure</b>	<b>6.2</b>	<b>6.9</b>	<b>(0.6)</b>	<b>(9.3%)</b>
<b>Development investments</b>	<b>28.0</b>	<b>5.8</b>	<b>22.1</b>	<b>379.4%</b>
<b>Total capital expenditure</b>	<b>34.2</b>	<b>12.7</b>	<b>21.5</b>	<b>169.2%</b>
<b>Lease investments (IFRS 16)</b>	<b>2.8</b>	<b>0.3</b>	<b>2.5</b>	<b>765.5%</b>

The most significant maintenance expenditure, aimed at ensuring higher service standards, concerned the radio service, improving reliability and availability, and developing the network of management systems.

Development Investments mainly concerned activities relating to the extension of population coverage with reference to the digital terrestrial television broadcasting service.

## Statement of financial position

(figures in millions of euro; %)	9 months	12 months		
	2020	2019	Delta	Change %
Fixed assets	234.2	229.4	4.7	2.1%
Net working capital	(2.0)	(8.0)	6.0	74.6%
Provisions	(26.8)	(27.7)	0.9	3.2%
<b>NET INVESTED CAPITAL</b>	<b>205.3</b>	<b>193.7</b>	<b>11.6</b>	<b>6.0%</b>
Shareholders' Equity	164.1	184.2	(20.1)	(10.9%)
Net Financial Position *	41.3	9.5	31.7	332.0%
<b>TOTAL FUNDING</b>	<b>205.3</b>	<b>193.7</b>	<b>11.6</b>	<b>6.0%</b>

(\*) In this representation, the Net Financial Position is expressed with the opposite sign to the table shown in the notes - Net Financial Position (note 17).

Net Invested Capital at 30 September 2020 was €205.3 million. Fixed assets include the rights of use for leases in application of the IFRS 16 accounting standard for €29.4 million, net of the dismantling and restoration provision of €2.9 million.

The Net Financial Position amounted to €41.3 million, an increase of €31.7 million compared to 31 December 2019, also due to the distribution of dividends. The item included lease financial liabilities in application of the IFRS 16 accounting standard for a value of €36.5 million. Please refer to the paragraph "Net Financial Position" for additional details (note 17).

## **Human Resources and Organization**

Rai Way had a workforce of 603 people at 30 September 2020 employed on a permanent basis: 23 executives, 160 middle managers, 409 technicians or office staff and 11 workers; considering the 6 workers on fixed-term contracts, the workforce reached a total of 609.

The average number of employees was 610 in the first nine months of 2020, while in the same period of 2019 it was 613.

## **Relationships with RAI Group Companies**

Relationships mostly of a commercial nature were maintained with the Parent Company RAI - Radiotelevisione Italiana, while an intercompany current account used for residual payments was financial in nature. Relationships with other Companies of the RAI Group are

exclusively of a commercial nature. Further details may be found in the section "Related party transactions" in the notes.

## **Significant events**

The significant events were as follows:

- On 12 March 2020, the Board of Directors approved the 2019 draft financial statements, which closed with a profit of €63.4 million, and a proposal to distribute a dividend of €0.2329 per share, for a total of €63,348,800.00.
- On the same date, the Board of Directors approved the 2020-2023 industrial plan.
- On 18 March 2020, the Board of Directors, in consideration of the provisions contained in Art. 106 of Law Decree no. 18 of 17 March 2020, resolved to convene the Shareholders' Meeting to approve the financial statements at 31 December 2019, in the first or only call, on a date between 15 and 26 June; subsequently on 20 April 2020, they established the date for the Shareholders' Meeting to be convened on 24 June 2020, at the Company's registered office.
- On 21 April 2020, Anna Gatti - non-executive and independent Director and Chairperson of the Remuneration and Appointments Committee - resigned from her position as Director of the Company, effective immediately.
- On 6 May, the Company's Board of Directors appointed Ms. Paola Tagliavini, non-executive and independent Director, as a member of the Remuneration and Appointments Committee, to replace Ms. Anna Gatti. Also in replacement of the latter, the Board of Directors appointed Joyce Bigio, a non-executive and independent Director who is already a member of the Remuneration and Appointments Committee, as Chairperson of the Committee.
- On 14 May 2020, the Board of Directors of Rai Way S.p.A., examined and unanimously approved the Interim Financial Report at 31 March 2020.
- On 24 June 2020, the Shareholders' Meeting, among other things:
  - approved the financial statements of the Company at 31 December 2019 and the distribution of a dividend as proposed by the Board of Directors;



- approved the first section (relating to the remuneration policy for 2020) and voted in favor of the second section (relating to compensation for 2019) of the prepared Report on the remuneration policy and compensation paid;
  - approved the proposal of the Board of Directors regarding the purchase and disposal of treasury shares, at the same time revoking the authorization approved at the meeting of 18 April 2019;
  - resolved on the renewal of the Board of Directors for the years 2020-2022, i.e. until the approval of the 2019 financial statements, appointing Giuseppe Pasciucco as Chairman;
- On 24 June 2020, the Board of Directors, which met after the Shareholders' Meeting, among other actions, appointed Aldo Mancino as Chief Executive Officer and renewed the Control and Risks Committee and the Remuneration and Appointments Committee, both always composed solely of independent Directors, made up as follows:
    - Control and Risks Committee: Paola Tagliavini (Chairperson), Barbara Morgante, Donatella Sciuto;
    - Remuneration and Appointments Committee: Riccardo Delleani (Chairperson), Annalisa Raffaella Donesana, Umberto Mosetti.
  - On 30 July, Rai Way's Board of Directors approved the launch of a treasury share purchase program which provides, *inter alia*, for a maximum total investment of €20 million.

The initial months of 2020 saw the start of the spread of the Covid-19 virus, with the issue of various regulatory provisions to tackle the health crisis. During the first nine months of 2020, this did not have a significant impact on the Company's performance. For more information on this matter, please also refer to the "Business outlook" paragraph of this document and to what is included in the Report on Operations for the 2019 draft financial statements ("General indications and the overall performance of the economy" and "Risk factors related to the industry in which the Company operates" paragraphs).

## **Disclosures on the main risks and uncertainties faced by the Company**

The pursuit of the corporate *mission* and the Company's economic and financial position are affected by various potential risk factors and uncertainties.

A detailed analysis of risks was presented in the Rai Way 2019 Annual Report - Report on Operations ("Risk factors related to the Company" paragraph), published on the Company's website.

## **Events subsequent to 30 September 2020**

On 29 October 2020, the Company signed a new loan agreement with a pool of financial institutions made up of Mediobanca – Banca di Credito Finanziario S.p.A., Banca Nazionale del Lavoro S.p.A., Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A. The new loan agreement, with a term of 3 years, provides for the granting of a term credit line, with a maximum of €120 million, and a revolving credit line, with a maximum of €50 million, both to be used through cash disbursements and maturing on 27 October 2023.

## **Business outlook**

The results of the first nine months of 2020 confirmed a limited impact from the Covid-19 emergency.

Based on the information available to date, the Company confirms the forecast for 2020 of further growth in Adjusted EBITDA while the maintenance investments to core revenues ratio is now expected to be lower than in 2019 due to the reorganisation of certain activities and efficiency measures.

If the Covid-19 emergency develops differently than what is foreseeable to date, the Company reserves the right to update the forecasts for the current year.

## **Management and coordination**

Rai Way is subject to management and coordination by RAI pursuant to Art. 2497 of the Italian Civil Code. Further details may be found in the 2019 Annual Report - Report on Operations, "Management and coordination" paragraph, published on the Company's website.

Rome, 12 November 2020

On behalf of the Board of Directors

The Chairperson

Giuseppe Pasciucco

## Interim Financial Report at 30 September 2020

### Financial statements

#### INCOME STATEMENT RAI WAY SPA (\*)

(Figures in Euro)	Notes (**)	9 months at	
		30/09/2020	30/09/2019
Revenues	5	168,017,415	165,723,392
Other revenues and income	6	35,269	84,904
Purchase of consumables	7	(529,521)	(808,163)
Costs of services	7	(28,494,316)	(30,084,957)
Personnel costs	7	(33,711,553)	(32,734,630)
Other costs	7	(1,862,745)	(1,710,004)
Write-downs of financial assets	7	(24,063)	(73,873)
Amortization, depreciation and write-downs	8	(32,694,319)	(31,574,720)
Provisions	8	(42,489)	1,596,146
<b>Operating profit</b>		<b>70,693,678</b>	<b>70,418,095</b>
Financial income	9	24,747	400
Financial expenses	9	(714,397)	(1,025,820)
<b>Total net financial income/(expenses)</b>		<b>(689,650)</b>	<b>(1,025,420)</b>
<b>Profit before income taxes</b>		<b>70,004,028</b>	<b>69,392,675</b>
Income taxes	10	(19,167,130)	(19,713,311)
<b>Profit for the period</b>		<b>50,836,898</b>	<b>49,679,364</b>

#### STATEMENT OF COMPREHENSIVE INCOME RAI WAY SPA (\*)

(Figures in Euro)	Notes (**)	9 months at	
		30/09/2020	30/09/2019
<b>Profit for the period</b>		<b>50,836,898</b>	<b>49,679,364</b>
<b>Items that will be recognised in the income statement</b>			
Profit/(loss) on cash flow hedge instruments		-	-
Tax effect		-	-
<b>Items that will not be recognised in the income statement</b>			
Actuarial Profit/(Loss) for employee benefits		78,741	(613,965)
Tax effect		(18,898)	147,352
<b>Comprehensive profit for the period</b>		<b>50,896,741</b>	<b>49,212,751</b>

(\*) Statement drawn up in compliance with International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").

(\*\*) The notes refer only to the items commented upon in these explanatory notes.

**RAI WAY STATEMENT OF FINANCIAL POSITION(\*)**

(Figures in Euro)	Notes (**)	9 months at 30/09/2020	12 months at 31/12/2019
<b>Non-current assets</b>	11		
Property, plant and equipment		185,620,916	177,638,308
Rights of use for leases		32,323,261	36,241,596
Intangible assets		15,001,092	14,286,790
Non-current financial assets		1,659	1,659
Deferred tax assets		2,451,936	2,688,561
Other non-current assets		1,207,459	1,267,760
<b>Total non-current assets</b>		<b>236,606,323</b>	<b>232,124,674</b>
<b>Current assets</b>	12		
Inventory		869,965	885,247
Trade receivables		69,603,765	74,794,689
Other current receivables and assets		5,004,320	5,036,384
Current financial assets		422,530	260,089
Cash and cash equivalents		15,895,269	30,167,740
Current tax receivables		62,196	62,196
<b>Total current assets</b>		<b>91,858,045</b>	<b>111,206,345</b>
<b>Total assets</b>		<b>328,464,368</b>	<b>343,331,019</b>
<b>Shareholders' equity</b>	13		
Share capital		70,176,000	70,176,000
Legal reserve		14,035,200	14,035,200
Other reserves		37,078,970	37,078,970
Retained earnings		50,454,502	62,906,561
Purchase treasury shares		(7,654,836)	
<b>Total shareholders' equity</b>		<b>164,089,836</b>	<b>184,196,731</b>
<b>Non-current liabilities</b>	14		
Non-current financial liabilities		175,206	260,807
Non-current lease liabilities		23,628,349	26,263,200
Employee benefits		14,353,828	14,433,918
Provisions for risks and charges		14,872,122	15,906,106
Other non-current payables and liabilities		-	-
<b>Total non-current liabilities</b>		<b>53,029,505</b>	<b>56,864,031</b>
<b>Current liabilities</b>	15		
Trade payables		38,100,911	54,278,159
Other current payables and liabilities		37,721,397	34,105,085
Current financial liabilities		20,897,464	182,986
Current lease liabilities		12,867,701	13,269,690
Current tax payables		1,757,554	434,337
<b>Total current liabilities</b>		<b>111,345,027</b>	<b>102,270,257</b>
<b>Total liabilities and shareholders' equity</b>		<b>328,464,368</b>	<b>343,331,019</b>

(\*) Schedule prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").

(\*\*) The notes refer only to the items commented upon in these explanatory notes.



**RAI WAY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY(\*)**

	Share capital	Legal reserve	Other reserves	Retained earnings	Purchase treasury shares	Total
<i>(Figures in Euro)</i>						
Profit for the period				59,745,563		59,745,563
Actuarial valuation gains and losses (**)				330,094		330,094
Retained earnings/losses from first-time adoption of IFRS				(570,159)		(570,159)
Cash flow hedge reserve (***)			33,560			33,560
Allocation of profit to reserves		1,874,467		(1,874,467)		-
Distribution of dividends				(55,107,200)		(55,107,200)
<b>As at 1 January 2019</b>	<b>70,176,000</b>	<b>14,035,200</b>	<b>37,078,970</b>	<b>59,531,790</b>		<b>180,821,960</b>
Profit for the period				49,679,364		49,679,364
Actuarial valuation gains and losses (**)				(466,613)		(466,613)
Retained earnings/losses from first-time adoption of IFRS						-
Cash flow hedge reserve (***)			-			-
Allocation of profit to reserves						-
Distribution of dividends				(59,731,200)		(59,731,200)
<b>As at 30 September 2019</b>	<b>70,176,000</b>	<b>14,035,200</b>	<b>37,078,970</b>	<b>49,013,341</b>		<b>170,303,511</b>
Profit for the period				13,681,609		13,681,609
Actuarial valuation gains and losses (**)				211,611		211,611
Retained earnings/losses from first-time adoption of IFRS						-
Cash flow hedge reserve (***)						-
Allocation of profit to reserves						-
Distribution of dividends				-		-
<b>As at 31 December 2019</b>	<b>70,176,000</b>	<b>14,035,200</b>	<b>37,078,970</b>	<b>62,906,561</b>		<b>184,196,731</b>
Profit for the period				50,836,898		50,836,898
Actuarial valuation gains and losses (**)				59,843		59,843
Dividends for shareholders						-
Distribution of dividends				(63,348,800)		(63,348,800)
Purchase treasury shares					(7,654,836)	(7,654,836)
<b>As at 30 September 2020</b>	<b>70,176,000</b>	<b>14,035,200</b>	<b>37,078,970</b>	<b>50,454,502</b>	<b>(7,654,836)</b>	<b>164,089,836</b>

(\*) Schedule prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").

(\*\*) The change is shown net of the related tax effects.

(\*\*\*) The change is shown net of the related tax effects; it should be noted that in 2018 the change reset this Reserve to zero.

## RAI WAY CASH FLOW STATEMENT (\*)

(Figures in Euro)	30/09/2020	30/09/2019
<b>Profit before income taxes</b>	<b>70,004,028</b>	<b>69,392,675</b>
Adjustments for:		
Amortization, depreciation and write-downs	32,718,382	31,648,593
Provisions and (releases of) personnel and other funds	3,038,157	824,827
Net financial (income)/expenses (**)	531,428	867,659
Retained earnings/losses - Effect of first-time adoption of IFRS	-	-
Other non-monetary items	90,293	10,672
<b>Cash flow generated by operating activities before changes in net working capital</b>	<b>106,382,288</b>	<b>102,744,426</b>
Change in inventory	15,282	497
Change in trade receivables	5,166,861	(9,091,986)
Change in trade payables	(16,177,248)	301,552
Change in other assets	32,064	(1,493,119)
Change in other liabilities	8,045,894	3,452,068
Use of provisions for risks	(2,513,518)	(303,480)
Payment of employee benefits	(1,553,640)	(2,451,777)
Change in current tax receivables and payables	(62,196)	249,437
Taxes paid	(21,733,490)	(22,225,080)
<b>Net cash flow from operating activities</b>	<b>77,602,297</b>	<b>71,182,538</b>
Investments in property, plant and equipment	(31,543,316)	(11,951,241)
Disposals of property, plant and equipment	-	24
Investments in intangible assets	(2,661,522)	(754,981)
Disposals of intangible assets	-	-
Change in non-current financial assets	-	-
Change in other non-current assets	60,301	61,876
<b>Net cash flow from investing activities</b>	<b>(34,144,537)</b>	<b>(12,644,322)</b>
(Decrease)/increase in medium/long-term loans	(85,601)	(83,128)
(Decrease)/increase in current financial liabilities	20,762,420	(714,488)
Repayments of lease liabilities	(6,728,267)	(1,158,570)
Change in current financial assets	(162,441)	(152,588)
Net interest expense for the period	(512,706)	(97,623)
Purchase of treasury shares	(7,654,836)	-
Dividends distributed	(63,348,800)	(59,731,200)
<b>Net cash flow from financing activities</b>	<b>(57,730,231)</b>	<b>(61,937,597)</b>
<b>Change in cash and cash equivalents</b>	<b>(14,272,471)</b>	<b>(3,399,381)</b>
Cash and cash equivalents at beginning of period	30,167,740	17,193,515
<b>Cash and cash equivalents at end of period</b>	<b>15,895,269</b>	<b>13,794,134</b>

(\*) Schedule prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").

(\*\*) Note that the item Net financial income/expenses excludes financial expenses relative to the Dismantling and restoration provision as they are not considered to be financial in nature.

## **Notes to the Interim Financial Report at 30 September 2020**

### **Introduction (note 1)**

The Interim Financial Report at 30 September 2020, consisting of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity, and the related notes, has been prepared pursuant to Art. 154-ter of Italian Legislative Decree 58/1998 and subsequent amendments, as well as the Issuers' Regulations published by Consob.

The Interim Financial Report at 30 September 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

This Interim Financial Report at 30 September 2020 was approved on 12 November 2020 by the Board of Directors, which authorized its publication.

The structure and content of the accounting statements in the Interim Financial Report at 30 September 2020 and the related compulsory schedules conform to those prepared for the annual financial statements. Where applicable, the same accounting criteria and standards applied to the financial statements at 31 December 2019 – except for those specifically applicable to interim reports - were used to prepare this report.

The notes were drawn up in accordance with the minimum contents required by IAS 34 – Interim Financial Reporting, and with the instructions issued by Consob in Communication no. 6064293 of 28 July 2006. In accordance with IAS 34, the notes are presented in summary form and do not include all of the information required in the annual financial statements; they refer exclusively to components which, due to amount, composition, or transactions, are essential for purposes of understanding the Company's economic and financial position. Therefore, this Interim Financial Report must be read together with the financial statements at 31 December 2019.

This Interim Financial Report presents a comparison with data from the last financial statements of Rai Way at 31 December 2019 with regard to the statement of financial position, and with data from the Interim Financial Report of Rai Way at 30 September 2019 with regard to the income statement.

The preparation of the Interim Financial Report at 30 September 2020 required the use of estimates by the directors: the main areas in which significant evaluations and assumptions were conducted, and those with significant effects on the periodic situations presented, are reported below in the notes at 30 September 2020. Some of the measurement processes, especially the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in a complete manner only when preparing the annual financial statements unless there are any indications which require an immediate estimate of any revisions.

### **Changes and interpretations of current standards, effective 1 January 2020 (note 2)**

With regard to application of current accounting standards and recently issued ones, please refer to the Rai Way 2019 Annual Report – Notes to the financial statements, “Summary of accounting standards” paragraph published on the Company’s website.

With regard to accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to the description provided in the specific paragraph of the Notes to the financial statements at 31 December 2019.

In addition, it should be noted that, during the first nine months of 2020, the following standards were issued, although not yet approved:

- On 18 May 2017, the IASB issued IFRS 17 “*Insurance Contracts*”, which regulates the accounting treatment of insurance contracts issued and of reinsurance contracts held. IFRS 17 is effective for annual periods beginning on or after 1 January 2023.
- On 23 January 2020, the IASB issued the document “*Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current*” to clarify the requirements for the classification of liabilities as current or non-current. More precisely:
  - the amendments specify that the conditions existing at the end of the reporting period are those that must be used to determine whether there is a right to defer the settlement of a liability;
  - management's expectations regarding events after the balance sheet date, for example in the event of a breach of a covenant or in the event of early settlement, are not material;
  - the amendments clarify the situations that are considered as a settlement of a liability.

Due to the Covid-19 pandemic, the IASB proposed to defer the effective date of entry into force of the document to 1 January 2023, to give companies more time to implement any classification changes resulting from the amendments.

- On 14 May 2020 the IASB issued the documents *"Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements"*. The package of documents contains amendments restricted to three standards as well as annual improvements and they clarify the wording or correct oversights or conflicts between the requirements of the standards. The amendments to IFRS 3 "Business Combinations" update a reference to the conceptual framework for financial reporting without changing the accounting requirements for business combinations. The amendments to IAS 16 "Property, Plant and Equipment" prohibit a company from deducting from the cost of property, plant and equipment, income from the sale of items produced while the company is preparing the asset for its intended use. Income from sales and related costs should be booked to the income statement. The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" specify which costs should be included in assessing whether a contract is in deficit. The annual improvements make minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples accompanying IFRS 16 "Leases".

All amendments shall enter into force on 1 January 2022.

- On 28 May 2020, the IASB issued the document *"Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions"*. The amendment provides a practical expedient that allows tenants to assess whether a rent concession related to Covid-19 is a lease modification.

The amendment is effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted, even in financial statements not yet approved on 28 May 2020.

As at 30 September 2020, the aforesaid amendments had had no impact on the Interim Financial Report. The Company is currently analyzing the above standards and assessing whether their adoption will have a significant effect on the Financial Statements.



## Segment information (note 3)

The sector information, to which the reader is referred, was set out in the 2019 Annual Report - Report on Operations ("Reference market" paragraph) published on the Company's website.

## Seasonality of the business (note 4)

There are no significant seasonality factors that affect the Company's results.

## Notes on main changes in the Income Statement

### Revenues (note 5)

<b>(in thousands of Euro)</b>	<b>2020</b>	<b>2019</b>
Revenues from RAI Group (*)	142,813	140,496
Revenues from third parties	25,205	25,227
- Fees for equipment hosting and devices	21,919	22,658
- Others	3,286	2,569
<b>Total revenues from sales and services</b>	<b>168,018</b>	<b>165,723</b>

(\*) Revenues are shown net of marginal costs of €16,198 thousand (€18,079 thousand at 30/09/2019)

"Revenues" includes revenues accruing in the year from the provision of services that are part of the Company's normal business operations.

At 30 September 2020, Revenues increased by €2,295 thousand compared to the same period of 2019, from €165,723 thousand at 30 September 2019 to €168,018 thousand at 30 September 2020.

"Revenues from the RAI Group" amounted to €142,813 thousand, equal to 85% of total revenues at 30 September 2020, an increase of €2,317 thousand compared to the same period of 2019. This increase mainly derives from additional services provided to the Parent Company (known as "new services"), in particular in relation to the extension of population coverage with reference to the digital terrestrial television broadcasting service.

"Revenues from third parties" includes revenues generated from the services of (i) Tower Rental, (ii) Broadcasting, (iii) Transmission, and (iv) Network services, that the Company

provided to third parties other than RAI. The Revenues in question were largely in line with the previous year, with an overall decrease of €22 thousand compared to the same period of the previous year.

#### Other revenues and income (note 6)

"Other revenues and income" amounted to €35 thousand in the first nine months of 2020, a decrease of €50 thousand compared to 30 September 2019 (€85 thousand), mainly due to lower compensation for damages.

#### Costs (note 7)

The item "Purchase of consumables and goods", which includes the purchase of technical materials for the warehouse, and fuels for generators and heating, went from €808 thousand at 30 September 2019 to €530 thousand at 30 September 2020, a reduction of €278 thousand. The reduction is mainly due to fewer purchases of tools and lower fuel consumption due to the temporary slowdown in activities from the middle of March following the progressive spread of the Covid-19 virus in Italy.

"Costs of services" amounted to €28,494 thousand at 30 September 2020 and decreased by €1,591 thousand compared to 30 September 2019 (€30,085 thousand). The reduction is mainly due to the decrease in variable costs following the aforementioned spread of Covid-19 and in part to lower electricity costs due to the effectiveness, from the second quarter of 2020, of a new supply contract.

The income statement item "Personnel costs" amounted to €33,712 thousand, an increase of €977 thousand compared to 30 September 2019 (€32,735 thousand). This increase is mainly due to the new voluntary redundancy initiative defined by the Company (€980 thousand). The average headcount of the Company at 30 September 2020 was 610, down by three compared to the same period of the previous year. Capitalized personnel costs amounted to €3,099 thousand at 30 September 2020 (€2,654 thousand at 30 September 2019).

"Other costs" amounted to €1,863 thousand, an increase of €153 thousand compared to 30 September 2019 (€1,710 thousand), mainly due to lower non-operating income recorded in 2019 relating to waste tax reimbursements for previous financial years.

"Write-downs of financial assets" amounted to €24 thousand at 30 September 2020 and refers to bad debts provisions. At 30 September 2019 this item amounted to €74 thousand.

#### Amortization, Depreciation, Other Write-downs, and Provisions (note 8)

"Amortization, Depreciation, and other Write-downs" amounted to €32,694 thousand at 30 September 2020 (€31,575 thousand at 30 September 2019). This item posted an increase of €1,119 thousand with respect to the same period in the previous year.

The item "Provisions" amounted to €42 thousand at 30 September 2020, while at 30 September 2019 the item had a negative balance (positive income component) of €1,596 thousand relating mainly to the release of some items from the provision for civil disputes risks following favorable judgements in relation to COSAP (rent for occupation of public land).

#### Financial income and expenses (note 9)

"Financial income" amounted to €25 thousand at 30 September 2020, while in the same period of the previous financial year the balance was zero.

"Financial expenses" amounted to €714 thousand, down €312 thousand compared to the same period of the previous year (€1,026 thousand at 30 September 2019).

#### Income taxes (note 10)

The item breaks down as follows:

	9 months	
<b>(in thousands of Euro)</b>	<b>2020</b>	<b>2019</b>
Current taxes	19,190	19,010
Deferred taxes	218	679
Substitute taxes	62	62
Taxes relating to previous years	(303)	(38)
<b>Total</b>	<b>19,167</b>	<b>19,713</b>

The item "Current taxes" is equal to €19,190 thousand and is substantially in line with the prior year value mainly due to the tax relief measure provided for in the Relaunch Decree, which led to the exemption of the 2019 IRAP balance and part of the first 2020 IRAP advance payment, and to the reintroduction of the ACE component (aid to economic growth measures) in relation to the taxable base. It should also be noted that in calculating the aforementioned IRAP exemption, the maximum limit granted for State aid of €800 thousand was taken into account.

This item consists of:

- IRES (corporate income tax) of €16,500 thousand;
- IRAP (regional production tax) of €2,690 thousand.

The item "Deferred tax assets" showed a positive balance of €218 thousand with a decrease of €461 thousand compared to 30 September 2019, mainly due to higher allocations to taxed funds, offset by the reversal effect of uses, and to the accrual of the capital gain determined by the sale of a corporate site.

Deferred taxes consist of:

- Prepaid taxes of €247 thousand;
- Deferred tax liabilities of €29 thousand.

The item "Taxes relating to previous years" includes, *inter alia*, the cancellation of the 2019 IRAP balance due to the Relaunch Decree as highlighted above.

## **Notes on the main changes in the Statement of Financial Position**

### Non-current assets (note 11)

"Property, plant and equipment" amounted to €185,621 thousand at 30 September 2020, an increase of €7,983 thousand compared to 31 December 2019 due primarily to investments made in the first nine months of the year (€31,543 thousand), partially offset by depreciation for the period (€23,513 thousand).

"Rights of use for leases", recognized beginning in 2019 due to the adoption of the IFRS 16 accounting standard, amounted to €32,323 thousand at 30 September 2020 (€36,242 thousand at 31 December 2019), a decrease of €3,919 thousand mainly as a result of the

combined effect of new investments for €3,383 thousand and amortization for €7,238 thousand.

"Intangible assets" amounted to €15,001 thousand, an increase of €714 thousand compared to 31 December 2019, due to investments of €2,662 thousand, partially offset by amortization for €1,948 thousand.

"Deferred tax assets" recorded a balance of €2,452 thousand at 30 September 2020, a decrease of €237 thousand compared to 31 December 2019, mainly in relation to lower credits with the tax authorities for prepaid taxes.

"Other non-current assets" amounted to €1,207 thousand at 30 September 2020, a decrease of €60 thousand compared with the values of the previous financial year. The amount includes €355 thousand for guarantee deposit receivables and €852 thousand as an advance for the substitute tax for the sheltering of the merger deficit generated by the merger by acquisition of the company Sud Engineering, which became effective as of 22 June 2017. In this regard, the Company opted for the ordinary regime provided by Art. 176, para. 2-ter of the Consolidated Income Tax Act, for which the substitute tax was recognized as a prepayment of current taxes.

#### Current assets (note 12)

Inventories amounted to €870 thousand, down by €15 thousand compared to 31 December 2019.

Inventories include contract work in progress and stocks and spare parts for the maintenance and use of technical business assets.

"Trade receivables", amounting to €69,604 thousand, decreased by €5,191 thousand compared to 31 December 2019 and are detailed as follows:

	As at 30 September	As at 31 December
(in thousands of Euro)	2020	2019
Receivables from RAI	54,263	68,984
Receivables from customers and other Group companies	17,923	8,369
Bad debt provisions	(2,582)	(2,558)

"Other current receivables and assets" amounted to €5,004 thousand at 30 September 2020, down by €32 thousand compared to 31 December.



At 30 September 2020, "Current financial assets" amounted to €423 thousand, an increase of €162 thousand on the prior year.

"Cash and cash equivalents" amounted to €15,895 thousand at 30 September 2020, a decrease of €14,272 thousand compared to 31 December 2019 (€30,168 thousand). This decrease is mainly due to cash flows deriving from investment activities, the payment of dividends and the purchase of treasury shares.

Current income tax receivables amounted to €62 thousand at 30 September 2020 and were unchanged from the previous year. This value refers to the recognition of the substitute tax deriving from tax sheltering of the merger deficit as described in the previous paragraph for the item "Other non-current assets".

#### Shareholders' equity (note 13)

At 30 September 2020, the Company's Shareholders' Equity amounted to €164,090 thousand, a decrease of €20,107 thousand compared to 31 December 2019 (€184,197 thousand) mainly due to the payment of dividends for the previous year (€63,349 thousand) and the purchase of 1,375,856 treasury shares for €7,655 thousand, partly offset by the profit for the first nine months of 2020 (€50,837 thousand).

#### Non-current liabilities (note 14)

At 30 September 2020, "Non-current financial liabilities" amounted to €175 thousand and decreased by €86 thousand compared to 31 December 2019.

"Non-current lease liabilities" totalled €23,628 thousand, down €2,635 thousand compared to 31 December 2019 (€26,263 thousand).

"Employee benefits" amounting to €14,354 thousand, decreased by €80 thousand compared to 31 December 2019 (€14,434 thousand).

The item "Provisions for risks and charges", equal to €14,872 thousand, decreased by €1,034 thousand compared to 31 December 2019 (€15,906 thousand), mainly due to the use of the leasing provision and a provision for charges relating to energy costs defined in the current period.

The timing of disbursements for the item "Provision for risks and charges" cannot be estimated with any certainty as they mainly depend on the timing of judicial proceedings

and strategic and/or legislative decisions on the composition and nature of the network for broadcasting radio and television signals which are currently not predictable.

#### Current liabilities (note 15)

"Trade payables", which amounted to €38,101 thousand, can be broken down as follows:

	As at 30 September	As at 31 December
<i>(in thousands of Euro)</i>	2020	2019
Trade payables	36,132	49,415
Payables to Parent Company	1,969	4,863
<b>Total trade payables</b>	<b>38,101</b>	<b>54,278</b>

At 30 September 2020, "Other current payables and liabilities" amounted to €37,721 thousand, an increase of €3,616 thousand compared to the end of 2019. The increase is mainly due to higher deferred income and to higher payables to employees as a result of the accounting reclassification of several items of the provision for amounts accrued, partly offset by lower payables to the Parent Company for the tax consolidation.

"Current financial liabilities" amounted to €20,897 thousand at 30 September 2020, an increase of €20,714 thousand compared to 31 December 2019 due to a short-term loan taken out on 28 September 2020 with Unicredit for €20,000 thousand. The item "Current lease liabilities" amounted to €12,868 thousand, down by €402 thousand compared to 31 December 2019 (€13,270 thousand) due to the combined effect of the reclassification of liabilities by maturity and the payments made during the period.

At 30 September 2020, "Current tax payables" amounted to €1,758 thousand, an increase of €1,323 thousand compared to 31 December 2019 (€434 thousand) due to the payable to tax authorities for IRAP accrued during the current period.

#### **Earnings per share (note 16)**

The following table shows the calculation of basic and diluted earnings per share in the reference period.

	As at 30 September	As at 30 September
<i>(in thousands of Euro, except where otherwise indicated)</i>	2020	2019
Profit for the year	50,837	49,679
Average number of ordinary shares	272,000,000	272,000,000
<b>Earnings per share (base and diluted) in Euro</b>	<b>0.19</b>	<b>0.18</b>

Diluted earnings per share is the same as basic earnings per share because there were no dilutive elements at the reference date of this Report.

### **Net Financial Position (note 17)**

The following table sets out the Company's Net Financial Position, determined in accordance with paragraph 127 of ESMA document no. 81 of 2011, implementing Regulation (EC) no. 809/2004.

On 30 September 2020, the loan agreement signed on 15 October 2014 with Mediobanca, BNP Paribas S.A., Intesa Sanpaolo S.p.A. and UBI Banca Società Cooperativa per Azioni ceased to be effective and on 28 September, pending the finalisation of a long-term loan agreement able to support the company's financial needs in the coming years, a short-term loan of €20 million with Unicredit SpA was stipulated and used.

The table below shows the Net Financial Position, both including and excluding the effects from the application of the IFRS 16 accounting standard.

<b>(in thousands of Euro)</b>		<b>As at 30 September at 31 December</b>	
		<b>2020</b>	<b>2019</b>
A.	Cash	12	8
B.	Bank and post office cheques and deposits	15,883	30,160
C.	Securities held for trading	-	-
<b>D.</b>	<b>Cash and cash equivalents (A) + (B) + (C)</b>	<b>15,895</b>	<b>30,168</b>
<b>E.</b>	<b>Current financial receivables</b>	<b>423</b>	<b>260</b>
F.	Current payables to banks	(20,761)	(98)
G.	Current portion of non-current debt	-	-
H.	Other current financial payables	(137)	(84)
I.	Current lease liabilities	(12,868)	(13,270)
<b>J.</b>	<b>Current financial debt (F) + (G) + (H) + (I)</b>	<b>(33,766)</b>	<b>(13,452)</b>
<b>K.</b>	<b>Net current financial debt (J) - (E) - (D)</b>	<b>(17,448)</b>	<b>16,976</b>
L.	Non-current payables to banks	(97)	(144)
M.	Non-current lease liabilities	(23,628)	(26,263)
N.	Other non-current payables	(78)	(117)
<b>O.</b>	<b>Non-current financial debt (L) + (M) + (N)</b>	<b>(23,803)</b>	<b>(26,524)</b>
<b>P.</b>	<b>ESMA net financial debt / Net financial position</b>	<b>(41,251)</b>	<b>(9,548)</b>
Excluding effects of IFRS 16 - Lease liabilities:			
<b>Q.</b>	<b>ESMA net financial debt / Net financial position excluding IFRS 16 (P) - (I) - (M)</b>	<b>(4,755)</b>	<b>29,985</b>

## Commitments and guarantees (note 18)

Commitments, referring only to technical investments, amounted to €24.6 million at 30 September 2020 (€19.2 million at 31 December 2019).

At 30 September 2020, guarantees amounted to €66,719 thousand (€62,012 thousand at 31 December 2019) and mainly regard personal guarantees received for the obligations of other parties and guarantees of third parties pledged for the Company's obligations for liabilities and payables.

## Transactions deriving from abnormal and/or unusual operations (note 19)

Pursuant to Consob Communication no. DEM 6064293 of 28 July 2006, during the first nine months of 2020, the Company was not party to any abnormal and/or unusual operations as defined in that communication.

## **Other information (note 20)**

### Contingent liabilities

The amounts recognized in the financial statements as provisions for risks and charges represent the Company's best estimate of the outcome of the pending disputes and have been calculated by taking into account the opinions of the external legal counsels assisting the Company.

The Company is party to certain legal disputes pending before Regional Administrative Courts relating to the use of radio and television signal transmission frequencies. All disputes are constantly monitored by the Company's legal office, which to this purpose engages the support of leading law firms specializing in administrative disputes. Again, in relation to administrative disputes, the Company is involved in a dispute relating to a selection procedure appeal pursuant to Articles 4 and 15 of Italian Legislative Decree 50/2016.

Rai Way is also a party to a number of lawsuits of a civil and tax nature relating to the correct quantification of the fee due for the occupation of public space of installations owned by the Company.

With regard to the aforementioned lawsuits, although it is arguing its case in the applicable courts, assisted in this by the support of specialized law firms, also taking into account the professional opinions formulated by these firms concerning the expected outcome of the pending disputes, the Company has not recognized in the provisions for risks and charges in its financial statements the amounts claimed that the Company considers it probable that it will be required to pay should it lose the cases.

The Company is also party to a very limited number of lawsuits brought by employees and former employees in relation to alleged faulty application of the current regulations governing employee agreements. The amounts recognized in the financial statements to provide against the risk of losing the litigation have been calculated by the Company by estimating, on the basis of the professional assessment of the external lawyers representing the Company in court, the probable cost to be borne by Rai Way, taking into consideration the present stage of the litigation.

In order to provide supplementary information on the matters discussed above, it should forthwith be stated that in carrying out its ordinary operations the Company avails itself of the hosting services of third parties to position its installations on the land, buildings or structures of such parties. Since these hosting services are generally formalized through

contracts or similar legal instruments (for example: transfers of surface rights, concessions of public spaces, etc.), the Company may have to incur costs for the removal of network infrastructures in the event that the contractual relationships with the third party hosts are not renewed or expire. A number of specific disputes are currently in progress on this matter, which could lead to the determination of these costs, at present not quantifiable, in the near future. The Company accordingly believes that the possibility exists that it may in the future have to incur costs to satisfy the claims it has received, and in this respect has created a provision for site decommissioning and restoration in the financial statements for this purpose.

If the circumstances discussed above should change in the future, with the likelihood of the Company having to incur costs that exceed the amount recognized in the financial statements becoming probable, all necessary measures will be taken to protect the Company's interests and adequately portray the changed situation in the financial statements.

### Related party transactions<sup>3</sup>

Details of the Company's transactions with related parties, identified on the basis of the criteria defined by IAS 24 "Related Party Disclosures", for the period ended 30 September 2020, are given below. The Company carries out transactions mainly of a commercial and financial nature with the following related parties:

- RAI S.p.A.;
- the Group's key management, including the members of the Company's Board of Directors ("Senior Management");
- other subsidiaries of RAI and/or companies in which the Parent Company has an interest ("Other related parties").

Related party transactions are conducted under normal market conditions.

The following table sets out details of the Company's statement of financial position items with regard to related parties at 30 September 2020 and 31 December 2019:

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<sup>3</sup> In compliance with the provisions of IAS 24, paragraph 25, Rai Way is exempted from the disclosures specified in paragraph 18 (according to which the Company must indicate the nature of the related party transaction, besides providing the information on these transactions and the outstanding balances, including commitments, needed by the users of the financial statements to understand the potential effects of these transactions on the separate financial statements) in the case of relations with another entity that is a related party because the same governing entity has the control, joint control or a significant influence both on the entity that prepares the financial statements and on the other entity.

## Related party transactions (Statement of financial position)

<i>(in thousands of Euro)</i>	Parent Company	Senior Management	Other related parties	Total
<b>Rights of use for leases</b>				
As at 30 September 2020	17,106		13	17,119
As at 31 December 2019	19,957		22	19,979
<b>Non-current financial assets</b>				
As at 30 September 2020	-		-	-
As at 31 December 2019				-
<b>Current financial assets</b>				
As at 30 September 2020	422		-	422
As at 31 December 2019	252			252
<b>Current trade receivables</b>				
As at 30 September 2020	54,263		315	54,578
As at 31 December 2019	68,984		313	69,297
<b>Other current receivables and assets</b>				
As at 30 September 2020	2,456		-	2,456
As at 31 December 2019	2,477		-	2,477
<b>Non-current lease liabilities</b>				
As at 30 September 2020	13,518		-	13,518
As at 31 December 2019	16,343		12	16,355
<b>Current financial liabilities</b>				
As at 30 September 2020	-		-	-
As at 31 December 2019			-	-
<b>Current lease liabilities</b>				
As at 30 September 2020	5,676		-	5,676
As at 31 December 2019	7,677		12	7,689
<b>Trade payables</b>				
As at 30 September 2020	1,969		-	1,969
As at 31 December 2019	4,863		-	4,863
<b>Other current payables and liabilities</b>				
As at 30 September 2020	16,694	495	1,025	18,214
As at 31 December 2019	20,919	646	1,391	22,956
<b>Employee benefits</b>				
As at 30 September 2020	-	128	122	250
As at 31 December 2019	-	127	112	239

The following table sets out details of the Company's income statement items with regard to related parties at 30 September 2020 and 30 September 2019:



## Related party transactions (Economic)

<b>(in thousands of Euro)</b>	<b>Parent Company</b>	<b>Senior Management</b>	<b>related parties</b>	<b>Total</b>
<b>Revenues (*)</b>				
As at 30 September 2020	158,043		968	159,011
As at 30 September 2019	157,625		951	158,576
<b>Other revenues and income</b>				
As at 30 September 2020	-		-	-
As at 30 September 2019	3			3
<b>Purchase of consumables</b>				
As at 30 September 2020	-		-	-
As at 30 September 2019	5			5
<b>Costs of services</b>				
As at 30 September 2020	5,083		-	5,083
As at 30 September 2019	5,409			5,409
<b>Personnel costs</b>				
As at 30 September 2020	8	1,717	-	1,725
As at 30 September 2019	16	1,747	579	2,342
<b>Other costs</b>				
As at 30 September 2020	30		-	30
As at 30 September 2019	6		-	6
<b>Right of use depreciation and amortization</b>				
As at 30 September 2020	2,851		9	2,860
As at 30 September 2019	2,851		9	2,860
<b>Financial income</b>				
As at 30 September 2020	-		-	-
As at 30 September 2019				-
<b>Financial expenses</b>				
As at 30 September 2020	168		-	168
As at 30 September 2019	200			200

(\*) The amounts include the marginal costs towards the Parent Company for €15,522 thousand (€17,403 thousand at 30/09/2019) and towards Other related parties for €676 thousand (€676 thousand at 30/9/2019)

### Parent Company

The relations with the Parent Company, RAI, at 30 September 2020, mainly regard the Service Contract renegotiated on 31 July 2014, amended in December 2019 in certain contractual terms and conditions, which relates to the provision of new integrated network services by the Company, the RAI service supply agreement (regarding personnel administration, general services, IT systems, administration and treasury and the research and technological innovation center), the lease and supply contract of connected services

by RAI, the domestic tax consolidation, the VAT legislation consolidation and, lastly, an agreement for an intercompany current account used to deal with residual payments.

#### Senior Management

"Senior Management" refers to key executives who have the power and direct and indirect responsibility for planning, managing and controlling the activities of Rai Way, and among others includes the members of the Company's Board of Directors.

#### Other related parties

The Company has dealings of a commercial nature with other related parties and in particular with:

- Rai Com S.p.A. to which the Company provides transmission services;
- San Marino RTV which receives transmission services from Rai Way;
- Supplementary Employee and Executive pension funds.

Rome, 12 November 2020

On behalf of the Board of Directors  
The Chairperson  
Giuseppe Pasciucco

**Declaration pursuant to Art. 154-bis, paragraph 5 of Legislative Decree no. 58/1998**

The manager in charge of preparing the corporate documents of Rai Way S.p.A., Adalberto Pellegrino, declares, pursuant to Art. 154-bis, para. 2 of the Consolidated Finance Act, that the accounting information contained in this Interim Financial Report at 30 September 2020 corresponds to the supporting documentation, accounting books, and records.

Rome, 12 November 2020

**Adalberto Pellegrino**

Manager in charge  
of preparing the corporate documents