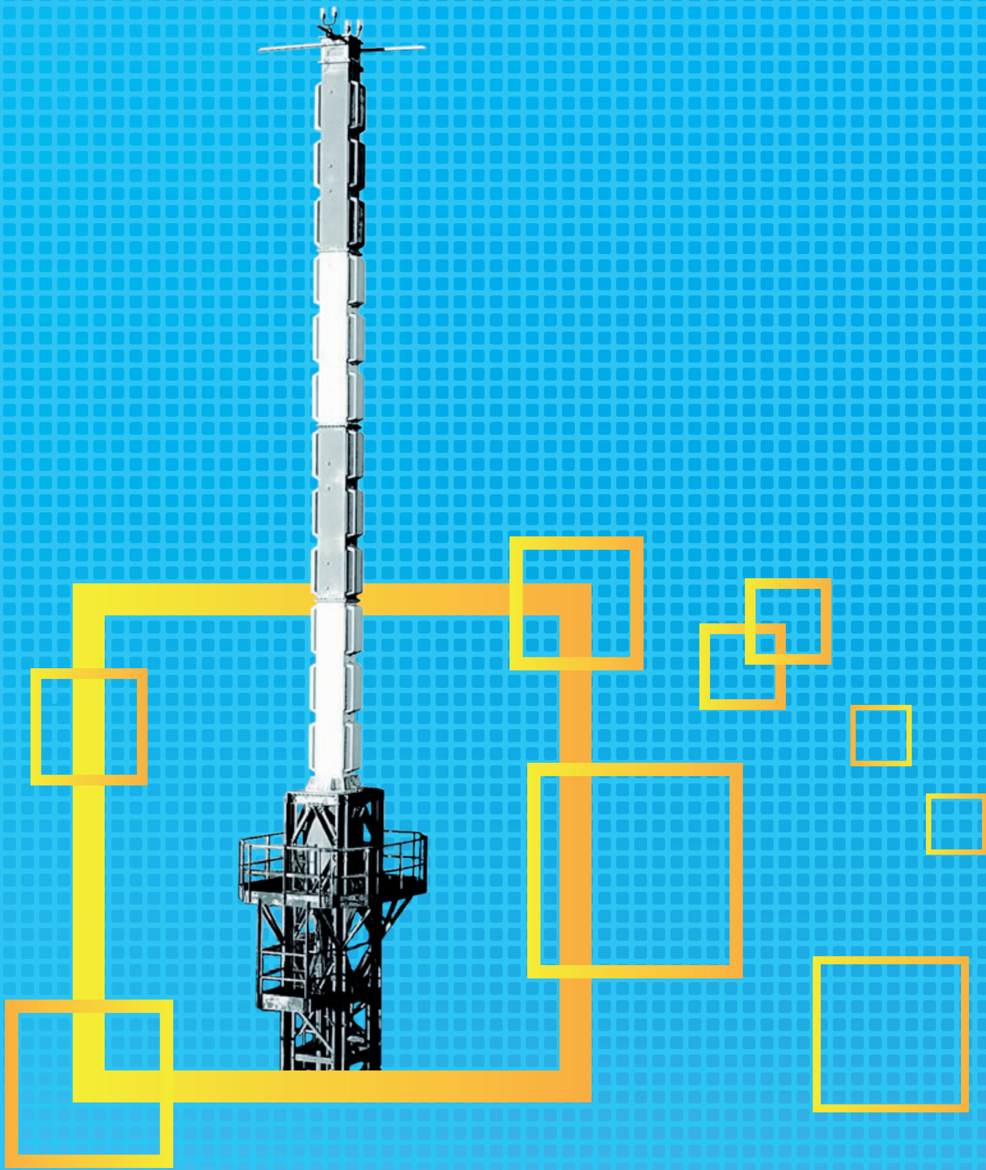

Annual Financial Report 2021

Annual Financial Report

2021

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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-up
Registered office:	Via Teulada, 66 – 00195 Rome
Tax and VAT code:	05820021003
Company website:	www.raiway.it

Managed and coordinated by RAI - Radiotelevisione Italiana S.p.A.
The Company does not have any branch offices.

Corporate Bodies and Committees[1]

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 of the Board
Giorgio Cogliati

Control, Risks and Sustainability Committee
Paola Tagliavini (Chairman)
Barbara Morgante
Donatella Sciuto

Board of Statutory Auditors

Chairman
Silvia Muzi

Standing Auditors
Massimo Porfiri
Barbara Zanardi

Substitute Auditors
Cristina Chiantia
Paolo Siniscalco

Auditing Company
PricewaterhouseCoopers S.p.A.

Remuneration and Appointments Committee
Riccardo Delleani (Chairman)
Annalisa Raffaella Donesana
Umberto Mosetti

1 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 Corporate Governance and Ownership Structure Report relating to FY 2021, published on the Company website (www.raiway.it).

Letter to Shareholders

Dear Shareholders,

in a year characterised by economic recovery after the heavy downturn resulting from the extraordinary complexity of the context that marked 2020, we are pleased to present Rai Way's Annual Financial Report for 2021, fully satisfied with the results achieved in the year just ended.

Rai Way was able to react quickly and decisively in the face of a difficult scenario, implementing a series of actions that made it possible to reduce the negative impact of the pandemic on the business and confirming its solid position in the reference market and towards our stakeholders.

In particular, our constant commitment to development and innovation activities, together with the many projects in which the strategic guidelines of the Industrial Plan are declined, confirm the path already undertaken for a sustainable growth of our business, which we wanted to formalise with the approval, in March, of our first Sustainability Plan.

Thanks to the combination of technical excellence and widespread presence on the territory, Rai Way is ready to support the transition process to the new digital terrestrial television. In the first few months of 2021 the project to extend the coverage of MUX 2, 3 and 4 for Rai was completed and, from 1 July 2021, the increase in the consideration for the turnkey contract in place with Rai came into force to remunerate the work carried out on the digital terrestrial broadcasting network, necessary for the new "post-refarming" configuration that will provide for the management by Rai Way of three MUXes for Rai, in line with the Industrial Plan scenarios.

Leveraging on its long-standing know-how in the management of broadcast networks and services, in 2021 Rai Way was awarded the rights to use frequencies for the digital terrestrial service in the local area called for by the Ministry of Economic Development in various regions: Lombardy, Piedmont, Veneto, Friuli Venezia Giulia, Lazio, Apulia, Basilicata and Sicily. This award has led to a significant strengthening of Rai Way in the local broadcasting market, with the acquisition of a significant number of new customers.

From the point of view of reconciling the needs of business continuity and the protection of workers' health, Rai Way continued to implement an articulated line of action to cope with the Covid emergency, transforming the risks related to such a significant change in environmental and operational conditions into opportunities, in terms of work organisation models and supporting tools.

The Company's revenues and adjusted EBITDA in FY 2021 amounted to € 229.9 million and € 142.9 million, respectively, up on the previous year primarily due to the increase in revenues.

Net income reached € 65.4 million, also up on the previous year, and the net financial position stood at € 87.9 million, up by € 41.8 million compared to 31 December 2020 mainly due to the growth of development investments, with particular reference to the initiatives related to the refarming process.

In conclusion, the aforementioned financial results confirm the effectiveness of the actions implemented

by Rai Way, in line with what was outlined in both the Industrial Plan and the Sustainability Plan.

Finally, we would like to thank the women and men of Rai Way, who – despite the contingent difficulties – have shown great team spirit, sense of duty and adaptability, guaranteeing stability in operational activities and ensuring reliability and continuity in service levels to the community and our partners.

On behalf of the Board of Directors
The Chairman
Giuseppe Pasciucco

Rai Way's activities

Rai Way[2] (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 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 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 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 Italy, it has 21 local network centres and it avails itself of highly specialised workforce.

The services offered by the Company 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;

(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 Company's sites including, were required, maintenance services as well as other complementary activities;

(iv) Network Services 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 mentioned above 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 corporates.

2 Rai Way has joined the simplification regime provided for by articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and integrations (Consob Issuer 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.

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 Communication CESR/05–178b.

- Gross operating profit or EBITDA – earnings before interest, taxes, depreciation and amortisation: this is calculated as profit before income taxes, depreciation, amortisation, 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 EBITDA – earnings before interest, taxes, depreciation and amortisation: this is calculated as profit before income taxes, depreciation, amortisation, provisions, write-downs and financial income and expenses adjusted for non-recurring income/expenses.
- 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 debt: the scheme for the calculation complies with that provided for in paragraph 175 et seq. of the recommendations contained in the document prepared by ESMA, no. 32-382-1138 dated 4 March 2021 (guidelines on disclosure requirements under EU Regulation 2017/1129, the "Prospectus Regulation").
- Capital expenditure: equal to the sum of the expenditure for the maintenance of the infrastructure of the Company's network (Maintenance Investments) and for the development/launch of new commercial initiatives (Development Investments). The item does not include the increases in financial fixed assets and in lease rights of use.

Summarised economic and financial data

The following is a summary of the economic data of Rai Way at 31 December 2021 compared to the results at 31 December 2020.

In addition, figures are also provided for the Company's Net Financial Debt and Net Invested Capital at 31 December 2021 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 Euro.

(Figures in millions of Euro; %)	2021	2020	Delta	Change %
Key Income Statement Figures				
Core revenues	229.9	224.5	5.5	2.4%
Other revenues and income	0.6	0.5	0.0	7.9%
Other operating costs	(42.5)	(43.6)	1.1	2.5%
Personnel costs	(45.0)	(45.3)	0.3	0.6%
Adjusted EBITDA	142.9	136.1	6.9	5.1%
EBIT	91.1	89.4	1.7	1.9%
Net Income	65.4	64.0	1.4	2.1%
Key Balance Statement Figures				
Capital expenditure	83.9	56.3	27.6	49.0%
of which maintenance	14.3	12.3	2.0	15.9%
Net Invested Capital	253.8	210.9	42.9	20.3%
Shareholders' Equity	165.9	164.8	1.1	0.7%
Net Financial Debt	87.9	46.1	41.8	90.7%
Indicators				
Adjusted EBITDA/Core Revenues (%)	62.2%	60.6%	1.5%	2.6%
Net income/Core revenue (%)	28.4%	28.5%	(0.1%)	(0.3%)
Maintenance Capex/Core revenue (%)	6.2%	5.5%	1%	13.1%
Net financial debt/Adj. EBITDA (%)	61.5%	33.9%	27.6%	81.5%

CORE REVENUES
€ 229.9 mln
+ 2.4%

Core Revenues amounted to € 229.9 million, up 2.4% compared to the values as at 31 December 2020.

ADJUSTED EBITDA
€ 142.9 mln
+ 5.1%

Adjusted EBITDA is equal to € 142.9 million and shows an increase of € 6.9 million compared to the 31 December 2020 value. The increase is mainly due to higher core revenues. The Company defines this measure as EBITDA adjusted for non-recurring expenses.

ADJUSTED EBITDA/CORE REVENUES
62.2%
+ 2.6%

The ratio between Adjusted EBITDA and core Revenues was 62.2% compared to 60.6% as at 31 December 2020.

NET INCOME
€ 65.4 mln
+ 2.1%

Net income was € 65.4 million, up 2.1% compared to 31 December 2020.

EBIT
€ 91.1 mln
+ 1.9%

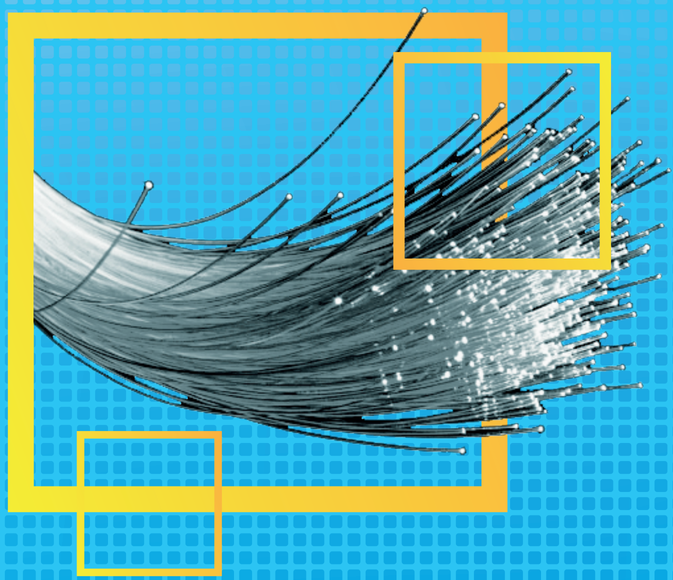
EBIT is equal to € 91.1 million, and shows an increase of € 1.7 million compared to the 31 December 2020 value.

NET INVESTED CAPITAL
€ 253.8 mln
+ 20.3%

Net Invested Capital amounted to € 253.8 million, with Net Financial Debt of € 87.9 million and a Shareholders' Equity of € 165.9 million.

CAPITAL EXPENDITURE
€ 83.9 mln
+ 49.0%

Capital expenditure of € 83.9 million relates to development projects and the maintenance of network infrastructure.



Report on 2021 operations

Report on 2021 operations

Indications and the overall performance of the economy[3]

After the severe, widespread decline in economic activity recorded in 2020, the recovery in global demand has been rapid and more intense than expected (for 2021, the latest available OECD forecasts estimate GDP growth of 5.6%) thanks to the containment of the pandemic enabled by the progressive spread of vaccines and the simultaneous removal of most social restrictions. However, the economic rebound lost vigour in the second half of the year while highlighting strong imbalances, with emerging and low-income countries weakened by vaccination coverage decidedly lower than advanced countries and therefore more exposed to the recrudescence of the pandemic and the spread of its variants (e.g. Omicron in November). On the whole, the increase in the number of infections observed since the autumn in Europe and the United States – albeit with less serious health consequences than in the first waves – and the persistent bottlenecks in the production chains – with the supply of raw materials that did not hold up to the sudden increase in demand and the consequent inflationary dynamics – still represent risks for the fragile path out of the pandemic crisis, further threatened at the end of the year by the rekindling of geopolitical tensions between Russia and NATO regarding the situation in Ukraine.

The US economy followed the global trajectory, also registering GDP growth of 5.6% during the year, supported by the extensive countermeasures adopted by central institutions in terms of fiscal and monetary stimuli, which nevertheless brought inflation to record levels since the 1980s (in December +7% compared with the previous twelve months, but with long-term expectations compatible with the stabilization objectives of the Federal Reserve). Growth has also been driven by a massive increase in demand, with purchases of goods accelerating at a much higher rate than in other advanced countries, thanks to the massive income supports enacted by the federal government starting in 2020. The employment market also showed significant improvement in wages and employment, although employment levels were still below pre-pandemic levels.

Eurozone countries also recorded a marked rebound in 2021 (+ 5.2%), with a slowdown in growth recorded, however, in the latter part of the year – due to the rise in contagions – and also expected in the coming years, with supply bottlenecks hampering manufacturing production in the short term. The rebound was supported by spending and investment, spurred on by lower household savings and European and national recovery plans. During the course of the year, the EU Council, acting on a proposal from the Commission, approved the national plans defined within the framework of the Next Generation EU programme with pre-financing of more than € 56 billion already disbursed. Inflation reached its highest level since the start of monetary union (+5%), suffering above all from exceptional increases in the energy component.

Oil prices have in fact increased during 2021, with Brent rising from around $50 a barrel at the beginning of the year to almost $80 in December, averting fears of possible new lockdowns following the discovery of the Omicron variant in November and despite the increase in production in the United States and OPEC+ countries. The price of natural gas also rose sharply in the second half of the year due to high demand for power generation and rising geopolitical tensions with Russia.

As a result, inflation has risen almost everywhere, driven not only by increases in energy prices, but also

3 OECD, Economic Outlook, December 2021; Bank of Italy, Economic Bulletin 1/2022; ISTAT.

by the recovery in domestic demand, leading central banks (Federal Reserve and Bank of England first and foremost) to decide to begin a process of normalising their previously hyper-expansionary monetary policies, with the gradual removal of monetary accommodation. The ECB has also assessed that the economic recovery and progress towards achieving the inflation target in the medium term allow for a gradual reduction in the pace of purchases of government bonds, while maintaining an expansive and flexible orientation – with interest rates at levels equal to or lower than the minimum levels of 2021 – in relation to the evolution of a highly uncertain macroeconomic framework. According to Eurosystem forecasts, inflation would rise to 3.2% in 2022, before falling back to 1.8% in 2023 and 2024, a level close to the medium-term price stability target of 2%.

In Italy, GDP growth – equal to 6.3% according to the latest ISTAT data – continued at a high pace in the third quarter of 2021, only to slow down in the fourth, due to the new pandemic wave and the persistent supply difficulties of companies. Looking at the year as a whole, the rebound (-8.9% GDP 2020) was sustained above all by household consumption, with spending on services (e.g. trade, transport and tourism) regaining vigour since the spring, fostered by the easing of the restrictive measures that had been adopted in the most acute phases of the pandemic.

The change in consumer prices reached high levels (+4.2% in December), accelerating from the summer onwards in the wake of a marked increase in gas and electricity prices, with the energy component reaching almost a 30% increase on the previous year. In terms of outlook, analysts and Italian companies expect inflation to remain above 3% until 2023, with expectations probably influenced by the recent strong increases in energy prices.

In the Italian employment market, the recovery in demand for employment translated into an increase in hours worked (up 1.4%) and a reduction in the use of wage subsidies. The recovery of employment in private services was confirmed, driven by trade and tourism, while in the industrial sector as a whole the increase was more moderate. During the year, the unemployment rate remained essentially stable at 9.4%.

In terms of credit supply, the persistence of a sustained increase in loans to households contrasts with a trend in credit to businesses which, although recovering, remains stagnant. In spite of the recovery in economic activity, the dynamics of loans to businesses remains in fact influenced by the abundant liquid assets set aside by companies during the pandemic crisis.

In the presence of favourable economic and financial conditions and a clear improvement in the health framework, the projections for the Italian economy indicate a GDP expansion of 4.1% in 2022 (with recovery of pre-pandemic levels) and 2.3% in 2023, supported by the stimulus measures financed by the national budget and European funds and, in particular, by those outlined in the Italian National Recovery and Resilience Plan (PNRR), although remaining conditioned by the complete and timely implementation of the planned interventions. In a macroeconomic framework still dominated by uncertainty, the growth outlook remains subject to multiple risks, mainly downwards and, not least, to the consequences of the Russian-Ukrainian conflict that broke out in February 2022, which to date are largely unpredictable. The forecast figures mentioned in this paragraph do not take into account the potential impacts deriving from the evolution of the war.

The Company's reference market

Rai Way is a leading operator in the Italian radio and television transmission infrastructure market. The main television transmission platforms in the television broadcasting market are as follows:

DTT
(Digital Terrestrial Television, free and pay television)

DTT (Satellite)

OTT (Broadband)

Cable TV

Compared to the other countries of Western Europe, Italy is characterized by a far greater diffusion of the digital terrestrial television (DTT) platform. In the other countries, the reduced extent of the use of the DTT platform is due to a broader and more competitive presence of satellite platforms (e.g. in the United Kingdom and Germany) and cable (e.g. Germany and France). The solid positioning of DTT in the Italian broadcasting scenario is further supported by the absence of cable TV (at a European level operators capable of providing television services via cable usually represent the strongest competitors on the market, as regards both television and broadband) and an average audience on the DTT platform that has essentially remained constant in recent years, approximately 10 million viewers over the day, despite the simultaneous strong growth seen in the spread of OTT platforms.

Regarding the Italian radio market, programs are transmitted in both analogue and digital format (DAB - Digital Audio Broadcasting) and no expiry dates have been set for a switch-off of the analogue signal, in line with many other European countries.

As a consequence of the features of its network, Rai Way is able to provide its customers with Tower Rental services. In this context, the Company operates in the sector of telecommunications towers, characterised in Italy mainly by the presence of two operators (INWIT and Cellnex).

DAB
(Digital Audio Broadcasting)

Rai Way on the financial markets[4]

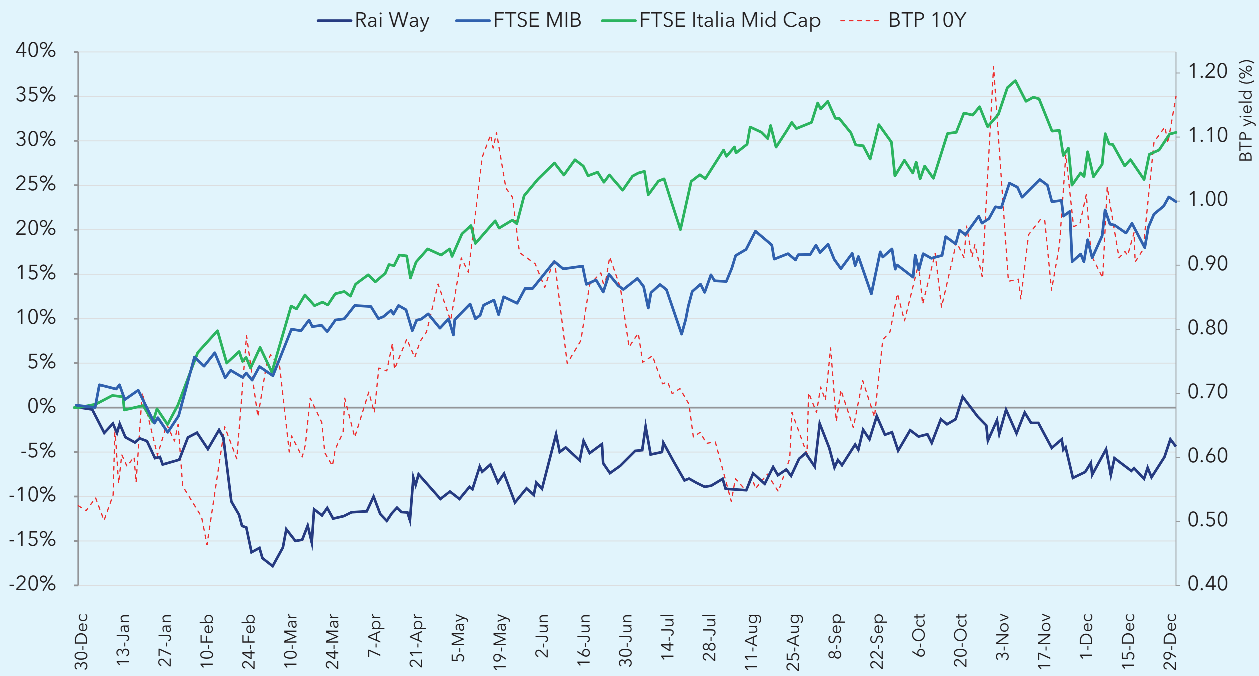
After a 2020 deeply marked by the Covid-19 emergency, 2021 saw the global economy return to growth thanks to the gradual spread of vaccines, which allowed the easing of most of the restrictive measures adopted by states to combat the pandemic, thus paving the way for economic recovery. Governments and central banks have contributed to sustaining growth, with the former confirming and further expanding the huge investment plans put in place in 2020 (e.g. US Green New Deal, Next Generation EU, Italian National Recovery and Resilience Plan - PNRR) and the latter maintaining an expansionary policy with interest rates at historic lows and major cash injections.
In response, GDP rose across all the major economies (up 5.6% in the US, up 5.2% in the Euro area and up 6.3% in Italy), while inflation reached record levels in December (up 7% in the US, up 5% in the Euro area and up 3.9% in Italy), driven in part by the sudden increase in energy and commodity costs in the second part of the year.

4 Borsa Italiana data processing (www.borsaitaliana.it).

Against this backdrop, international financial markets posted decidedly positive performances, more than offsetting the losses of 2020, driven mainly by cyclical and value stocks, which benefited from the recovery in consumption and met with investor approval. In particular, in Italy, the FTSE Italia All-Share index recorded an increase of 23.7%, while the Mid Cap list rose by 30.8%.

During the year, the Rai Way share, listed on the Italian Stock Exchange's Mercato Telematico Azionario, recorded a decrease of 4.4% (substantially reduced to zero if the distribution of the dividend is taken into account), showing a gradual recovery during the year compared to the lows reached in the first two months of 2021. In this same period most of the underperformance compared to the market was concentrated, also due to the effect of the sector rotation that began at the end of 2020, which penalised – among others – the infrastructure sectors (further disadvantaged by the expectations of rate growth).

Rai Way ended 2021 with a market capitalisation of € 1,420 million.



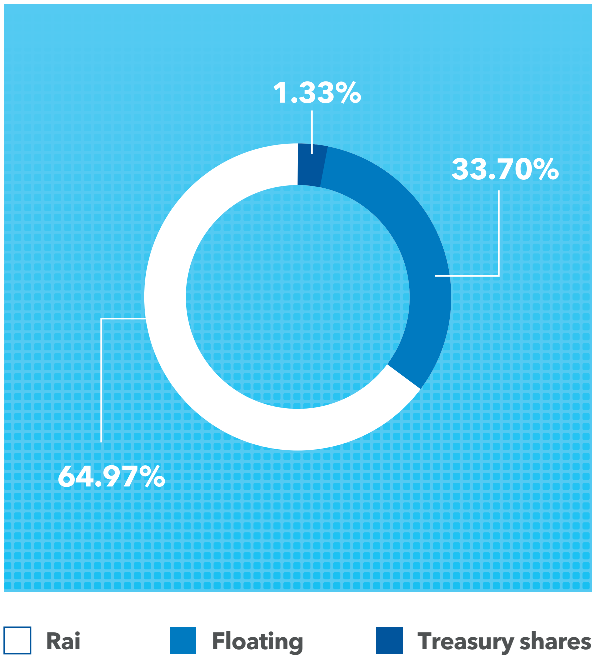
The following table sets out key market figures:

Key market data

General data	ISIN	IT0005054967
	Shares	272,000,000
	of which treasury	*3,625,356*
	Floating	33.70%
Price (Eur, %)	Price on placement (19/11/2014)	2.95
	Price at 31/12/2020	5.46
	Price at 31/12/2021	5.22
	Performance as of 31/12/2021 vs. placement	+76.9%
	Performance at 31/12/2021 vs 31/12/2020	-4.4%
	Maximum price (closing) in 2021	5.52
	Minimum price (closing) in 2021	4.47
Daily volumes ('000)	Average volumes in 2021	346,495
	Maximum volumes in 2021	2,592,019
	Minimum volumes in 2021	36,442
Capitalisation (€ million)	Capitalisation on placement (19/11/2014)	802.4
	Capitalisation at 31/12/2020	1,485.1
	Capitalisation at 31/12/2021	1,419.8

Shareholding structure

As of 31 December 2021, 64.97% of Rai Way's share capital is held by RAI - Radiotelevisione Italiana S.p.A., 33.70% is traded on the stock market and the remaining 1.33% consists of treasury shares, with no change on the previous year.



Commercial performance

2021 was a very significant year both in terms of commercial development on new markets and the consolidation of Rai Way's revenues on traditional services, in particular towards Rai.

In the first few months of the year, the project to extend the coverage of MUX 2, 3 and 4 for Rai was completed, extending the number of sites from around 400 to 1,000, and from 1 July 2021 the increase in the fee for so-called "basic services" came into force to remunerate interventions on the digital terrestrial broadcasting network to adapt to the new "post-refarming" configuration, which will provide for the management by Rai Way of three MUXes for Rai, in line with the assumptions of the Industrial Plan approved in 2020. In addition, coordination and management of contribution links for numerous events continued: European Football Championship, Olympics, Paralympics, Venice Film Festival, G20 held in Rome. During the year, the agreement with Rai for the management of contribution services for the 2021/2022 Football Championship was also renewed.

Leveraging on its many years of know-how in the management of broadcast networks and services, Rai Way took part in the procedures for the assignment of rights of use of frequencies for the digital terrestrial service at local level called by the Ministry of Economic Development, winning in 2021 the rights of use for the first level networks in Lombardy, Veneto, Friuli Venezia Giulia, Apulia and Basilicata, Sicily and for second level networks in Piedmont, Lazio and Sicily. The obtaining of the rights to use these frequencies has enabled the signing of numerous contracts for the supply of the service of access to broadcasting capacity, which have started to be activated progressively from the early months of 2022, and represents a significant strengthening of Rai Way in the local broadcasting market, with the acquisition of a significant number of new customers.

In the Tower Rental market, the Company's commercial activity focused primarily on consolidating the existing perimeters managed for MNOs in order to slow down the dynamics of terminations, mitigating their effects with new activations and new services offered on existing sites. The Fixed Wired Access (FWA) sector, on the other hand, was characterised by an intense development of networks, also determined by the need to increase broadband coverage due to the impulse given by smart working and distance learning, which allowed for further consolidation of the development of workstations at Rai Way sites. In 2021, growth in revenues from radio-telephone broadcaster hospitality will also continue.

Significant events

The significant events were as follows.

Following the call decided by the Board of Directors on 11 March 2021 and the approval by the latter on 18 March 2021 of the draft financial statements for FY 2020, which closed with a profit of approximately € 64.0 million, and the proposed distribution of a dividend of € 0.2385 per outstanding share on 27 April 2021, the Shareholders' Meeting, in particular:

I. in the extraordinary session:
- approved various amendments to the bylaws concerning the identification of shareholders in order to bring the bylaws into line with the provisions of the new article 83-duodecies of Legislative Decree no. 58/1998 (article 6.3); the reference to the Corporate Governance Code for Listed Companies (articles 17.4 and 28.2) and the holding of meetings of the Board of Directors (article 19.1) and the Board of Auditors (article 28.15) by remote means;

II. in the ordinary session:
- approved the Financial Statements of the Company as at 31 December 2020 and the distribution of a dividend as proposed by the Board of Directors;
- approved the First Section (relating to the remuneration policy for 2021) and voted in favour of the Second Section (relating to compensation for 2020) of the Report on the remuneration policy and compensation paid, as prepared by the competent offices;
- approved the proposal to adopt a long-term incentive plan pursuant to art. 114-bis of Legislative Decree no. 58/1998;
- approved authorisation to purchase and dispose of treasury shares, subject to revocation of the corresponding authorisation to purchase, for the part not executed, resolved by the Shareholders' Meeting on 24 June 2020;
- appointed the Board of Auditors for FYs 2021-2023 (i.e., expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2023), comprising: Silvia Muzi (Chairman), Massimo Porfiri and Barbara Zanardi (Standing Auditors), Cristina Chiantia and Paolo Siniscalco (Substitute Auditors).

2021 saw the continuation of the spread of the Covid-19 virus, with the issue of additional regulatory provisions to tackle the health crisis. It should be noted that the Company did not experience any significant impact on its performance in 2021. It should also be noted that the Company benefited in 2021 from the increase in the maximum limit granted for "state aid", with reference to IRAP, at Rai Group level from € 800 thousand to € 1,800 thousand provided by the Decree Law of 22 March 2021 (Support Decree) in relation to the tax relief measure on IRAP (regional production tax) provided by the Relaunch Decree to which the Company had previously adhered.

Results for the year

The Company earned net income of € 65.4 million in 2021 representing an increase over the previous year corresponding figure of € 1.4 million (+2.1%).

A summary of the Company's income statement for the years ended 31 December 2021 and 31 December 2020 is set out in the following table:

Income Statement

(Figures in millions of Euro; %)	2021	2020	Delta	Change %
Revenues from Rai	199.2	191.3	7.9	4.1%
Revenues from third parties	30.8	33.2	(2.4)	(7.3%)
Revenues Core	**229.9**	**224.5**	**5.5**	**2.4%**
Other revenues and income	0.6	0.5	0.0	7.9%
Personnel costs	(45.0)	(45.3)	0.3	0.6%
Other operating costs	(42.5)	(43.6)	1.1	2.5%
Adjusted EBITDA	**142.9**	**136.1**	**6.9**	**5.1%**
EBITDA Margin	*62.2%*	*60.6%*	*1.5%*	*2.6%*
Adjustments	(0.4)	(1.0)	0.6	63.4%
EBITDA	**142.6**	**135.1**	**7.5**	**5.6%**
Amortisation/depreciation	(50.3)	(45.3)	(5.0)	(11%)
Bad Debt Provisions	(0.2)	(0.0)	(0.2)	(446.5%)
Provisions	(1.0)	(0.3)	(0.7)	(209%)
EBIT	**91.1**	**89.4**	**1.7**	**1.9%**
Net Financial Expenses	(1.2)	(1.1)	(0.1)	(10.6%)
Pre-tax profit	**89.9**	**88.3**	**1.6**	**1.8%**
Taxes	(24.5)	(24.3)	(0.2)	(0.9%)
Net Income	**65.4**	**64.0**	**1.4**	**2.1%**
NET INCOME Margin	*28.4%*	*28.5%*	*(0.1%)*	*(0.3%)*

Rai Way had revenues of € 229.9 million, a net increase of € 5.5 million compared to the previous period (+2.4%).

The activities carried out for the Rai Group generated revenues of € 199.2 million, an increase of 4.1% compared to the same period of the previous year; the increase of € 7.9 million derived partly from new additional services requested by the customer (known as "new services"), and partly from the increase in the consideration for network services set forth in the agreement finalised on 10 December 2019 with Rai relating to the refarming process and effective from 1 July 2021. With regard to commercial transactions with other customers, revenues from third parties totalled € 30.8 million, or € 2.4 million less than in the same period last year, mainly due to one-off income recognised last year and a decrease in revenues from Tower Rental services.

Personnel costs recorded a balance of € 45.0 million as at 31 December 2021, down by € 0.3 million compared to the previous period, due to the effect of the reduction in the average number of employees, partly offset by the increase in travel and non-recurring costs, which in 2020 had benefited from the slowdown in business following the lock-down ordered to stem the spread of the Covid-19 virus. The Company's workforce is 606 as at 31 December 2021.

"Other operating costs" – which consist of consumables, services and other costs net of non recurring items – amounted to € 42.5 million, down by € 1.1 million over the previous period. The reduction in costs is mainly due to electricity costs (€ 1.8 million) as a result of the benefit of concessions on tariff components connected to general system charges. Excluding electricity, the other costs therefore rose by € 0.7 million, mainly due to the gradual normalisation of production activities compared to the previous year, in particular the second quarter of 2020, when the impact of the lock-down following the spread of the Covid-19 virus had led to a major reduction in variable costs.

Adjusted EBITDA amounted to € 142.9 million, an increase of € 6.9 million compared to the value of € 136.1 million as at 31 December 2020, representing a margin of 62.2%.

Adjusted EBITDA

(Figures in millions of Euro; %)	2021	2020	Delta	Change %
Adjusted EBITDA	**142.9**	**136.1**	**6.9**	**5.1%**
Non-recurring costs	(0.4)	(1.0)	0.6	63.4%
EBITDA	**142.6**	**135.1**	**7.5**	**5.6%**

Non-recurring costs, amounting to € 0.4 million, mainly refer to a voluntary redundancy initiatives for the Company's personnel, down € 0.6 million on last year.

The Operating Result of € 91.1 million was € 1.7 million higher than in the same period of the previous year due to the effects described previously and to the increase in depreciation and amortisation of € 5.0 million caused by the growth in Development Investments.

Financial expenses closed with a balance of € 1.2 million, an increase of € 0.1 million over the previous period due to the increased financial debt.

Net Income amounted to € 65.4 million, marking an increase of € 1.4 million compared to the same period of 2020, benefiting from the concession measures under the Support Decree (Decreto Sostegni) of 22 March 2021, which resulted in a positive impact on IRAP (regional production tax).

Capital expenditure and Other Investments

In 2021, capital expenditure amounted to € 83.9 million (€ 56.3 million in the same period of 2020), of which € 69.6 million relating to Development Investments (€ 44.0 million in 2020) and € 14.3 million to the maintenance of the Company's infrastructure network (€ 12.3 million in 2020).

Capital expenditure and Other Investments

(Figures in millions of Euro; %)	2021	2020	Delta	Change %
Development Investments	**69.6**	**44.0**	**25.6**	**58.3%**
Maintenance Investments	**14.3**	**12.3**	**2.0**	**15.9%**
Total Capital expenditure	**83.9**	**56.3**	**27.6**	**49.0%**
Lease investments (IFRS 16)	**9.3**	**6.5**	**2.8**	**42.9%**
Investments for opportunistic initiatives	**1.1**	**3.8**	**(2.7)**	**(71.2%)**

Development investments mainly concerned activities relating to the refarming process, for the release of the 700 MHz bandwidth and the transition to the DVB-T2 standard, which include the project to extend coverage of the population with reference to the digital terrestrial television broadcasting service of national MUXes. During the year, works also began on the construction of television networks for local television broadcasting in the technical areas where Rai Way was awarded the rights to use frequencies.

The most significant maintenance investments, aimed at ensuring higher service standards, concerned the strengthening and adjustment of the IP network and, in general works aiming to improve reliability and renew the management systems currently in use.

Investments for opportunistic initiatives include the impact of the acquisition of a business relating to the provision of infrastructure services at a transmission location located in north-east Italy, effective 1 April 2021.

Statement of financial position

(Figures in millions of Euro; %)	2021	2020	Delta	Change %
Fixed Assets	294.6	251.4	43.3	17.2%
Net Working Capital	(14.4)	(13.8)	(0.5)	(3.9%)
Provisions	(26.5)	(26.6)	0.2	0.7%
Net Invested Capital	**253.8**	**210.9**	**42.9**	**20.3%**
Shareholders' Equity	165.9	164.8	1.1	0.7%
Net Financial Debt	87.9	46.1	41.8	90.7%
Total Funding	**253.8**	**210.9**	**42.9**	**20.3%**

Net Invested Capital as at 31 December 2021 was € 253.8 million. Fixed assets also include the lease rights of use in application of the IFRS 16 accounting standard for € 29.7 million, net of the dismantling and restoration provision of € 1.9 million.

Net financial debt amounted to € 87.9 million, up by € 41.8 million compared to 31 December 2020 mainly as a result of investment initiatives related to the refarming process. The item includes lease financial liabilities in application of the IFRS 16 accounting standard for a value of € 36.5 million. Further details may be found in the section "Current and non-current financial assets and liabilities" in the notes to the financial statements (note 21).

Human Resources and Organization

As at 31 December 2021, Rai Way had a workforce of 580 people employed on a permanent basis: 22 executives, 173 middle managers, 378 technicians or office staff (of whom 7 on apprenticeship contracts) and 7 manual workers. 26 other workers with fixed-term employment contracts are to be added to the above.

In order to better represent the company's workforce, a table containing details of the composition and age of the staff in service is attached.

	Executives		Managers		White-collar employees and technicians		Manual workers	
Years	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Men*	18	19	135	136	337	332	11	8
Women*	5	4	26	31	78	69	0	0
Average age	53	54	52	52	44	42	60	60

* Annual average values.

In 2021, the lines of action concerning the HR Department were structured as follows, within a framework of constant attention paid to human capital as a strategic factor for the company's growth, with a view to favouring the creation of value and the achievement of the strategic objectives, ensuring sustainability of results and full engagement:

- safeguarding the optimal and consistent sizing of the workforce perimeter;
- development of the Company's organisational model, in order to control the technological and business challenges currently underway, also through the implementation of virtual organisation models;
- constant evaluation of the results and behaviour expressed by the staff, enriched with instruments to reconcile the well-being requirements of workers;
- implementation of smart working organisational solutions and work-life balance options;
- qualified investment in both technical and managerial training;
- continuous process of industrial relations at national and local level, in order to seek appropriate and shared solutions;
- consolidation of the openness to the social dimension of business, also with active routes with the school and university network, aimed at encouraging targeted internship and school-work programme experiences;
- promotion of recruitment, including digital ones, inspired by criteria that, while respecting equal opportunities and diversity, ensure a rich roster of human resources;
- attention to staff engagement, also through the promotion and development of internal climate surveys aimed at understanding the internal environment and employees' moods as well as periodically surveying staff satisfaction, monitoring the results in correlation with the requests expressed;
- guarantee and enhancement of diversity and equal opportunities.

In the face of the pandemic, Rai Way – with a view to reconciling the need for business continuity with safeguarding the health of workers – has continued to implement an articulated line of action to cope with the Covid-19 emergency, which has resulted, in broad terms, in the 2020 creation of the Rai Way Task Force for the management of issues related to this emergency, with actions aimed at combining continuity, efficiency and effectiveness of the company's performance with the primary objectives of protecting the health and safety of workers, translating the risks related to such a significant change in environmental and operational conditions into opportunities, in terms of work organisation models and supporting tools (capitalisation of the positive experience of smart working experimentation through the rapid conversion to the emergency agile work model, which continued in 2021), enabling the achievement of the expected objectives.

In general terms, Rai Way's system of remuneration and incentives aims to reflect and support consistency and fairness at the company's organizational level and the optimisation of merit in terms of appreciation of the results achieved and qualitative performances and competitiveness with respect to best global practices.

With reference to Key Management, cardinal elements of the remuneration policy have been the correlation with strategies and corporate principles, the selectivity of beneficiaries and the internal coherence with respect to positions, areas of responsibility and the roles carried out, the competitiveness with remuneration levels in the external market.

We note the implementation of the Company's Results Bonus, for the three-year period 2019-2021, which, for the first time, has allowed the Company's non-executive personnel, with permanent and fixed-term contracts, to benefit from an economic incentive specifically linked to the Company's results, with objectives based on the Company's own technical-production and competitive positioning specificities, marked by the possibility of converting the economic component into welfare services through the dedicated platform, shared with the Parent Company. The three-year period of application of the Agreement, which was subject to renegotiation between the Company and the trade unions and the national unitary trade union representative coordination, will therefore come to an end with the performance measurement for 2021.

Within this framework, as further confirmation of the achievement of corporate objectives and of the effectiveness of the policies and lines of action adopted for the various reference areas, there is also the ISO 9001:2015 Certification, and the Top Employers Italy certification for the HR profiles.

In relation to the Quality Management System, Rai Way, first certified ISO 9001:2015 in 2016, renewed its certification during 2019 with the following purpose: "Provision of services for the design of systems and networks for broadcasting and transmission of radio and television signals. Provision of coordination and planning services for the routine maintenance of plants and networks intended for the transmission and broadcasting of radio and television signals. Provision of network infrastructure and services for telecommunications operators". In 2021, the Company confirmed its ISO certification, following an in-depth audit of internal processes, which included support activities in the scope of analysis.

Rai Way also confirmed its Italia Top Employers certification as Employer of Choice, consolidating a path of attention and innovative development of HR policies and processes, which once again confirms the Company's ability to offer the best working conditions, reconciling competitiveness and corporate welfare.

Safety and the environment

Rai Way, in confirming its focus on the issues, strictly linked to its business activities, relative to the protection of the environment, of employees' health and safety, and with respect to the citizens living in proximity of its plants, implemented an Integrated Environment, Health and Safety Management System, in compliance with the requirements of the ISO 14001 regulations, with regard to the environment and the population, and ISO 45001 regulations, with regard to health and safety in the workplace.

As required by the two regulations, the entire process was subjected to surveillance during 2021 by an external Certification Body that confirmed the correct implementation of the System.

In particular, the ISO 14001:2015 certification attests the compliance of Rai Way environment management system to the regulations requirements that, in the 2015 review, in addition to confirming the credibility gained over the years, it consolidates its own good practice in support of the sustainable development, a very relevant issue at present, with the objective of reaching a balance between environment, society and economy.

On the other hand, the ISO 45001:2018 certification attests to the compliance of the System with the requirements of this regulation, in order to guarantee the health and safety of its employees and of all the economic operators present in the company, as well as to constantly monitor all the aspects related to them with specific reference to the "Design and management of networks and plants for the transmission and broadcasting of the radio and television signal in Italy and abroad".

For more information, see the section in the Notes to the Financial Statements entitled "Climate Change" (note 43).

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. The main sources of risk and uncertainty are discussed in summary form below.

Risk factors related to the Company

Risks related to the concentration of revenues in a small number of customers

As a result of the concentration of the Company's clientèle, any problem arising in trading relationships with the Company's main customers could have an adverse effect on its economic and financial position.

The Company's largest customers are Rai and the main MNOs (Mobile Network Operators) in Italy with whom it enters into framework agreements for Tower Rental services, generally for several years.

Please note that there is no certainty either that these relations will continue or that they will be renewed on their natural expiry. In addition, even if these arrangements are continued and/or renewed, there is no certainty that the Company will be able to keep turnover and/or the current contractual terms unaltered.

In addition to the above, as a consequence of the concentration of its revenues the Company is also exposed to the credit risk deriving from the possibility that its trade counterparties will be unable to fulfil their obligations.

The interruption to relationships with its main customers, the reduction in the number of stations, the inability to renew existing agreements on expiry or the non-performance by one of its trade counterparties could have a negative effect on the Company's economic and financial position.

Risks related to the Service Contract with Rai

Given the importance of the Service Contract with Rai to the Company's revenues, the same could suffer negative effects in terms of economic and financial position if such agreement was terminated – even in part – in advance, if the levels of the contractual services are not complied with or if there are significant increases in production costs (i.e. electricity) necessary to provide the services (also as the result of measures taken by the competent authorities) that are not absorbed by a corresponding increase in the consideration payable by Rai.

It should be noted, with reference to the cases of partial termination, that Rai in 2021 terminated, with effect from 2022, the analogue terrestrial radio broadcasting service on medium wave and the digital terrestrial television broadcasting service relating to the so-called French-speaking MUX for the Valle d'Aosta region, for an amount equal to 1.6% of the total value of the services provided to Rai in 2021.

In relation to any failure to comply with contractual service levels, it should be noted that the Service Contract with Rai provides for a maximum amount applicable to service credits equal to 1% of the annual value of the contract.

Risks related to the expiry and renewal of the Rai concession

By decree of the President of the Council of Ministers of 28 April 2017, Rai was designated as the exclusive concessionaire of the public radio, television and multimedia service for the ten-year period from 30 April 2017 to 30 April 2027.

The renewal of the concession took place in compliance with article 9 of Law No. 198 of 26 October 2016 (the so-called Publishing Law) which, by amending article 49 of L.D. No. 177 of 31 July 2005, entitled Testo unico dei servizi di media audiovisivi e radiofonici, prescribed a new procedure for the concession of public radio, television and multimedia services. If the concessionary agreement between the Italian government and Rai is terminated or not renewed on expiry, or if a renewal is stipulated under terms and conditions that differ from those currently existing, there could be material negative effects on the Company's economic and financial position. There is a connection between the contractual relationship between the Italian government and Rai and the contractual relationship between Rai and the Company. As a result, the former has an effect on the latter. Pursuant to the Rai – Rai Way Service Agreement, the expiry and/or failure to renew the concession is an institutional modifying event which entitles Rai to withdraw from it.

Risks related to the stipulation of a new service contract between Rai and the Ministry

The national service contract between the Ministry of Economic Development (MISE) and Rai for the period 2018-2022 will expire at the end of 2022. Although the licensing relationship for the Public Radio, Television and Multimedia Service is not dependent on the service contract, uncertainty persists regarding future technical requirements relating to the provision of the Public Service, which could have a negative impact on the Company's financial position and results of operations.

Risks related to the ownership and/or potential modifications of the frequencies held by broadcasting customers

The Company's customers defined as Broadcasters, a category that also includes network operators and national and local radio and television players, including Rai, may own frequencies or, in particular with reference to local audiovisual media service providers (local FSMA), must be authorised by MISE in order to operate in the market. With reference to these customers, the loss and/or modification of the ownership of the frequencies and/or the revocation or non-renewal of the aforesaid authorisations, in whole or in part, could result in a loss of customers for the Company or in the redefinition of the scope of the services provided, with negative effects on its revenues, as well as on its economic and financial position also due to possible increases in costs and investments that the Company could be required to incur.

With reference to Rai, there is a connection between Rai's ownership of its frequencies and the contractual relationship between Rai and Rai Way. Consequently, if ownership of the frequencies were to cease or be modified this would have an effect on that contractual relationship. Pursuant to the Service Contract, revocation of the availability of one or more frequencies (MUX) is an institutional modifying event which entitles Rai to withdraw from such, also partially.

Risk related to the contractual and administrative structure of the Sites

Given the importance of Rai Way's network infrastructures for its business, negative events affecting such infrastructure could have negative effects on the Company's economic and financial position.

In particular, among the potential risks relating to the contractual and administrative provisions regarding the Sites is the risk that the agreements for the use of the Sites (other than those wholly owned by Rai Way) on which the infrastructures are located will not be renewed, with the resulting obligation for the Company to return the land used in its original condition, or the risk that any renewals will not be obtained on terms at least as favourable as those applicable at the reporting date, with resulting negative effects on the profitability from managing the Sites and consequently on the Company's economic and financial position.

In addition, given the importance of the Company's property, any changes in existing taxes or the introduction of new taxes could have a material effect on the Company's tax expense.

Risks related to Rai's management and coordination activities

The Company is a member of the Rai Group and is subject to the management and coordination of the Parent Company pursuant to articles 2497 and following of the Italian Civil Code. Without prejudice to the above, the Company is capable of working in conditions of operational autonomy, to the extent appropriate for a listed company and in compliance with the best practices followed by listed issuers and in any case with the rules for the proper functioning of the market, generating revenues from its customers and using its own skills, technologies, human resources and funds. In particular, Rai carries out its management and coordination activities by the means described in the Management and Coordination Regulation which became effective on the First Trading Day (19 November 2014) and aims on the one hand to match the need for an informational link and functional interaction underlying Rai's management and coordination activities and on the other to ensure that Rai Way's status as a listed company leads to its operational and financial autonomy at all times.

In particular, Rai's management and coordination activity does not have the general character and is implemented exclusively through the following activities: *(i)* the drafting by Rai of certain general rules designed to coordinate – to the extent possible and in accordance with the respective needs – the main guidelines for the management of Rai and Rai Way; *(ii)* the requirement for Rai Way to inform the Parent Company in advance before approving or executing, depending on the case, any operations and/or transactions, determined and drawn up independently within Rai Way, that are considered to be of particular significance and importance with respect to the strategic lines and planning of the operations of the Rai Group; *(iii)* the provision of certain information obligations of Rai Way in respect of the regulation and the general management guidelines.

In no event does the Parent Company have any power of veto over any extraordinary operation that Rai Way may wish to perform or over the hiring or dismissal of executives by the Company, which has full and exclusive decisional power over matters of appointing or employing persons and setting their career paths.

Risks related to the powers of the Italian government (golden powers)

The assumption of certain corporate resolutions by the Company or the acquisition of certain shareholdings relevant to the control of the Company by parties outside the European Union could be limited by the special powers of the State (so-called "golden powers") provided for by the Legislative Decree no. 21 of 15 March 2012, converted with amendments into Law no. 56 of 11 May 2012, which governs the special powers of the State regarding, *inter alia*, strategic assets in the communications sector, as identified by art. 3 of Decree Law no. 85 of 25 March 2014.

Risks related to the Company's inability to implement its strategy or results of the implementation of activities not in line with expectations

The inability of the Company to successfully implement any of its strategies could lead to negative effects on its business and on its economic and financial position.

Furthermore, owing to the dynamic context in which the Company operates, the applicable regulatory requirements, the uncertainty surrounding exogenous scenarios, the complexity of the reference business – also with reference to infrastructural and technological aspects – activities put in place by the Company could have results not in line with expectations, with a negative impact on the Company's economic and financial position.

Risks related to key personnel

If the relationship between Rai Way and its key personnel ends, this could have negative effects on the Company's business and its economic and financial position.

The results achieved by Rai Way also depend on the contribution provided by people having key roles within the Company and who – in certain cases – have played a crucial role in developing the Company from the time of its establishment. At the balance sheet date, all these persons considered key for the purposes of the above are tied to the Company by permanent employment contracts.

Risks related to the licensing agreement for the brand name "Rai Way"

The use of the name "Rai Way" by the Company is directly connected with the continuation in force of the Brand Transfer and Licensing Agreement with Rai.

Although the name "Rai Way" does not have any specific importance for the purpose of identifying a product or service, given the particular nature of the business the Company performs, in the case of termination of the Brand Transfer and Licensing Agreement for any reason, the Company's right to use the name "Rai Way" would cease and accordingly the Company would no longer be able to use it and would have to change its corporate name.

Risks related to related party transactions

The Company has had and continues to have relationships of a trade and financial nature with related parties, and in particular with Rai. These relationships have allowed and continue to allow the Company, depending on the case, to obtain benefits from the use of common skills and services, the use of Group synergies and the application of unified policies in the financial field; in the Company's opinion these provide for terms and conditions in line with those of the market. Despite this, there is no certainty that if these transactions had been carried out with third parties, such would have negotiated and stipulated the relative agreements, or carried out the transactions, under the same terms and conditions and by the same means.

Risks related to financial and other covenants contained in the Loan Agreement

On 29 October 2020, the Company signed a new loan agreement with a pool of financial institutions consisting 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 duration of three years, provides for the granting of a term credit line of up to € 120 million and a revolving credit line of up to € 50 million, both to be used through cash disbursements and with a maturity date of 27 October 2023.

This loan provides for general commitments and covenants of the Company, including negative ones, which, although in line with market practice for loans of a similar amount and nature, could limit its operations. It should be noted that the financial parameters set out in the related loan agreement (covenants) have been fully complied with for 2021.

Further details on this matter may be found in the section "Current and non-current financial assets and liabilities" in the notes to the financial statements.

Risks related to judicial and administrative proceedings and the possibility that the Company's provision for risks and charges may not be adequate

At the reporting date, the Company considers the provisions recognised in the financial statements to be adequate also in relation to any negative outcomes in the main disputes in which it is involved; however, these negative outcomes could be different from expectations, with possible impacts on its economic and financial position.

Risks related to the takeover of the Company

Given the interest held by the controlling shareholder Rai and given the legislative framework in which this exists, the Company cannot presently be taken over.

Risk factors related to the industry in which the Company operates

Risks related to obtaining administrative authorisations and/or to the fact that these may be revoked

The failure by the Company to obtain authorisations and permits or to obtain these late, the delayed issue of such authorisations and permits or the issue of authorisations and permits which only partially satisfy the Company's requests, together with the revocation of these authorisations and permits, could have negative effects on the Company's business and, consequently, on its economic and financial position.

Risks related to the effects of natural disasters or other force majeure events on infrastructure and climate change

It is essential for the network to work properly if the Company is to conduct its business and provide services to its customers. Although the Company believes that its insurance coverage will adequately cover all the costs of any damage that may be caused by natural disasters or force majeure events, and that in any case it has operating procedures that will come into play if such events should occur, any partial or total damage to the Company's towers or, more generally, its Sites, and to its main locations such as its Control Centre and regional centres, caused by natural disasters or other force majeure events, also as a consequence of climate change, could hinder, or in certain cases prevent, the Company from carrying out its normal operations and its ability to provide services to its customers, with possible negative effects on its business and on its economic and financial position.

Among the risks due to the effects of climate change, it is also worth mentioning the increase in electricity consumption resulting from the rise in average temperature. The adoption of new and more efficient transmission technologies introduced with the renewal of digital television broadcasting equipment (refarming) will make it possible to mitigate the effects of this risk. In order to cope with the risk of an increase in electricity consumption Rai Way intends to implement further initiatives that expressly pursue energy saving objectives.

For more information, see the section in the Notes to the Financial Statements entitled "Climate Change" (note 43).

Risks related to the interruption of the activities of the technological and IT infrastructures

To provide its services and, more generally, to carry out its activities, the Company uses sophisticated infrastructure and computer technology, which by its nature is prone to interruptions or other malfunctions caused by, among other things, natural disasters, prolonged electricity outages, process errors, viruses and malware, the actions of hackers and health and security issues (also in relation to possible pandemics or diseases) or failures of suppliers. The interruption of the activities of the technological and IT infrastructures could have negative effects on the Company's business and on its economic and financial position. In order to deal with this type of risk, the likelihood of which is also influenced by the seriousness of the geopolitical context, the Company, after carrying out targeted risk assessment activities, has decided to enhance technologies and methods capable of mitigating their possible impact.

Risks related to the maintenance and technological upgrading of the Company's Network

Rai Way's ability to maintain a high level of services depends on its ability to maintain the proper operating condition of its infrastructure, which requires substantial amounts of capital and long-term investments, included that related to the technological renewal, optimization or improvement of its existing Network. The Company's failure to maintain its Network or to introduce technological changes to the Network on a timely basis could have negative effects on its economic and financial position.

The Company constantly monitors the proper operating condition of its Network, developing projects designed to improve the level of its services and enhance the infrastructure on the basis of the technologies applicable from time to time.

Risks related to technological change

The reference market in which Rai Way operates is characterized by constant changes in the technology used for the transmission and broadcasting of television and radio signals, which leads to the requirement: (i) to constantly develop the skills required for rapidly and fully understanding the needs of its customers, in order to develop its service offer on a timely basis with the aim of having a reputation on the market as a full service provider; and (ii) to provide constant training to its personnel.

Rai Way's inability to identify and develop the technological solutions required to deal with changes and future development on its markets of reference could have negative effects on the Company's economic and financial position.

Particularly in the long term, with regard to the television and radio market, the gradual development of the mode of viewing streaming content could have a negative impact on the demand for services by the Company's customers.

During 2021 Rai Way set up a new business unit oriented towards the development and marketing of services based on broadband platforms as well as new managed infrastructures such as Data Centres and Edge Data Centres. In particular, the development of a CDN platform is configured as an alternative technological solution for the delivery of video services, potentially able to meet the new needs of the television market.

Risks related to increased competition

Significant increases in competition in the sectors of activity in which the Company operates – for example the entry into the Tower Rental market of players with notably small dimensions and aggressive pricing – could have a negative impact on the Company's economic and financial position, which, however, the Company is ready to address through the pursuit of new business and the optimisation of the company's assets.

Risks related to environmental protection and electromagnetic radiation

The Company is subject to comprehensive regulation at national and EU level aimed at the protection of the environment and health. Compliance with such regulations and requirements, moreover, is one of the conditions for the eligibility for and renewal of licenses and permits which the Company requires for the installation and operation of equipment emitting electronic waves. Any breaches of the applicable environmental rules could have negative effects on the Company's economic and financial position.

The Company places particular emphasis on complying with environmental protection regulations and undertakes to be constantly updated in this respect, as moreover attested by its ISO 14001:2015 of 2008 and OHSAS 18001:2007 of 2011 and ISO 45001 of 2020. For more information, see the section in the Notes to the Financial Statements entitled "Climate Change" (note 43).

Risks related to the reference regulatory framework in relation to the business of the customers of Rai Way

The Company's business, as well as that of its customers, is subject to a wide-ranging regulatory regime, stemming from both domestic and EU rules and requirements, in particular with respect to administrative matters and environmental concerns, as part of which importance is also assumed by the numerous legislative requirements imposed by the competent authorities on the Company's customers, by virtue of the indirect effects which the failure of these customers to comply with such could have on Rai Way's business. In particular, broadcasting customers and mobile telephone operators, which the Company hosts at its Sites are subject to the legislation designed to protect persons and the environment from exposure to magnetic fields.

Should any of Rai Way's customers be deemed to be in violation of these regulations, they could be exposed to sanctions, including the shut-down of transmission activities. These interruptions could have negative effects on the Company's revenues and, as a consequence, on its economic and financial position.

Risks related to the possible decline in demand for services by customers

The Company provides integrated products and services to its customers with an approach geared towards full service hosting with the aim, on the basis of the operating model adopted, of covering the entire tower hosting chain – from the basic lease of equipment to all the services required to keep this in proper working order and provide maintenance for this at the Sites. The possible decline in the demand for the services carried out by Rai Way could have negative effects on the Company's economic and financial position.

Risks arising from stoppages and strikes

In carrying out its business the Company is subject to the risk of strikes, stoppages and similar action by its employees in connection with events or circumstances that may not relate directly to the Company, but more generally to the Parent Company or the Rai Group. However, with regard to services provided to Rai, which are considered to be essential public services, the right to strike may only be exercised to the extent of enabling indispensable services to be provided, also by virtue of a trade union agreement of 22 November 2001 relating to the employees of the Rai Group.

The decision by large numbers of employees to take part in strikes or industrial action could have negative effects on the Company's economic and financial position.

Risks related to global economic conditions

A possible decline in the demand of customers for the services carried out by Rai Way arising from the persistence of the global economic and financial crisis could have negative effects on the Company's economic and financial position. This risk could also be amplified by the spread of the Covid-19 virus, and in general of pandemics and diseases, in Italy and in the world and by possible effects relative to the recent Russia-Ukraine conflict.

Risks related to the spread of the Covid-19 virus

The spread in Italy and the world of the Covid-19 virus could have negative effects on the Company's economic and financial situation, also considering the application of restrictive measures by the competent authorities. Please note that the commercial activities carried out during the financial year have a limited impact on the Company's turnover. The Company carefully and continuously monitors the evolution of the virus spread also taking into consideration the provisions issued by the Italian government in order to identify the correct risk mitigating actions (both within the company and externally) as well as to limit its impact on the Company's business, in addition to those already implemented since March 2020, the beginning of the pandemic.

Risk of change in the unit cost of electricity due to the high volatility recorded

The delicate international context characterised by a very high and unprecedented volatility of energy prices poses the risk of a significant increase in the costs related to the operation of the plants. In particular, if unit prices of electricity continue to rise, or in any event do not fall compared with the values recorded at the time of the outbreak of the war in Ukraine, this could have a negative impact on the Company's income statement in 2022, it being understood that the continuation of high prices would lead to an increase in inflation with a positive impact on revenues in the next financial year, thanks to the component indexed to this rate, which represents a natural form of hedging for this risk.

The reduction in consumption due to the use of more energy-efficient equipment (currently being implemented as part of the refarming project) and constant monitoring of electricity unit prices constitute further actions to mitigate this type of risk.

Financial risks

The Company may be exposed as a whole to the following financial risks:

- currency risk: over 2021 the currency risk was not significant as the Company's operations are mainly concentrated in the European Union;
- interest rate risk: in 2021, the interest rate risk mainly arose from a medium-term loan agreement stipulated with a pool of banks and relating to a Term credit line of a maximum of € 120 million, of which € 69 million was used as of 31 December 2021 and a Revolving credit line of a maximum of € 50 million, not used as of 31 December 2021. In particular, on 29 December 2021 the Company signed a contract for the purchase of an interest rate cap, equal to 0.0%, to hedge the risk of an increase in Euribor rates on a notional amount of € 34.5 million and with the same maturity as the loan described above;
- the liquidity risk is connected with the Company's ability to meet the commitments arising mainly, at specific times during the financial year, from its financial and tax liabilities. In order to meet these commitments, the Company has provided, as indicated in the previous point, with a revolving credit facility, called Revolving, in addition to the term one, with the proper purpose of using it to support working capital and for general cash requirements. To this end, it should be noted that the Company is able to meet its financial commitments thanks to the generation of liquidity from operating activities and to cover any short periods of extra demand with the loans it has taken out.

A more detailed analysis may be found in the section of the Explanatory Notes entitled "Financial risk management".

Credit risk

In respect of credit risk it should be noted that in addition to Rai, the Company's main customers are public administration entities, leading telephone operators and various broadcasting companies that settle their obligations on a regular basis; this situation enables the Company to state that at the present time there are no particular risks connected with the failure to collect its receivables other than those discussed in the section of the notes entitled "Financial risk management", to which reference should be made for further details.

Requirements in relation to privacy

The Company, which was already in 2018 compliant to the provisions of EU Regulation 679/2016 in force from 25 May 2018 and to the correlated Italian government implementation decree no. 101/2018, during the year continued with the monitoring of the environments affected by privacy issues.

Research and development

Rai Way's activity of research, development and innovation, historically mainly focused on media and broadcasting, in the last few years stretched to other sectors in the field of telecommunications, also driven by the advent of disruptive technologies, which tend to deeply innovate and merge previously distinct market sectors, generating new risks to be faced and new opportunities.

In order to make this approach to innovation more structured, pervasive and effective, the Company dedicated facilities to innovation and research, to prepare the company for medium-long term changes, with the objective of acquiring technological competencies and incubate new ideas in innovative project, in order to develop new services and business capacity, processes, organizational and business models to place adequately the Company also in relation to the new challenges of the next few years.

As far as the most significant initiatives in 2021 are concerned, in collaboration with Rai, a trial has started of 5G Broadcast technology in Valle D'Aosta, with the aim of verifying the coverage of the service, towards fixed and mobile devices (in particular the "in-vehicle" reception), operating in SFN mode from the Rai Way transmission sites of Aosta Gerdaz and Saint Vincent-Salirod.

In line with the development guidelines set forth in the Industrial Plan, technology scouting has been carried out in a number of fields in which technology is developing faster and more profoundly, and which are of interest to Rai Way, including a PoC (Proof of Concept) of a radio infrastructure for the command and control of large autonomous drones piloted in BVLoS (Beyond Visual Line of Sight) mode.

During the year, as part of sustainability initiatives aimed at combating climate change and reducing environmental impact, a study was launched to assess the possibility of building plants to produce energy from renewable sources at certain Company sites

Relationships with Rai Group Companies

Relationships of a commercial and financial nature were maintained with the Parent Company RAI - Radiotelevisione Italiana; relationships with other companies of the Rai Group were exclusively of a commercial nature. Further details may be found in the section "Related party transactions" in the Explanatory Notes to the financial statements.

Related party transactions

Details of the transactions the Company carried out with related parties in the years ended 31 December 2021 and 2020, identified on the basis of IAS 24 Related Party Disclosures, are provided in the paragraph "Related party transactions" (note 41).

Treasury shares

Following the authorisation resolved by the Shareholders' Meeting of 24 June 2020, the Company launched, last year, starting 5 August 2020, a share buyback programme, the main contents of which were the subject of a specific communication to the market.

The programme was aimed at investing medium and long-term liquidity, optimising the structure of the share capital as well as providing a portfolio of treasury shares available for uses deemed to be in the Company's interest, including for any share incentive plans or in the context of the assignment of free shares to shareholders.

The purchases, made on the MTA market of Borsa Italiana S.p.A., took place in the period between 5 August 2020 and 27 November 2020 (both included), resulted in the acquisition of a total of 3,625,356 treasury shares, for an average price of € 5.509531 per share and a total countervalue of € 19,974,010.41. The aforementioned shares, corresponding to all those held by the Company as at today's date, amount to approximately 1.3329% of the share capital. It should also be noted that no shares in the Company are held by companies controlled by it.

Events subsequent to 31 December 2021 (note 40)

On 24 February 2022, Russia launched a military invasion of Ukraine, following which numerous countries, including those of the European Union, imposed economic and financial sanctions on Russia, leading to a situation of uncertainty – *inter alia* – at a macroeconomic level and regarding the costs of energy sources, although to date there is no evidence of any impact on the continuation of the business.

For more information, reference should be made to the sections entitled "General lines of business and economic trends" and "Risk factors associated with the sector in which the Company operates", the contents of which are cited here.

Business outlook

The Company envisages the following for 2022:

- mid-single-digit revenue growth driven by indexing to inflation and the impacts of refarming for both Rai and third-party customers;
- an increase in Adjusted EBITDA on the assumption that electricity prices will gradually return to normal;
- maintenance investments in line with the level envisaged in the 2020-23 Industrial Plan; development investments increased compared to 2021 due to the completion of refarming activities and the implementation of new services.

Management and coordination

The Company is subject to the management and coordination of RAI - Radiotelevisione Italiana S.p.A. pursuant to article 2497 of the Italian Civil Code.

The key data of the Parent Company stated below in the summary form as required by article 2497-bis of the Italian Civil Code have been taken from the last financial statements available, relative to the year ended 31 December 2020. It should be noted that the Parente Company Rai draws up the Group's consolidated financial statements.

For an adequate and complete understanding of the financial position of RAI - Radiotelevisione Italiana S.p.A. at 31 December 2020 as well the economic result of the Company for the year then ended reference should be made to the financial statements which together with the Auditors'report are available in the form and means prescribed by law.

Rai S.p.A. - Financial Statements at 31 December 2020
Summary report of essential data
Balance sheet at 31 December 2020

(in thousand of Euro)	Financial year closed at 31 December 2020
Property, plant and equipment	898,970
Lease rights of use	55,502
Intangible assets	377,637
Equity investments	918,831
Non-current financial assets	529
Other non-current assets	4,215
Total non-current assets	**2,255,684**
Total current assets	**738,394**
Total assets	**2,994,078**
Share capital	242,518
Reserve	510,530
Retained profits (losses)	(58,731)
Total shareholders' equity	**694,317**
Non-current financial liabilities	299,178
Non-current lease liabilities	40,014
Employee benefits	379,135
Provisions for non-current risks and charges	183,289
Deferred tax liabilities	42,340
Other non-current payables and liabilities	1,878
Total non-current liabilities	**945,834**
Total current liabilities	**1,353,927**
Total liabilities	**2,299,761**
Total shareholders' equity and liabilities	**2,994,078**

Comprehensive income statement

(in thousand of Euro)	Financial year at 31 December 2020
Total revenues	2,361,607
Total costs	(2,463,296)
EBIT	**(101,689)**
Financial income	75,454
Financial expenses	(16,597)
Result of equity investments valued with the equity method	1,049
Profit before tax	**(41,783)**
Income taxes	21,079
Result for the financial year - Profit (loss)	**(20,704)**
Components of the comprehensive income statement	1,994
Overall result for the financial year	**(18,710)**

Following the Company's shares admission to trading and listing, Rai continues to exercise control pursuant to art. 93 of the Consolidated Finance Act and exercise management and coordination activities with respect to Rai Way. In the Company's opinion though, although it is subject to the management and coordination of Rai, it works in conditions of operational autonomy, generating revenues from its customers and using its own skills, technologies, human resources and funds. On 4 September 2014, the boards of directors of Rai and Rai Way, to the extent of their competence, approved the Management and Coordination Regulation of the Parent Company with respect to Rai Way in a manner completely different from that of the other companies of the Rai Group subject to management and coordination by Rai.

This Management and Coordination Regulation, which became effective on the date on which trading began in the Company's shares, aims on the one hand to match the need for an informational link and functional interaction underlying Rai's management and coordination activities and on the other to ensure that Rai Way's status as a listed company leads to its operational and financial autonomy at all times.

Rai mainly performs its management and coordination activities with respect to Rai Way in the following manner:

- the drafting of certain general rules designed to coordinate, to the extent possible and in accordance with the respective needs, the main guidelines for the management of Rai and Rai Way;
- the requirement for Rai Way to inform the Parent in advance before approving or executing, depending on the case, any operations and/or transactions, determined and drawn up independently within Rai Way, that are considered to be of particular significance and importance with respect to the strategic lines and planning of the operations of the Rai Group;
- the requirement for Rai Way to provide certain information necessary in accordance with the regulation and general operational guidelines.

Set out below are details of the relationships between Rai and Rai Way after the date on which trading began in the Company's shares and the resulting application of the regulation:

- **Strategic planning** (budget and industrial plan). The Board of Directors of Rai Way is independently responsible for drawing up and approving the Company's long-term strategic plans, industrial plans and financial plans, as well as its annual budgets, and Rai's coordination consists mainly of providing Rai Way with guidelines for the sole purpose of compliance with the Parent Company's financial covenants – where relevant – and requirements deriving from the concession of the Public Service granted to Rai.
- **General management guidelines.** Rai's duties include the drafting, through its organization, of general operational guidelines in order to unify the procedures of Rai and Rai Way, maximizing possible synergies and reducing the costs incurred. These objectives can be pursued by centralizing certain services, arranging for common procurement of supplies and adopting the Rai Group's standard documents and procedures.
- **Extraordinary operations.** Rai will have no power of veto over Rai Way's extraordinary operations. In accordance with regulations in force at the time regarding the acquisition, management and use of privileged information (price sensitive information) and market abuse, Rai Way will be required to provide prior information to Rai regarding certain specific operational activities and transactions, determined and drawn up independently by Rai Way, which assume particular significance and importance, having regard in particular to the strategic lines, projects and planning of the Rai Group's operations. The Parent Company's Board of Directors will be able to formulate comments and observations whenever it believes that the approval or execution by Rai Way of the significant operation is inconsistent with the strategic lines, initiatives and projects drawn up by Rai, or else is liable to jeopardize uniform management of the Group. It is understood that Rai Way shall be entitled to assess such comments and observations without any requirement to comply with them.
- **Communication of information.** Without prejudice to the above, the Company continues to peri-

odically report to the Parent Company all the information necessary or useful for the purposes of exercising management and coordination activities in accordance with the regulations, including the information necessary for the preparation of the consolidated financial statements pursuant to art. 43 of Legislative Decree no. 127 of 09 April 1991, the report on operations pursuant to art. 2428, paragraph 1, of the Italian Civil Code, as well as the periodic information pursuant to art. 2381, paragraph 5, of the Italian Civil Code. Without prejudice to the above, Rai Way is responsible and bound to comply on an autonomous basis with all the requirements to provide continuous and periodic disclosures to the public and Consob.

- **Staff and remuneration policies.** Rai Way has exclusive responsibility for every decision regarding the appointment and hiring of the Company's personnel and executives, the management of employment relationships and the establishment of remuneration policies, including setting the career paths and implementing the appraisal and incentive systems for executives, in respect of which Rai has no power of veto. The Parent Company may adopt specific procedures, which will also be autonomously implemented by Rai Way, directed solely towards compliance with transparency and non-discriminatory criteria which must be a distinct feature, among other things, of the procedures for appointing and hiring the personnel.
- **Treasury relationships.** Rai Way no longer has a centralized treasury relationship with Rai and has its own autonomous treasury. The Company has the competence and responsibility for drawing up and approving its financial policy, including risk management and liquidity management policies.

It should also be noted that the Company has a Control and Risk and Sustainability Committee which also performs the functions of the Related Party Committee, and a Remuneration and Appointments Committee composed exclusively of independent directors in accordance with the criteria set out in article 148, paragraph 3, of Legislative Decree 58/1998, the Corporate Governance Code of listed companies and art. 16 (formerly art. 16) of the Consob Market Regulations. The Company has a Board of Directors, the majority of whose members are independent directors.

Corporate Governance and Ownership Structure Report

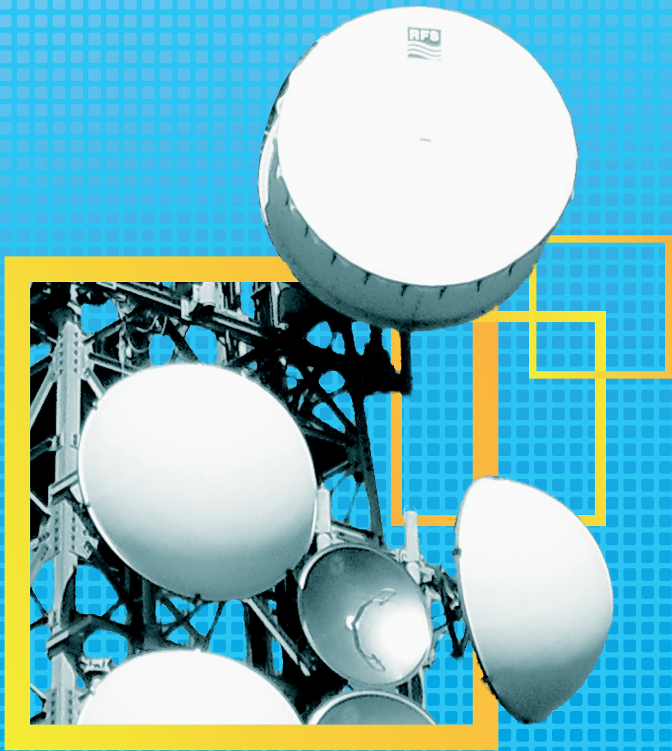
The Corporate Governance and Ownership Structure Report that has been prepared pursuant to article 123-bis of the Consolidated Finance Act may be consulted on the Company's website www.raiway.it.

Non-financial disclosure

As an Entity of Significant Public Interest (EIPR), the Company prepares and submits the "Non-financial disclosure", in the form of a "separate report", as provided for in article 5 Placement of the declaration and disclosure regime of the Legislative Decree 254/2016 concerning the disclosure of non-financial and diversity information by certain undertakings and large groups. The aforementioned Declaration is published on the website www.raiway.it and it is accompanied by the report (certificate) issued by the auditor appointed in accordance with art. 3, paragraph 10, of Legislative Decree no. 254/2016.

Rome, 17 March 2022

On behalf of the Board of Directors
The Chairman
Giuseppe Pasciucco



Finanacial Statements

Financial Statements

Rai Way S.p.A. Income Statement (*)

(Figures in Euro)	Note (**)	12 months as at 31.12.2021	12 months as at 31.12.2020
Revenues	6	229,937,070	224,462,645
Other revenues and income	7	582,321	539,565
Purchase of consumables	8	(1,484,983)	(909,887)
Cost of services	9	(38,229,678)	(39,849,967)
Personnel costs	10	(45,394,326)	(46,297,261)
Other costs	11	(2,827,994)	(2,863,443)
Write-downs of financial assets	12	(202,534)	(37,063)
Amortisation, depreciation and impairment	13	(50,300,933)	(45,324,321)
Provisions	14	(973,367)	(314,978)
Operating profit		**91,105,576**	**89,405,290**
Financial income	15	891,616	43,141
Financial expenses	15	(2,111,228)	(1,145,619)
Total net financial income/(expenses)		**(1,219,612)**	**(1,102,478)**
Pre-tax profit		**89,885,964**	**88,302,812**
Income taxes	16	(24,502,038)	(24,294,759)
Period profits		**65,383,926**	**64,008,053**

Comprehensive Income Statement Rai Way S.p.A. (*)

(Figures in Euro)	Note (**)	12 months as at 31.12.2021	12 months as at 31.12.2020
Period profits		**65,383,926**	**64,008,053**
Items that will be recognised in the Income Statement			
Profit/(loss) on cash flow hedges		-	-
Tax effect		-	-
Items that will not be recognised in the Income Statement			
Actuarial Profit / (Loss) for employee benefits		(601,815)	(94,012)
Tax effect		144,436	22,563
Comprehensive period profits		**64,926,546**	**63,936,604**

(*) 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 Financial Position (*)

(Figures in Euro)	Note (**)	12 months as at	
		31.12.2021	31.12.2020
Non-current assets			
Property, plant and equipment	17	244,458,555	200,934,674
Lease rights of use	18	31,547,869	32,466,103
Intangible assets	19	17,243,995	15,891,578
Equity investments	20	-	500,000
Non-current financial assets	21	218,903	352,433
Deferred tax assets	22	3,039,792	2,845,768
Other non-current assets	23	1,148,408	1,207,578
Total non-current assets		**297,657,522**	**254,198,134**
Current assets			
Inventories	24	790,113	868,975
Trade receivables	25	67,815,513	62,553,246
Other current receivables and assets	26	3,938,633	4,245,263
Current financial assets	21	537,115	664,820
Cash and cash equivalents	27	17,243,998	4,052,690
Current tax receivables	28	62,202	62,196
Total current assets		**90,387,574**	**72,447,190**
Total assets		**388,045,096**	**326,645,324**
Shareholders' equity	**29**		
Share capital		70,176,000	70,176,000
Legal reserve		14,035,200	14,035,200
Other reserves		37,265,839	37,078,970
Retained profits		64,413,559	63,494,365
Treasury shares		(19,974,011)	(19,974,011)
Total shareholders' equity		**165,916,587**	**164,810,524**
Non-current liabilities			
Non-current financial liabilities	21	69,000,000	15,088,305
Non-current lease liabilities	31	21,412,673	23,926,023
Employee benefits	32	12,263,375	13,198,256
Provisions for risks and charges	33	17,236,141	16,286,025
Total non-current liabilities		**119,912,189**	**68,498,609**
Current liabilities			
Trade payables	34	51,688,944	45,545,566
Other debt and current liabilities	35	35,206,434	35,987,626
Current financial liabilities	21	184,587	327,206
Current lease liabilities	31	15,056,763	11,452,429
Current tax payables	36	79,592	23,364
Total current liabilities		**102,216,320**	**93,336,191**
Total liabilities and shareholders' equity		**388,045,096**	**326,645,324**

(*) 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 (*)

(Figures in Euro)	Share capital	Legal reserve	Other reserves	Retained profits earnings	Total
As at 1 January 2018	**70,176,000**	**12,160,733**	**37,045,410**	**57,007,959**	**176,390,102**
Period profits				59,745,563	59,745,563
Actuarial profits and losses (**)				330,094	330,094
Retained profits/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)
As at 31 December 2018	**70,176,000**	**14,035,200**	**37,078,970**	**59,531,790**	**180,821,960**
Period profits				63,360,973	63,360,973
Actuarial profits and losses (**)				(255,002)	(255,002)
Distribution of dividends				(59,731,200)	(59,731,200)
As at 31 December 2019	**70,176,000**	**14,035,200**	**37,078,970**	**62,906,561**	**184,196,731**
Period profits				64,008,053	64,008,053
Actuarial profits and losses (**)				(71,449)	(71,449)
Distribution of dividends				(63,348,800)	(63,348,800)
Purchase of treasury shares					(19,974,011)
As at 31 December 2020	**70,176,000**	**14,035,200**	**37,078,970**	**63,494,365**	**164,810,524**
Period profits				65,383,926	65,383,926
Actuarial profits and losses (**)				(457,380)	(457,380)
Distribution of dividends				(64,007,352)	(64,007,352)
Stock option plan reserves			186,869		186,869
As at 31 December 2021	**70,176,000**	**14,035,200**	**37,265,839**	**64,413,559**	**165,916,587**

(*) Schedule prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS").
(**) These items are listed net of relative tax effects.
(***) The change is shown net of the related tax effects; in 2018 the change eliminated that Reserve.

Rai Way Cash Flow Statement (*)

(Figures in Euro)	31.12.2021	31.12.2020
Pre-tax profit	**89,885,964**	**88,302,812**
Adjustments for:		
Amortisation, depreciation and impairment	50,503,467	45,361,384
Provisions and (releases of) personnel and other funds	5,184,664	5,074,966
Net financial (income)/expenses (**)	1,049,126	891,343
Other non-monetary items	287,491	319,803
Cash-flows generated by operating activities before changes in net working capital	**146,910,713**	**139,950,308**
Change in inventories	78,862	16,272
Change in trade receivables	(5,464,801)	12,476,558
Change in trade payables	6,143,378	(8,733,058)
Change in other assets	716,535	794,939
Change in other liabilities	(853,147)	1,968,243
Use of risk funds	(2,117,346)	(2,609,462)
Payment of employee benefits	(3,680,579)	(3,500,820)
Change in current tax receivables and payables	(131,071)	(335,578)
Paid taxes	(24,244,296)	(24,034,298)
Net cash flow generated by operating activities	**117,358,248**	**115,993,103**
Investments in property, plant and equipment	(79,376,861)	(55,738,203)
Disposals of property, plant and equipment	20,234	-
Investments in intangible assets	(4,576,984)	(4,317,999)
Purchase of business unit	(1,000,000)	(500,000)
Change in non-current financial assets	133,530	(350,774)
Change in equity investments	476,610	(500,000)
Change in other non-current assets	59,170	60,182
Net cash flow generated by investment activities	**(84,264,301)**	**(61,346,794)**
Increase in medium/long-term loans	54,000,000	15,000,000
(Decrease) in medium/long-term loans	(88,305)	(172,502)
(Decrease)/increase in current financial liabilities	(747,974)	137,669
Repayments of lease liabilities	(8,377,839)	(11,212,279)
Change in current financial assets	127,705	(390,858)
Net interest expense for the period	(773,188)	(800,579)
Purchase of treasury shares	-	(19,974,011)
Dividends paid	(64,043,039)	(63,348,800)
Net cash flow generated by financing activities	**(19,902,640)**	**(80,761,359)**
Change in cash and cash equivalents	**13,191,308**	**(26,115,050)**
Cash and cash equivalents at the beginning of the period	4,052,690	30,167,740
Cash and cash equivalents of newly consolidated companies	-	-
Cash and cash equivalents at the end of the period	**17,243,998**	**4,052,690**

(*) 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 Financial Statements

Notes to the Financial Statements

Introduction (note 1)

Rai Way S.p.A. (hereinafter "Rai Way" or the "Company") prepares, in relation to the provisions of Italian Legislative Decree no. 38 of 28 February 2005, these financial statements for the year ended 31 December 2021 and compared with the figures at 31 December 2020 (hereinafter the "Financial Statements") in accordance with the International Financial Reporting Standards (hereinafter "IFRS" or "international accounting standards"), issued by the International Accounting Standards Board (hereinafter "IASB") and adopted by the European Commission according to the procedure set out in art. 6 of (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002. The term IFRSs also includes all international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standard Interpretations Committee (SIC). For drafting these Financial Statements the Company has provided complete information, applying IFRS consistently, where necessary, making the necessary reclassifications in order to improve the presentation of the Financial Statements. These reclassifications have also been made to the comparison figures to ensure that the figures are fully comparable.

It should also be noted that on 1 March 2017, the Company acquired the company Sud Engineering S.r.l., which carried out activities in the field of maintenance and installation of radio and television systems, providing on 20 June 2017 the subsequent merger by incorporation whose legal effects took effect from 22 June 2017 with the backdating of the accounting and tax effects to 1 March 2017. The purpose of the merger was to simplify the current corporate structure in which Sud Engineering S.r.l. was the only subsidiary of Rai Way S.p.A., allowing the latter to directly carry out the activities of the former, with greater functionality from an economic, managerial and financial point of view. Since the Company held the entire share capital of Sud Engineering S.r.l., it did not assign – in accordance with article 2504-ter of the Civil Code – its shares to replace the shares of Sud Engineering, which were therefore cancelled after the merger without a share swap or payment of the balance in cash. The merger did not change the shareholding structure of the Company or exclude its shares from being listed. With respect to the tax aspects, the merger operation is fiscally neutral and therefore did not generate fiscally significant capital losses or capital gains. The assets and liabilities of Sud Engineering were included in the financial statements of the Company on a fiscal continuity basis in accordance with article 172, paragraphs 1 and 2 of the Consolidated Income Tax Act.

It is also noted that the deficit generated in the intangible assets as part of the merger with the company Sud Engineering was allocated, with the consent of the Board of Statutory Auditors, to "Goodwill" and "Customer portfolio - business combination transactions".

According to international accounting standards, intangible assets with an indefinite useful life, such as goodwill, are not subject to amortisation/depreciation but to an annual impairment test, as provided for by IFRS 36. The natural consequence of a different statutory/accounting and tax "regime" (where, in the latter, the principle of neutrality applies and, therefore, of irrelevance of the values recorded in the accounts) is the generation of a misalignment between accounting and tax values.

With the objective of absorbing the misalignments and differences arising following extraordinary transactions, the Company has opted for the "ordinary" redemption treatment pursuant to art. 176, paragraph 2-ter of the Consolidated Income Tax Act as required by our tax system which allows the transferee (incorporating) company to fiscally recognise (realigning them) the main values in the financial statements in the context of the above-mentioned transactions, eliminating or reducing this misalignment with statutory values following the payment of a substitute tax.

On 19 November 2020 the Company acquired ownership of the entire share capital of Sogepotel S.r.l., a company which on that date leased a transmission site at Torre de Busi in the province of Bergamo (acquired on the same date from Rai Way) and managed its commercial operations.

On 29 December 2020, with effect from the following day, Rai Way acquired the business unit from Sogepotel, thus making the company non-operational.

On 20 December 2021, Sogepotel's General Meeting approved the final liquidation accounts with the related distribution plan and carried out the legal formalities relating to the filing with Companies' Register and the cancellation of the company on 25 February 2022 and further formalities with the tax authorities.

Despite the fact that, from a formal point of view, Rai Way holds a controlling interest in Sogepotel, taking into account the purpose of financial statements set forth in the IAS/IFRS international accounting standards – in particular, in relation to the provisions of IAS 1 and the Framework issued by the IASB, which refer to the concepts of relevance and materiality of financial statement disclosures – and the aforementioned characteristics of Sogepotel – also with reference to the values of the related financial statements, the Company believes that there are no elements that would make it necessary for the preparation of consolidated financial statements for 2020.

It should also be noted that in 2021, the Company defined the acquisition of a business relating to the provision of infrastructure services at a transmission location located in north-east Italy, effective 1 April 2021.

General Information (note 2)

Rai Way S.p.A. is a Company incorporated, domiciled and organized under the laws of the Republic of Italy, with registered office in Via Teulada 66, Rome.

The Company, which was incorporated on 27 July 1999, has been operational since 1 March 2000 following the contribution of the "Transmission and Broadcasting Division" business unit by its sole shareholder RAI - Radiotelevisione Italiana S.p.A. (hereinafter referred to as "Rai").

Rai Way owns and manages the transmission and broadcasting networks of the Rai signal. The Company's activities are as follows:

- the design, installation, construction, maintenance, implementation, development and management of telecommunications networks and software, as well as the preparation and operation of a commercial, distribution and assistance network; these operations are aimed at the provision of services for the transmission, distribution and broadcasting of audio and visual signals and programs in favour of Rai, which is the concessionaire of Italian public radio and television broadcasting services, and of its subsidiaries, as well as of third parties, and of telecommunications services of any kind;
- the provision of wireless infrastructures and related services to wireless operators (including telephone operators, local loop wireless operators, TETRA, UMTS and other existing or future mobile technology operators), including the lease of sites/aerials and co-lease services, built-to-suit services, network programming and design, site research and acquisition, site design and construction, site installation and commissioning, network optimization, infrastructure maintenance, network operation and maintenance and related microwave or fibre transmission services;
- research, consulting and training activities for people both inside and outside the Company, in the areas described in the two paragraphs above.

Summary of Accounting Principles (note 3)

The main accounting principles and policies applied by the Company in preparing these financial statements are set out in the following.

Basis of Preparation

The financial statements have been prepared on a going concern basis, as the Directors have verified that there are no indicators of a financial, operational or other nature that may suggest critical issues connected with the Company's ability to meet its obligations in the foreseeable future, and in particular over the next 12 months. The means by which the Company manages financial risks is included in the section "Financial risk management".

The financial statements have been prepared and are presented in Euro, the currency of the prevalent economic environment in which the Company operates. All amounts stated in this document are expressed in thousands of Euro unless otherwise stated and the financial statements are expressed in Euro.

The following is a summary of the primary financial statements presented and the classification policies selected by the Company from the options available in IAS 1 Presentation of Financial Statements:

- statement of financial position prepared by classifying assets and liabilities on a "current/non-current" basis;
- the income statement prepared by classifying operating costs by their nature;
- the comprehensive income statement which in addition to net profit for the year includes other changes in the equity accounts arising from transactions not carried out with the Company's shareholders;
- a cash flow statement which has been prepared by presenting cash flows from operating activities using the "indirect method".

The Financial Statements have been prepared under the conventional historical cost criterion, other than for the measurement of financial assets and liabilities, which are required to be measured at fair value.

Translation of transactions in a currency other than the functional currency

Transactions in a currency other than the Euro are translated at the exchange rate at the transaction date. Any foreign exchange gains or losses on the assets or liabilities in currency arising from the closing of the transaction or from translation at the balance sheet date are recognised in profit or loss under the items "Financial income" and "Financial expenses".

Accounting policies

The following is a brief description of the most significant accounting policies and measurement bases used to prepare the Financial Statements, which are unchanged from those used for FY 2020.

Property, plant and equipment

Property, plant and equipment is measured at purchase cost including all the directly attributable accessory costs required to make the asset ready for use. Any borrowing costs directly attributable to the acquisition, construction of production of property, plant and equipment are capitalised and depreciated over the useful life of the asset to which they refer.

Items of property, plant and equipment are depreciated systematically on a straight-line basis over an asset's economic and technical useful life, meaning the estimated period for which the Company believes the asset will be used, starting from the time it becomes available for use. If items of property, plant and equipment are made up of several significant components, amortsation/depreciation is charged for each separate component. The depreciable amount consists of the carrying amount less any residual value, being the amount the Company expects to obtain on selling an asset at the end of its useful life, provided that this amount is significant and can be reasonably determined. Land is not depreciated even if acquired together with a building.

Costs incurred for routine and/or periodic maintenance and repairs are expensed as incurred. Expenditure on extending, modernizing or improving structural items owned or used by third parties are capitalized to the extent this responds to the requirements for being separately classified as an asset or part of an asset. Assets recognised as leasehold improvements are depreciated over the shorter of the contract term or the asset's specific useful life.

The indicative estimated useful lives of the different categories of property, plant and equipment are as follows:

Category of property, plant and equipment	Useful life (years)
Buildings and Towers	30
Plant and machinery	4 - 12
Production and commercial equipment	5 - 7
Other assets	4 - 8

The useful lives of property, plant and equipment are reviewed and revised, where necessary, at least at the end of every year.

Lease rights of use

Lease contracts correspond to contracts that assign the exclusive right of use of an asset, identified or identifiable, and that assign the substantial right to obtain all the economic benefits deriving from its use for a determined period of time in exchange of a fee. Contracts, or elements of complex contracts that have these characteristics, are recognised in the financial statements through the posting of a liability represented by the present value of the payments due for the lease into the statement of financial position, as defined in the valuation criteria for Lease liabilities. At the same time a post offsetting the liability is recognised under assets for the correspondent lease rights of use, amortised/depreciated on a straight line basis through the duration of the lease contract or the relative economic-technical useful life of the asset, if lower. The lease term is the non-cancellable period of the counterparty for which there is a right of use to the underlying asset.

The following types of contracts stipulated by the Company fall under this accounting treatment:
- rental of properties;
- car rental;

Typically contracts for the rental of property for industrial use include automatic renewal on expiry, for a term of the same duration: consequently, each renewal constitutes a new right of use representing the new (albeit tacit) agreement reached between the parties.

On the date of expiry of the lease, the cost of the asset represented by its right of use includes:
a. the amount of the initial recognition of the lease liability;
b. the payments due for the lease made on the date or before the expiry date;
c. the initial direct costs (e.g. brokerage fees);
d. in the presence of current obligations for the dismantling, removal of activities and the restoration of sites, the recognition value includes the estimated (discounted) costs to be incurred when the structures are abandoned, offset by a specific provisions for non-current risks and charges. These costs since FY 2019 are included in this line item while until FY 2018 they were included in "Property, plant and equipment".

The amount in a), offsetting entry for the lease liabilities, includes:
- fixed instalments;
- the variable payments depending on an index or a rate (e.g. the ISTAT adjustment index);
- the price for the exercise of the purchase option, if there is a reasonable certainty of exercising the option;
- the penalty payments for the termination of the lease, if the duration of the lease takes into account the exercise of the option to terminate the lease.

In the case that the lease contract includes the possibility to exercise the option to buy and there is a reasonable certainty that the option will be exercised, the right of use is recognised under Property, plant and equipment in the corresponding asset class and is depreciated throughout the useful life of the asset.

The Company avails itself of the option granted by IFRS of recognising as costs for services the payments due for short-term leases (of duration of less than 12 months) and for leases where the underlying asset is of modest value (indicatively less than € 5,000).

Intangible assets

Intangible assets are identifiable assets without physical substance that are controlled by the Company and able to produce future economic benefits. The requirement to be identifiable is generally met when the intangible asset arises from a legal or contractual right or can be sold or licensed separately or as part of other assets. Control consists in the Company's power to obtain the future economic benefits flowing from the asset together with the possibility of preventing or restricting the access of others to those benefits.

Intangible assets are recognised at cost, determined using the criteria stated for property, plant and equipment.

Intangible assets with a finite useful life are systematically amortised over their useful lives, meaning the estimated period during which they will be used by the Company. The Company uses the same approach to determine the amortisable amount and the recoverability of the carrying amount described for "property, plant and equipment". Intangible assets with an indefinite useful life (Goodwill) are not automatically amortised but at least annually undergo the impairment test as required by IAS 36. Any write-downs of these assets cannot be reversed subsequently.

Impairment of property, plant and equipment and intangible assets

Testing is carried out at each balance sheet date to assess whether there is any indication that a property, plant and equipment or intangible asset may be impaired. Internal and external sources of information are used to make this assessment. the obsolescence or physical deterioration of an asset, any significant changes in the use of an asset and the economic performance of an asset compared to that expected. With regard to external sources, the following shall be considered: changes in the market price of an asset, any technological, market or legislative discontinuities, changes in market interest rates or in the borrowing costs used to value the investments.

If the presence of such indicators is identified, an estimate is made of the recoverable amount of the assets, with any impairment loss compared to book value being recognised in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, with the latter being the present value of the future cash flows expected to be derived from the asset. In calculating value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money over the period of the investment and the risks specific to the asset. If an asset does not generate cash flows that are largely independent, the recoverable amount is determined for the cash-generating unit (CGU) to which that asset belongs, meaning the smallest identifiable group of assets that generates independent cash flows.

Independently of any of the mentioned indicators for the impairment, intangible assets with an indefinite useful life (Goodwill) that are not automatically amortised must at least annually undergo the impairment test as required by IAS 36.

An impairment is recognised in the income statement when the book value of the asset or the relevant CGU to which it is allocated is higher than its recoverable value. Reductions in value of CGUs are recorded against the respective assets in proportion to their book value and within the limits of the recoverable value thereof. If the conditions for an impairment previously recognised no longer exist, the asset's book value, with the exception of goodwill, is restored and recorded in the income statement, within the limits of the net accounting value that the asset would have had if the reduction had not been made and if the relevant amortisation had been performed.

Cash and cash equivalents

Cash and cash equivalents consist of, cash, deposits on demand and financial assets with an original maturity date of up to 90 days, readily convertible into cash and subject to an immaterial risk of a change in value.

Elements included in the item "Cash and cash equivalents" are valued at fair value.

Receipts are recognised as per the date of the bank transaction, while payments also take into account the order date.

Inventories

Inventories of raw materials, ancillary materials and consumables, mostly technical materials, are measured at the lower of cost, determined on a weighted average cost basis, and market value at the balance sheet date. Inventory of raw materials, ancillary materials and consumables that can no longer be used in the production cycle are written down.

Work in progress, typically relating to the adaptation of the transmission and broadcasting network to the requirements of Rai under the "Agreement for the provision of transmission and broadcasting services" (hereafter the "Service Agreement") entered with Rai on 5 June 2000 and valid, in the version subsequently supplemented and amended on several occasions, until 30 June 2014 and renegotiated on 31 July 2014 with effect from 1 July 2014 (reference should be made to the paragraph Related party transactions – note 41 for this matter), are measured on the basis of the costs incurred in relation to the progress of the works, determined using the method of the cost incurred (cost-to-cost).

Trade receivables, other financial assets and other assets

Taking account of their contractual characteristic and the business model adopted for their management, trade receivables, financial assets and other assets are classified under the following categories: (i) financial assets valued at amortised cost; (ii) financial assets valued at fair value through other comprehensive income; (iii) financial assets at fair value through profit or loss.

If they exclusively generate contractual cash flows representative of capital and interest and if managed according to the business model whose objective is to hold the asset to receive the above-mentioned cash flows, trade receivables, financial assets and other assets are initially recognised at adjusted fair value net of directly attributable transaction expenses and subsequently valued with the amortised cost criterion on the basis of the method of effective interest rate (or the rate that makes the actual value of expected cash flows and recognition value equal at the initial recognition time), suitably adjusted for any impairments, through the recognition of a provision for bad and doubtful debts.

Trade receivables, financial assets and other assets having the above-mentioned contractual characteristics, if managed according to a business model whose objective is both to hold the asset to benefit from the contractual cash flows represented by the repayment of capital and of interests accrued and to realise investments through disposal, are subsequently valued at fair value through other comprehensive income.

Financial assets whose contractual cash flows are not representative solely of the payment of capital and interests, are valued at fair value through profit or loss with the exception of financial derivatives designed as hedge for financial flows that are valued at fair value through other comprehensive income.

Trade receivables, other financial assets and other assets are classified as current assets, other than those having a contractual settlement date of more than twelve months after the balance sheet date which are classified as non-current assets.

Impairment of financial assets

At each of the financial statements reference dates, all financial assets other than those valued at fair value through profit or loss are analysed to ascertain if there is objective evidence that a financial asset or group of financial assets has suffered or might suffer an impairment according to the "expected loss" model.

The Company values expected losses on trade receivables in relation to their overall duration on the basis of the weighted estimate of the probability that such losses might occur. To this end, the Company uses information and quantitative and qualitative analyses, based on historical experience, suitably integrated with provisional valuations with regard to the expected development of circumstances. Losses are measured as the actual value of all the differences between financial cash flows contractually due and cash flows that the Company expects to receive. The discount is implemented by applying the financial asset's effective interest rate.

For assets other than trade receivables (financial assets, other assets, cash and cash equivalents), the Company estimates losses on a temporary basis corresponding with the duration of each financial instrument if the credit risk (or default risk along the expected life of the financial instrument) has increased significantly from the date of initial recognition. For financial assets represented by debt securities to which a low credit risk was assigned at the reference date of the financial statements, losses are estimated on a time period of twelve months. In line with the Parent Company, the Company considers that debt securities have a low credit risk when the rating is equivalent or higher to at least one of the following: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch.

To determine if the credit risk of a financial asset other than trade receivables has significantly increased after the initial recognition, the Company uses all relevant and reasonable information that is adequately supported and available without excessive expense or effort.

Impairment losses relative to financial assets are recorded separately in the income statement.

If the impairment value of an asset recognised in the past is reduced, and the decrease can be objectively linked to an event occurred after the recognition of impairment, this is credited again to the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when they meet one of the following conditions:

- the contractual right to receive cash flows from the asset has expired;
- the Company has essentially transferred all risks and benefits linked to the asset, disposing of its rights to receive cash flows from the asset or assuming a contractual obligation to pay cash flows received to one or more beneficiaries linked to the asset by a contract in compliance of the requirements of IFRS 9 ("pass through test");
- the Company has not essentially transferred nor retained all risks and benefits linked to the financial asset but has surrendered its control.

Financial liabilities

Financial liabilities are initially recognised at fair value excluding any directly attributable accessory costs and are subsequently measured at amortised cost using the effective interest rate method. If there is a change in the estimate of expected cash flows, the carrying amount of the liability is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the effective internal rate initially determined. Financial liabilities are classified as current liabilities, other than those having a contractual due date of more than twelve months after the balance sheet date and where the Company has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

Financial liabilities are recognised at the trading date of the transaction and are derecognised when they are extinguished and when the Company has transferred all the risks and expenses relating to the instrument.

Lease liabilities

They represent the present value of payments due for lease contracts (as defined in the paragraph "Lease rights of use" above) and are recognised at the start date of the leases contract.

The present value of payables is calculated by using the lease implicit interest rate or the lessee marginal financing rate, applicable at the start date of the lease contract, if the lease implicit interest rate is not readily available. The marginal financing rate corresponds to the interest rate that would have been applicable to access financing with an analogue cash profile and the same collateral guarantees of the lease contract (so called Incremental Borrowing Rate).

After the start date, the lease liability, measured by applying the amortised cost criterion, is increased to take into account the interest expenses accrued, and is decreased due to the effect of the payments made. It can also be redetermined to take into account any new lease contract valuations or amendments. In cases where the amendments relate to the duration of the lease or the valuation of an option to purchase the underlying asset, the lease liability is redetermined used a discounting rate reviewed at the time of the amendment.

Derivatives

A derivative is a financial instrument or other contract with the following characteristics:

- its value changes in response to changes in an underlying such as an interest rate, a share price or a commodity price, a foreign exchange rate, an index of prices or rates, a credit rating or another variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for contracts having a similar response to changes in market conditions;
- it is settled at a future date.

Derivatives are classified as financial assets or financial liabilities depending on whether their fair value is positive or negative and are further classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedges.

Derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge is expected to be highly effective; the effectiveness of a hedge is verified on a regular basis. When derivatives hedge the exposure to variabilities in the cash flows of the hedged item (cash flow hedges) such as in the case of hedging the variability in cash flows arising from assets/liabilities due to fluctuations in foreign exchange rates, the changes in the fair value of derivatives considered effective are initially recognised in the shareholders' equity reserve relating to other components of Consolidated comprehensive income and subsequently reclassified to the Consolidated income statement in line with the economic effects arising from the hedged transaction. Changes in the fair value of derivatives that do not qualify as hedges are recognised directly in profit or loss.

Employee benefits

Short-term benefits consist of wages, salaries, the related social charges, compensated annual leave and incentives in the form of bonuses payable within twelve months of the balance sheet date. These benefits are recognised as personnel costs in the period in which employees render the related service.

In defined benefit programs, which also include the severance indemnity due to employees pursuant to article 2120 of the Italian Civil Code (the "TFR"), the amount of the benefit to be paid to employees can only be determined after the completion of employment and is linked to several factors such as age, years of service and remuneration. The cost is accordingly recognised in the income statement on the basis of an actuarial calculation. The liability recognised for defined benefit plans corresponds to the present value of the obligation at the balance sheet date. Defined benefit plan obligations are calculated on an annual basis by an independent actuary using the projected unit credit method. The present value of a defined benefit plan is determined by discounting the future cash flows using an interest rate determined by reference to high quality corporate bonds issued in Euros, consistent with the term of the related pension plan. The actuarial gains and losses arising from these adjustments and changes in actuarial assumptions are recognised in comprehensive income.

As of 1 January 2007, the so-called Financial Law 2007 and corresponding implementation decrees introduced significant changes to regulations for the TFR, including permitting an employee to choose the destination of the accruing entitlement. More specifically, from that date an employee is able to decide whether the new TFR flows should be transferred to a selected supplementary pension fund or retained within the company. In the case of transfer to an external pension fund, the Company usually pays over a defined contribution to the fund, and from that date the portion of accruing TFR has the nature of a defined contribution plan and is not therefore subject to actuarial valuation.

As far as retirement incentives are concerned, if the retirement incentive is not included as part of the restructuring programs the liabilities and the cost relating to the benefits due as the result of the termination of the employment relationship are recognised when the Company can no longer withdraw its offer for the benefits payable as a result of the termination of the employment relationship. More specifically, if the decision to terminate is made by the employee, the Company may no longer withdraw the offer of such benefits when the first of the following occurs (i) the employee accepts the offer, (ii) a restriction on the ability of the Company to withdraw the offer comes into force. Conversely if the Company decides to terminate the employment relationship, it may no longer withdraw the offer of such benefits when it has communicated a detailed retirement incentive plan to those concerned and when the steps required to be taken to complete the plan imply that it is improbable that significant changes will be made to such. If it is expected that such benefits will be fully settled within twelve months after the end of the year in which such benefits are recognised, the requirements for short-term employee benefits are applied, while if this is not expected to be the case the entity applies the requirements for other long-term employee benefits.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges of a specific nature whose existence is certain or probable but for which the amount and/or date of occurrence cannot be determined.

The liabilities linked to tax disputes and uncertain tax treatments in relation to income taxes are allocated to the item Liabilities for income taxes.

Provisions are only recognised when the Company has a present obligation, legal or constructive, arising from past events, for the future outflow of economic benefits and it is probable that such outflow will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expense required to settle the obligation.

Where the effect of the time value of money is material and the date of settling the obligation can be reliably estimated, the amount of the provision is the present value of the expected expense discounted using a rate that reflects market conditions, the change in the time value of money and the risks specific to the liability. The increase in the carrying amount of a provision reflecting the change over time of the cost of money is recognised as financial expenses.

Risks for which the likelihood that a liability will arise is only possible are disclosed in the section of the notes on contingent liabilities and no provisions are recognised.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value, excluding directly attributable accessory costs, and are subsequently measured at amortised cost using the effective interest rate method.

Recognition of revenues and income

The recognition of revenue is based on the following five steps:
1. identify the contract with a customer;
2. identify the separate performance obligations in the contract (meaning the contractual commitment to transfer goods and/or services to the customer);
3. determine the transaction price;
4. allocate the transaction price to the performance obligations identified on the basis of the stand-alone sales price for each good or service; and
5. recognise the revenue when each performance obligation is satisfied.

On underwriting each contract with customers in relation to promised goods or services, the Company identifies as a separate obligation each promise to transfer goods, service, a series of assets or services or a combination of distinct goods and services.

Revenues are valued according to fair value of the consideration due, inclusive of any variable components, when it is believed it is highly probable that this will not be reversed in future.

The Company recognises revenues due for the fulfilment of each separate obligation at the time the control on services rendered, rights conceded or goods supplied is transferred to the buyer.

Revenues are recorded in the financial statements net of any discounts or rebates, payments made by customers without correspondence to the purchase of the Company's distinct goods or services as well as the estimate of customer returns.

The Company recognises a contractual asset or liability in function of the fact that the service has a ready taken place, but that the relative compensation is yet to be received, or as a contractual liability when obligations assumed are yet to be fulfilled but the compensation has already been received.

For each of the main revenue flows identified, a short description is given below of the recognition, measurement and valuation process applied.

Revenues deriving from Supply Contracts for turnkey services with the Parent Company relate to the performance of all activities necessary to guarantee transmission and broadcasting, in Italy (on the frequencies assigned to Rai) and abroad, of the radio and television signals relating to Rai's audio and visual contents and the ordinary fulfilment of obligations pertaining to the Concessionary of the public radio and television service. Under the scope of the Contract are also included "Evolutionary Services", meaning extension of already operational services, and "New Services", which refer instead to services relating to completely new standards/technologies, not yet known or expected today.

The nature of the obligation assumed, which is satisfied over time, involves the recognition of relative accrued revenues through the period in which the obligation was fulfilled.

Revenues from equipment and apparatus hospitality services are recognised from the time the customer obtains access to the sites where the equipment and apparatus are destined to be placed. Such revenues are recognised in a linear manner throughout the duration of the hospitality contract, irrespective therefore of the temporal distribution of consideration.

Financial income is recognised in the income statement in the year in which it accrues.

Recognition of costs

Costs are recognised in the income statement on an accrual basis. Financial expenses are recognised in the income statement in the year in which it accrues.

Government grants

Government grants, including non-monetary contributions valued at fair value are recognised when there is reasonable assurance that the Company will comply with all the conditions attaching to the receipt of the grants and that the grants will be received.

The benefit of public funding at an interest rate lower than market rate is treated as a public subsidy. The funding is initially recognised at fair value and the public subsidy is measured as the difference between the initial accounting value and the funding received. Operating grants are recognised as a positive component of the income statement, under the item Other revenues and income.

Operating grants are recognised as a positive component of the income statement, under the item Other revenues and income.

Public grants received for the purchase, construction or acquisition of fixed assets (property, plant and equipment or intangible) are recognised as a direct reduction of the relative purchase or production cost or recognised in the income statement in relation to their relative useful life, on the basis of the amortisation and depreciation process for the assets for which the grants were received.

Taxation

Current taxes are recognised under current income tax liabilities net of any advances paid, or under the item current tax assets when the net balance is in credit. Current taxes are determined by multiplying the taxable income estimate for the applicable tax rates. Both the estimated taxable income and the tax rates used are based on the applicable or essentially applicable tax regulations at the reference date.

This item also includes the estimated charges that may affect the group in relation to current tax disputes and uncertain income taxes treatment recognised against current or non current income tax liabilities if the time estimated for the resolution of the underlying dispute or of uncertainty is over 12 months.

Deferred tax assets and liabilities are recognised for all the differences between the carrying amount of an asset or liability and its tax base and are measured at the tax rates that are expected to apply to the period when the difference is realized settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. For the portion not offset by deferred tax liabilities, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which they can be recovered.

Current taxes and deferred taxes are recognised under the item "Income tax" in the income statement, apart from taxes relating to items recognised in comprehensive income and those relating to items directly charged or credited to equity. In these latter cases, deferred taxes are recognised in comprehensive income and directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

Other taxes that are not based on income, such as indirect taxes and duties, are recognised under the item "Other costs" in the income statement.

Together with Rai the Company has opted for domestic tax consolidation. The economic relationships, as well as the mutual responsibilities and obligations, between Rai and the other companies of the same group that opted to join the tax consolidation are defined in the "Agreement for the exercise of the option for the domestic consolidation in accordance with article 117 and following of the Consolidated Income Tax Act", under which:

- subsidiaries that transfer a taxable profit to Rai also transfer the amounts required to settle the additional tax liability due as the result of their participation in the domestic consolidation;
- subsidiaries that transfer a taxable loss to Rai are compensated to the extent of the respective tax saving achieved by Rai when this saving is realized or could have been realized by the subsidiary transferring the loss.

Accordingly the related tax net of any advances paid, withholding tax and tax credits in general is recognised as a receivable from or payable to the Parent Company.

Earnings per share

Basic earnings per share is calculated by dividing the Company's net profit by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the Company's net profit by the weighted average number of ordinary shares outstanding during the year. In order then to calculate diluted earnings per share the weighted average number of ordinary shares outstanding during the year is adjusted by assuming that all the holders of rights that potentially have a dilutive effect exercise those rights, while the Company's net profit is adjusted to take into account any effect, net of taxes, of exercising those rights.

Recently issued accounting standards

Accounting standards adopted by the European Union but not yet applicable

- With regulation no. 2021/1080 issued by the European Commission on 28 June 2021, the documents "Amendments to IFRS 3 Business combinations; IAS 16 Property, plant and equipment; IAS 37 Provisions, contingent liabilities and contingent assets and the 2018-2020 Annual improvement cycle" were approved. 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 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 to the illustrative examples accompanying IFRS 16 "Leases".

All the amendments are effective for financial years beginning on or after 1 January 2022.

- Regulation no. 2021/2036 issued by the European Commission on 19 November 2021 endorsed the document IFRS 17 "Insurance Contracts", published by the IASB on 18 May 2017 and the subsequent amendments published on 25 June 2020. The standard provides a comprehensive approach to accounting for insurance contracts and applies to insurance contracts issued, reinsurance contracts issued or held, and investment contracts with discretionary participation features issued.

IFRS 17 and subsequent amendments is effective for financial years beginning on or after 1 January 2023.

The Company has assessed that these changes will have no impact on its financial statements.

Accounting standards not yet adopted by the European Union

- On 23 January 2020 and 15 July 2020, respectively, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" and "Classification of Liabilities as Current or Non-current – Deferral of Effective Date" to clarify the requirements for classifying 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 relevant;
  - 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 the document to 1 January 2023, to give companies more time to implement any classification changes resulting from the amendments.

- On 12 February 2021, the IASB issued the document "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies". The aim of the amendments is to develop guidance and examples to assist entities in applying a judgement of materiality in accounting policy disclosures. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for financial years beginning on or after 1 January 2023.

- On 12 February 2021, the IASB issued the document "Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". The amendments clarify how the company should distinguish changes in accounting policies from changes in accounting estimates. The distinction is relevant because changes in accounting policies from changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for financial years beginning on or after 1 January 2023.

- On 7 May 2021, the IASB issued the document "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document addresses the uncertainty in practice about applying the exemption in paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability on initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsettable amounts of taxable and deductible temporary differences when entered into.

The amendments are effective for financial years beginning on or after 1 January 2023.

- On 9 December 2021, the IASB issued the document "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The limited amendments address an important issue related to accounting mismatches between insurance contract liabilities and financial assets arising from comparative information presented with the initial application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments.

The amendments are effective for financial years beginning on or after 1 January 2023.

The Company is currently analysing the above standards and assessing whether adoption will have a significant effect on its financial statements.

Segment Information

IFRS 8 Operating Segments defines an "operating segment" as a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose results of operations are regularly reviewed by the entity's chief operating decision maker, which for Rai Way is the Board of Directors, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Company has identified only one operating segment, for which information on operations is prepared and made available to the Board of Directors on a periodic basis for the above-mentioned purposes, considering the business conducted by Rai Way as a single group of activities; accordingly no disclosures by operating segment are provided in the financial statements. Disclosures on the services rendered by the Company, the geographical area in which it carries out its activities (which almost entirely corresponds to the state of Italy) and its main customers are provided in the notes to these financial statements, to which reference should therefore be made.

Transactions between Rai and Rai Way

The incorporation of the Company and the completion of the transfer by the Parent Company Rai of the business unit "Transmission and Broadcasting Division" are part of a much broader streamlining project being carried out by the Rai Group which resulted in the formation of a number of subsidiaries tasked with handling specific business sectors ancillary to the Public Service for broadcasting radio and television programs previously performed by Rai. Under this transfer, which took place on 1 March 2000, the Company became the owner of the business unit tasked with performing the planning, design, installation, construction, operation, management, maintenance, implementation and development of the systems, of the stations, of the connections and in general of the network for transmitting and broadcasting Rai's voice, video and data signals. The ownership of the equipment needed for Rai's television and radio transmission and broadcasting was therefore transferred to the Company, in addition to the employment relationships with approximately 600 engineers and technicians specialized in the transmission and broadcasting of radio and television signals.

On 5 June 2000, Rai and the Company signed the Service Contract under which the latter engaged the Company to provide services on an exclusive basis for the installation, maintenance and operation of telecommunications networks and the performance of services for the transmission, distribution and broadcasting of radio and television signals and programs. The Service Agreement remained effective until 30 June 2014.

On 31 July 2014 Rai and Rai Way executed the New Service Agreement, effective 1 July 2014, replacing the aforementioned Service Agreement, under which Rai engages the Company on an exclusive basis to provide a set of services that enable Rai to carry out the following: (i) regular transmission and broadcasting in Italy and abroad through the MUX that were assigned to it on the basis of applicable regulation; and (ii) regular fulfilment of its Public Service obligations. On 10 December 2019, the Company signed an agreement with the Parent Company regarding the amendment of some terms and conditions of this contract, with respect to which the parties have – *inter alia* – regulated the impacts on the consideration deriving from the refarming process and waived their right to cancel the second seven-year period already provided for, effectively renewing it until 30 June 2028, without prejudice to the possible already planned continuation for a further seven-year period, except in the case of termination.

Reference should be made to the paragraph "Related party transactions" for further details about transactions between Rai and Rai Way.

Financial risk management (note 4)

The financial risks to which the Company is exposed are managed in accordance with the approach and procedures included in a specific policy approved by Rai Way's Board of Directors, which is directed at risk minimisation in order to maintain the value of the business as a whole and in particular economic and financial value.

The main risks identified by the Company are as follows:

- market risk, deriving from the exposure to fluctuations in interest rates and foreign exchange rates arising from financial assets and liabilities respectively owned/originated and assumed;
- credit risk, deriving from the possibility that one or more counterparties may be insolvent;
- liquidity risk, deriving from the Company's inability to obtain the financial resources necessary to fulfil short-term financial commitments;
- capital risk, deriving from the Company's ability to continue ensuring capital soundness.

Market risk

Market risk consists of the possibility that changes in interest and exchange rates, or the rating of the counterparties with whom liquidity is deposited, may negatively affect the value of assets, liabilities or expected cash flows.

The Company constantly monitors market risks in order to put in place adequate hedges in the event of significant exposure in order to minimise such risk and preserve the value of the Company.

- Interest Rate risk: the interest rate risk, resulting from the possible fluctuations in interest rates applied on medium/long-term loans to the Company, is managed, in the presence of significant amounts, through the hedging instruments available on the market such as IRS and other derivative instruments, with predetermined minimum hedging percentages. In October 2020 a new Loan Agreement was formalised for a total of € 170 million (€ 120 million for the Term Line and € 50 million for the Revolving facility) with a duration of 3 years. It should be noted that on 29 December 2021, a contract was signed for the purchase of an Interest Rate Cap, equal to 0.0%, to hedge the risk of an increase in Euribor rates on a notional amount of € 34.5 million and expiring on 27 October 2023. It should also be noted that, for the part not hedged, a possible variation of plus or minus 50 bps in the Euribor would have entailed a gain or loss, quantifiable, gross of tax effects, of approximately € 0.06 million for every € +-10 million of capital used.
- Exchange Rate risk: the Company's operation in currencies other than Euro is extremely limited and therefore the exposure to exchange rate risk does not have any significant effect on the financial situation. However, the Company monitors exposure at currency to be prepared to take appropriate action if significant risk positions are taken.
- Liquidity-related risks: risks connected with the investment of liquidity, in the case of temporary excesses of cash the Company requires the use of low-risk market-based financial instruments with counterparties having a high rating or with the Parent Company.

Credit risk

The Company's main customer is its Parent Company Rai, which generated Group revenues net of marginal costs of € 199,182 thousand (approximately 87% of total revenues) and € 191,293 thousand (approximately 85% of total revenues) in the years ended 31 December 2021 and 2020 respectively. The Company's other customers are mainly telephone operators, broadcasting companies, entities of the public administration and other corporate customers with which the Company enters multi-year service agreements. The Company is therefore exposed to the risk of concentration of revenues and credit deriving from the possibility that its trade counterparties will be unable to fulfil their obligations, either for business and financial reasons such as business instability, the inability to collect the necessary capital for the performance of their activity or those related to the general trend towards the reduction in operating costs, or else for technical-commercial reasons or legal reasons connected with the performance of the services by the Company, such as complaints relating to the services provided or the customers' inclusion in bankruptcy proceedings that make it more difficult or impossible to recover the receivables.

A breach by one of the Company's trade counterparties to fulfil its obligations may result in negative effects on its economic and financial position.

With regard to counterparty risk, formalized procedures for assessing and accepting trade partners have been adopted for credit management purposes. The assessment is carried out on overdue items and may lead to formal notice of default being served on the parties involved. The lists of overdue items analysed are sorted by amount and by customer, updated to the analysis date, in order to highlight the items requiring greater attention and the need to send reminders or carry out other collection procedures as required by business policies.

The Company sends informal payment claim notices to debtors owing amounts relating to overdue items. If this activity does not remedy the situation, after formally placing the debtors in default the Company assesses the possibility of filing for an injunction.

The following table provides an ageing of trade receivables at 31 December 2021 and 2020, with figures stated net of the provision for bad and doubtful debts.

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Becoming due	58,980	59,223
Past due by 0-30 days	562	561
Past due by 31-60 days	22	262
Past due by 61-90 days	40	114
Past due by more than 90 days	8,212	2,393
Total	**67,816**	**62,553**

All trade receivables are due within 12 months.

Liquidity risk

Liquidity risk is the inability for the Company to obtain the funding it requires to meet its operational requirements for investments, working capital and debt servicing. Rai Way believes that cash flows from operating activities and its outstanding loans (see the section on "Current and non-current financial assets and liabilities") are amply sufficient to meet its needs. At 31 December 2021, the Term line was used for € 69,000 thousand, while the Revolving line, available for a total amount of € 50 million was not used and the financial parameters provided for in the related financing contract (covenants) were widely respected.

The following tables set out the expected cash flows for future years arising from the Company's outstanding financial liabilities, trade payables and other liabilities at 31 December 2021 and 2020.

(in thousand of Euro)	As at 31 December 2021		
	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current financial liabilities	185	69,000	-
Trade payables	51,689	-	-
Other debt and liabilities	35,206		-
Total	**87,080**	**69,000**	-

(in thousand of Euro)	As at 31 December 2020		
	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current financial liabilities	327	15,316	-
Trade payables	45,546	-	-
Other debt and liabilities	35,988	-	-
Total	**81,861**	**15,316**	-

As of 31 December 2021, the Term line has been drawn down for € 69 million, while the revolving line has not been used. Therefore, € 101 million remain available to the Company to finance short-term and/or medium/long-term requirements.

Capital risk

The Company's capital management objectives aim at safeguarding its ability to continue to ensure optimal capital soundness. Specifically, the ratio of financial payables (not including financial liabilities for leases) to the Company's shareholders' equity was 0.4 at 31 December 2021 and 0.1 at 31 December 2020. It should also be noted that the market value of the Company's shareholders' equity as at 31 December 2021 is 8.6 times higher than its book value.

The fair value of trade receivables and other financial assets, trade payables, financial liabilities (measured at amortised cost) and other payables recognised as "current" in the statement of financial position does not significantly differ from the carrying amounts of these items at 31 December 2021, as they mainly relate to assets arising from commercial transactions for which settlement is expected in the short-term.

Non-current financial assets and liabilities are settled or measured at market rates and their fair value is considered to be broadly in line with their present carrying amounts.

Since 1 January 2019, due to the effect of the adoption of the new IFRS 16 accounting standard, lease liabilities amounted to € 36,469 thousand at 31 December 2021.

Measurement of financial instruments at fair value

The financial instruments recorded in the financial statements at fair value consist of hedging derivatives, valued, where necessary in view of the significance of the amounts, with the aid of financial models in accordance with market practice. The fair value of the derivative instruments represents the net position between asset and liability values.

It should be noted that on 29 December 2021 the Company entered into a contract for the purchase of an interest rate cap, equal to 0.0%, to hedge the risk of an increase in Euribor rates on a notional amount of € 34.5 million and expiring on 27 October 2023.

Estimates and Assumptions (note 5)

The preparation of financial statements requires the directors to apply accounting principles and methods which, in certain circumstances, depend upon difficult and subjective measurements and estimates based on historical experience and assumptions that at the time are considered reasonable and realistic with respect to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, the statement of financial position, the income statement, the comprehensive income statement and the cash flow statement and the disclosures. The final results of the items in the financial statements for which the above estimates and assumptions have been made could differ from those recorded in the financial statements, as these recognise the effects of the event estimated, due to the uncertainty inherent in the assumptions and conditions on which the estimates are based.

The following paragraphs provide a brief description of the areas which require greater subjectivity to be used by the directors in arriving at their estimates and for which a change in the conditions underlying the assumptions could have a significant effect on the reported figures.

Contingent liabilities

A liability is recognised for risks arising from disputes and litigation when an outflow of funds is considered probable and the amount can be reliably estimated. If an outflow of funds is considered possible but the amount of that outflow cannot be determined, this fact is disclosed in the notes to the financial statements. The Company is the defendant in legal cases (of an administrative and fiscal nature and relating to labour law) on a variety of issues. The Company constantly monitors the status of these pending litigations and engages the services of legal advisers.

Revenues (note 6)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Revenues from Rai Group (*)	199,182	191,293
Revenues from third parties	30,755	33,170
- Hospitality fees for equipment and apparatus	*28,621*	*29,516*
- Other	*2,134*	*3,654*
Total revenues of sales and performances	**229,937**	**224,463**

(*) Revenues are shown net of margin costs of € 18,767 thousand (€ 21,754 thousand as at 31 December 2020).

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

At 31 December 2021 Revenues rose by € 5,474 thousand compared to the previous year in 2020, from € 224,463 thousand in 2020 to € 229,937 thousand in 2021.

"Revenues from Rai Group" amounted to € 199,182 thousand, equal to 87% of total Revenues for the year ended 31 December 2021 (€ 191,293 thousand for the year ended 31 December 2020) and are up by € 7,889 thousand compared to the same period of 2020, mainly due to the increase in the fee for network services provided by the agreement finalised on 10 December 2019 with Rai relating to the refarming process and for additional services provided to the Parent Company (so-called evolutionary services).

"Revenues from third parties" mainly 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 and Group's companies. Revenues are down by € 2,415 thousand compared to last year, mainly due to higher contingent assets recorded in 2020 and the decrease in turnover for Tower Rental services.

Other revenues and income (note 7)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Operating grants	71	21
Compensation for damages	52	490
Other revenues	459	28
Total other costs	**582**	**539**

The income statement item "Other revenues and income" amounts to € 582 thousand and shows an increase of € 43 thousand compared to 31 December 2020 (€ 539 thousand) mainly due to the recovery of the provincial surtax on excise duty on electricity paid by the Company in the years 2008-2010 and partially offset by lower revenues from compensation for damages obtained in 2020 (€ 490 thousand). The item also includes grants under Law 488/92 and Law 190/14 for investments in research and development, Law 160/19 for investments in instrumental assets and compensation for damages.

Purchase of consumables and goods (note 8)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Motor fuel purchase	854	638
Fuel purchase	103	64
Purchase of tools	449	192
Change in inventory	79	16
Total consumables and goods	**1,485**	**910**

"Purchase of consumables" increased by € 575 thousand to € 1,485 thousand compared to the value at 31 December 2020, mainly due to greater purchases of miscellaneous tools and greater fuel consumption.

Cost of services (note 9)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Services of independent workers:	1,812	1,902
- Compensation of Directors and Statutory Auditors		
- Others		
Other services	2,798	3,149
Travel expenses, business trips and accessory personnel costs	1,299	1,030
Intercompany service agreement costs	6,166	6,285
Maintenance and repairs	5,571	5,298
Transport and similar	321	251
Utilities	11,936	13,734
Leasing and rentals	8,327	8,201
Total costs of services	**38,230**	**39,850**

The item "Costs for services" recorded a decrease of € 1,620 thousand (-4%), from € 39,850 thousand at 31 December 2020 to € 38,230 thousand at 31 December 2021. The main changes in the above cost items and a description of the main factors that determined them are shown below:

- the item "Utilities" amounted to € 11,936 thousand (€ 13,734 thousand at 31 December 2020) and principally include the costs incurred for electricity, telephone expenses and various utilities. The decrease compared to 2020, amounting to € 1,798 thousand, is mainly due to the new tariffs resulting from the renegotiation of the energy supply contract (valid through to 31 March 2022) and the reduction in ancillary charges;

- the item "Services from intercompany service contract" which includes services payable with the Parent Company recorded a decrease in the comparison between 2021 and 2020 of € 119 thousand mainly due to lower canteen costs and use of spaces and services;
- the item "Other services" of € 2,798 thousand increased by € 351 thousand over the 2020 figure, due to general services and lower recoveries of expenditure. This item included, among others, consideration relating to the year for the statutory audit of the annual and half-year accounts amounting to € 82 thousand. It should be noted that during the year, € 173 thousand was reclassified from "Other staff costs" to this item; for better representation, the same reclassification was made on the value shown in 2020;
- "Travel expenses, business trips and accessory personnel costs" of € 1,299 thousand were up by € 269 thousand from the 2020 figures owing to an increase in travel costs as a result of the gradual recovery of production as compared with 2020;
- "Maintenance and repairs" includes network infrastructure maintenance costs; it has a balance of € 5,571 thousand, an increase of € 273 thousand compared to the 2020 figures owing mainly to an increase in activities relating to maintenance of transmission systems and building infrastructure;
- the item "Leasing and rentals" consist mainly of the cost of rentals and leases not included in the application of the IFRS 16 accounting standard with respect to buildings, plant and equipment, transmission circuits and motor vehicles. The balance at 31 December 2021 amounted to € 8,327 thousand (€ 8,201 thousand at 31 December 2020), an increase of € 126 thousand.

The details of costs for services rendered by the company tasked with the statutory audit of financial statements and of companies belonging to the same network are given below:

Information pursuant to art. 149-duodecies of the Consob Issuers' Regulations

(in thousand of Euro)	Consideration for FY 2021
Type of task	
External audit	61
Limited audit of the half-yearly financial report	21
Limited audit of the Non-financial disclosure	29
Other services required by law from subject tasked with statutory audit	5
Total costs of services	**116**

Personnel costs (note 10)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Salaries and wages	36,315	36,744
Social security contributions	10,658	10,668
Severance indemnity	2,104	2,066
Retirement pensions and similar	736	795
Incentive to take voluntary redundancy	359	980
Other costs	78	(158)
Capitalised personnel costs	(4,856)	(4,798)
Total personnel costs	**45,394**	**46,297**

"Personnel costs" amount to € 45,394 thousand in 2021, a decrease of € 903 thousand, mainly due to lesser expenses for redundancy incentive charges and the reduction of the average workforce. It should be noted that during the year, € 173 thousand was reclassified from "Other staff costs" to the item "Other services" for better representation, the same reclassification was made on the value shown in 2020.

Capitalised personnel costs amount to € 4,856 thousand, in line with the value at 31 December 2020 (€ 4,798 thousand) with an increase of € 58 thousand.

Further details on the economic effects arising from the accounting treatment for employee benefits may be found in note 32 "Employee benefits".

The following table sets out the average number of the Company's employees during the year and the number at year end:

(in units)	Average number of employees for the financial year ended		Precise number of employees for the financial year ended	
	2021	2020	2021	2020
Executives	22	23	23	23
Managers	167	161	173	165
White-collar employees	397	412	403	406
Manual workers	8	11	7	10
Total	**594**	**607**	**606**	**604**

Other costs (note 11)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Contribution to Supervisory Authorities	330	319
ICI/IMU/TASI	601	585
Taxes on production and consumption	1,086	1,099
Other indirect taxes, fees and levies	360	343
Other	451	518
Total Other costs	**2,828**	**2,864**

The income statement item "Other costs" decreased by € 36 thousand (-1.3%), going from € 2,864 thousand at 31 December 2020 to € 2,828 thousand at 31 December 2021.

Write-downs of financial assets (note 12)

The item "Write-downs of financial assets" posted a balance of € 203 thousand at 31 December 2021, an increase of € 166 thousand compared to the € 37 thousand at 31 December 2020. This increase is due to higher write-downs of receivables during the year.

Amortisation, depreciation and other write-downs (note 13)

The item "Depreciation", included in the item "Amortisation, depreciation and write-downs", was € 50,301 thousand at 31 December 2021 (€ 45,324 thousand at 31 December 2020). It should be noted that as a result of the adoption of the IFRS 16 accounting standard, which came into force on 1 January 2019, this item includes the value of the amortisation of the lease rights of use and, in addition, the values relating to "Dismantling and restoration" were reclassified from "Tangible assets" to "Rights of use-fabricated". Compared to the previous year, the increase in the item "Depreciation and other write-downs" equal to € 4,977 thousand is due to higher depreciation of property, plant and equipment for € 3,828 thousand, of rights of use for € 134 thousand and of intangible assets for € 1,015 thousand, due to the growth of development investments.

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	**2020**
Amortisation/depreciation		
Property, plant and equipment		
buildings	911	734
plant and machinery	33,629	29,903
production and commercial equipment	1,239	1,330
other assets	283	267
Total property, plant and equipment depreciation	**36,062**	**32,234**
Rights of use		
buildings	9,718	9,662
other assets	623	545
Total right of use depreciation	**10,341**	**10,207**
Intangible assets		
software	3,687	2,672
other	211	211
Total intangible assets amortisation	**3,898**	**2,883**
Total amortisation/depreciation	**50,301**	**45,324**
Other write-downs	-	-
Total amortisation/depreciation and other write-downs	**50,301**	**45,324**

Provisions (note 14)

The item "Provisions" is € 973 thousand due to provisions for € 1,027 thousand and absorption of funds for € 54 thousand. For the corresponding comments please refer to the item "Provision for risks and charges" (note 33). At 31 December 2020 it amounted to € 315 thousand.

Financial Income and Expenses (note 15)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Interest income from banks and other lenders	-	-
Exchange gains	3	34
Interest receivables from Parent Company	-	
Other financial income	889	9
Total Financial income	**892**	**43**
Interest on the obligation for employee benefits	(22)	(84)
Exchange losses	(37)	(39)
Interest expense to banks and other lenders	(342)	(57)
Interest expenses on hedging transactions rates	-	
Interests on adjustments to dismantling and restoration provision	(170)	(211)
Interest expenses on lease agreements	(548)	(553)
Other financial expenses	(992)	(201)
Total financial expenses	**(2,111)**	**(1,145)**
Net total financial income	**(1,219)**	**(1,102)**

"Financial income", amounting to € 892 thousand, reports an increase of € 849 thousand compared with 31 December 2020, due to higher interest on the receivable deriving from the IRES (corporate income tax) refund application relating to the IRAP deductibility of employee and similar expenses and the collection of dividends connected with the liquidation of the subsidiary Sogepotel S.r.l..

"Financial expense" amounts to € 2,111 thousand, marking an increase of € 966 thousand compared with the same period of the previous year (€ 1,145 thousand at 31 December 2020) due to higher interest of € 285 thousand on the loan agreement signed by the Company on 29 October 2020, which, among other things, guaranteed coverage of the requirements generated by growth in development investments, and the recognition of a loss on disposal of € 489 thousand relating to the liquidation of the investee company Sogepotel.

Income Tax (note 16)

The item breaks down as follows:

(in thousand of Euro)	Financial year at 31 December	
	2021	2020
Current taxes	25,460	24,670
Deferred taxes	(49)	(135)
Substitute taxes	62	62
Taxes relating to previous financial years	(971)	(303)
Total	**24,502**	**24,294**

The item "Current taxes" is equal to € 25,460 thousand with an increase compared to the previous period of € 790 thousand mainly due to a higher pre-tax result and a higher tax burden for IRAP (regional production tax) purposes insofar as in 2020, the Company had enjoyed the tax benefits envisaged by the "Decreto Rilancio". The economic benefits pertaining to FY 2021 – resulting from the increase in the maximum limit granted for "state aid" at group level from € 800 thousand to € 1,800 thousand provided for by the "Decreto Sostegni" of 22 March 2021 in relation to the tax relief measure on IRAP provided for by the Relaunch Decree – are instead included in the item "Taxes relating to previous years".

This item consists of:

- IRES (corporate income tax) of € 21,260 thousand;
- IRAP (regional production tax) of € 4,200 thousand.

Deferred taxes show a negative balance of € 49 thousand at 31 December 2021, just like last year (€ 135 thousand at 31 December 2020) mainly due to the net effect between the uses/absorptions and provisions of the items recovered for taxation.

Deferred taxes consist of:

- Prepaid taxes of € (9) thousand;
- Deferred tax liabilities of € (40) thousand.

Taxes relating to previous years show a negative balance of € 971 thousand (positive income component) and include, among other things, the aforementioned positive impact resulting from the raising of the maximum limit granted for "state aid" at group level from € 800 thousand to € 1,800 thousand as provided for by the Support Decree of 22 March 2021.

The following table provides a reconciliation between the theoretical tax charge and the effective tax charge for the years ended 31 December 2021 and 2020.

(in thousand of Euro)	Financial year at 31 December			
	2021		2020	
Pre-tax profit	**89,886**		**88,303**	
Theoretical taxes	21,573	24.0%	21,193	24.0%
Substitute taxes	62		62	
Taxes relating to previous financial years	(971)		(303)	
Permanent differences	(362)		(188)	
IRAP	4,200		3,530	
Total	**24,502**	**27.3%**	**24,294**	**27.5%**

Property, plant and equipment (note 17)

This item and changes during the year may be analysed as follows:

(in thousand of Euro)	Land	Buildings	Plant and machinery	Production and commercial equipment	Other assets	Property, plant and equipment in progress and prepayments	Total property, plant and equipment
Accounting values at 1 January 2021							
Cost at 1 January 2021	12,015	96,945	782,433	30,822	2,326	22,289	946,830
Amortisation/depreciation provision at 1 January 2021	-	(76,240)	(641,458)	(26,504)	(1,686)	-	(745,888)
Bad Debt Provision at 1 January 2021	-	(7)	-	-	-	-	(7)
Net accounting value at 1 January 2021	**12,015**	**20,698**	**140,975**	**4,318**	**640**	**22,289**	**200,935**
2021 changes							
Investments	124	1,336	30,924	1,004	102	46,213	79,703
First-time application of IFRS16:							
Historical cost	-	-	-	-	-	-	-
Amortisation/depreciation provision	-	-	-	-	-	-	-
Amortisation/depreciation for the year	-	(911)	(33,629)	(1,239)	(283)	-	(36,062)
Bad debt provision							
assets in use	-	-	-	-	-	-	
on disposed assets	-	7	-	-	-	-	7
Disposals							
cost	(4)	(285)	(6,783)	(56)	(103)	(16)	(7,247)
amortisation/depreciation provision	-	222	6,748	56	103	-	7,129
net accounting value	**(4)**	**(63)**	**(35)**	**-**	**-**	**(16)**	**(118)**
Reclassifications	-	463	11,405	409	231	(12,508)	-
Transfers							
cost	-	(7)	-	-	-	-	(7)
amortisation/depreciation provision	-	-	-	-	-	-	-
net accounting value at 31 December 2021	**-**	**(7)**	**-**	**-**	**-**	**-**	**(7)**
Accounting values at 31 December 2021						-	
Cost at 31 December 2021	12,135	98,452	817,979	32,179	2,556	55,978	1,019,279
Amortisation/depreciation provision at 31 December 2021	-	(76,929)	(668,339)	(27,687)	(1,866)	-	(774,821)
Bad debt provision at 31 December 2021	-	-	-	-	-	-	-
Net accounting value at 31 December 2021	**12,135**	**21,523**	**149,640**	**4,492**	**690**	**55,978**	**244,458**

"Property, plant and equipment" amounted to € 244,458 thousand at 31 December 2021, up by € 43,523 thousand compared to the previous financial year. This difference is mainly due to the effect of investments made during the year (equal to € 79,703 thousand) partially offset by amortisation/depreciation for the period (equal to € 36,062 thousand). "Property, plant and equipment" includes the costs that may be capitalized as leasehold improvements.

Despite the fact that the analysis of internal and external indicators does not reveal elements that put the recoverability of the values of Property, plant and equipment at risk, the Company has therefore not carried out an impairment test. For further details, reference should be made to the paragraph on intangible assets (note 19).

Lease rights of use (note 18)

The value of lease rights of use, which totalled € 31,548 thousand, is broken down as follows:

(in thousand of Euro)	Land and buildings (*)	Other assets	Total
Accounting values at 1 January 2021			
Cost at 1 January 2021	54,502	1,970	56,472
Amortisation/depreciation provision	(22,947)	(1,058)	(24,005)
Net accounting value at 1 January 2021	**31,555**	**912**	**32,467**
2021 changes			
Increases and capitalizations	9,486	449	9,935
Amortisation/depreciation for the year	(9,718)	(623)	(10,341)
Disposals:			
cost	(137)	-	(137)
amortisation/depreciation provision	134	-	134
net value	(3)	-	(3)
Cancellations	(373)	(137)	(510)
Accounting values at 31 December 2021			
Historical cost	63,478	2,282	65,760
Amortisation/depreciation provision	(32,531)	(1,681)	(34,212)
Net accounting value at 31 December 2021	**30,947**	**601**	**31,548**

(*) Land and Buildings also includes "Dismantling and Restoration".

The increases and capitalizations of € 9,935 thousand refer to property rental and transport vehicle hire contracts with effect in the financial year.

Costs for short-term leases or leases of modest value are included under Costs for services (note 9).

Revenues from sublet assets determining the recognition of a right of use amounted to € 5 thousand.

During the year, the Company did not benefit from any suspension of payments due on leases, granted as a direct result of the Covid-19 pandemic, which fall within the scope of the amendment to IFRS 16 "Concessions on Covid-19 related lease payments".

Intangible assets (note 19)

Intangible assets amount to € 17,244 thousand, an increase of € 1,353 thousand compared to 31 December 2020 due primarily to investments made in the financial year (of € 5,251 thousand), partially offset by amortisation/depreciation for the period (of € 3,898 thousand). Investments include € 673 thousand for goodwill referring to the acquisition of a business relating to the provision of infrastructure services at a transmission location located in north-east Italy, effective 1 April 2021.

It should be noted that even in the absence of internal and external indicators showing impairment losses in relation to the item "Goodwill", an impairment test was carried out which in any case confirmed the recoverability of the value entered in the balance sheet, also in compliance with the international accounting principle IAS 36, using the following assumptions: since Rai Way does not have any cash generating unit ("CGU"), the recoverable amount was determined using forecast cash inflows relative to the 2020-2023 industrial plan approved by the Company. The recoverable amount was compared to the Company's net invested capital at 31 December 2021.

A WACC of between 5.4% and 6.6%, a growth rate (g) of between 1% and 2% in the long term, has been used for the discounting of the cash flows. For the purposes of the calculation of the terminal value the following are included, among other things:

- the ratio between the maintenance expenditure (IFRS 16 investments excluded) and revenues of 6% in accordance with the assumptions of the industrial plan without any development investments;
- amortisation and depreciation equal to maintenance investments;
- change in net working capital and provisions to zero.

The recoverable amount is significantly higher than the value object of the test. The impacts relative to a potential expansion of infrastructures and/or alternative uses of the existing infrastructure are not included for this purpose.

The following table shows the changes in intangible assets:

(in thousand of Euro)	Software	Goodwill	Other	Intangible assets in progress and prepayments	Total intangible assets
Accounting values at 1 January 2021					
Cost at 1 January 2021 (*)	10,829	5,140	3,350	496	19,815
Amortisation/depreciation provision at 1 January 2021	(3,104)	-	(819)	-	(3,923)
Net accounting value at 1 January 2021	**7,725**	**5,140**	**2,531**	**496**	**15,892**
2021 changes					
Investments	2,567	673	-	2,010	5,250
Amortisation/depreciation for the year	(3,687)	-	(211)	-	(3,898)
Reclassifications	496	-	-	(496)	-
Accounting values at 31 December 2021					-
Cost at 31 December 2021 (**)	13,892	5,813	3,350	2,010	25,065
Amortisation/depreciation provision at 31 December 2021	(6,791)	-	(1,030)	-	(7,821)
Net accounting value at 31 December 2021	**7,101**	**5,813**	**2,320**	**2,010**	**17,244**

(*) Value net of assets fully depreciated in the previous year amounting to € 1,653 thousand.
(**) Including € 1,712 thousand for software that was fully amortised in 2021.

Investments (note 20)

The equity investment was cancelled as of 31 December 2021 (€ 500 thousand as of 31 December 2020) following the liquidation of the investee company Sogepotel S.r.l. resolved by the Shareholders' Meeting on 20 December 2021, which was no longer operational as of 30 December 2020.
Reference should be made to the paragraph Foreword (note 1) for further details.

Current and non-current financial assets and liabilities (note 21)

The following table sets out details of "Current financial assets" and "Non-current financial assets":

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Receivables from Parent Company	345	450
Other financial receivables	192	215
Total current financial assets	**537**	**665**
Accrued income and prepayments	160	352
Assets from interest rate hedging derivatives	59	-
Total non-current financial assets	**219**	**352**

Current financial assets amounted to € 537 thousand and decreased by € 128 thousand compared to the previous year (€ 665 thousand as at 31 December 2020) mainly due to the decrease of € 105 thousand in the item "Receivable from Parent Company and € 23 thousand in the item "Other financial receivables".

Non-current financial assets show a balance of € 219 thousand (€ 352 thousand as at 31 December 2020) and show a reduction due to lower financial deferrals partially offset by the recording of a derivative instrument (interest rate cap) for € 59 thousand relating to the hedging of the risk of an increase in Euribor rates (for further details see note 4 "Financial risk management").

The following table sets out details of "Current financial liabilities" and "Non-current financial liabilities" at 31 December 2021 and 2020:

(in thousand of Euro)	As at 31 December 2020			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Payables to banks	190	15,049	-	15,239
Payables to other lenders	78	39	-	117
Other financial payables	59	-	-	59
Payables to Parent Company	-	-	-	-
Total	**327**	**15,088**	**-**	**15,415**

(in thousand of Euro)	As at 31 December 2021			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Payables to banks	122	69,000	-	69,122
Payables to other lenders	39	-	-	39
Other financial payables	24	-	-	24
Payables to Parent Company	-	-	-	-
Total	**185**	**69,000**	**-**	**69,185**

With regard to "Bank borrowings", it should be noted that on 29 October 2020 the Company signed a loan agreement with a pool of financial institutions comprising 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. for a total of € 170,000 thousand and divided into a Term Credit Line usable in several instalments and a Revolving Credit Line usable in cash, both medium-term and for a maximum amount of € 120,000 thousand and € 50,000 thousand respectively. The principal of the Term Credit Facility will be repaid in a lump sum on the final maturity date of 27 October 2023. Drawings under the Revolving Credit Facility will be repaid on the due date of the relevant interest period.

The item "Payables to other financial institutions" equal to € 39 thousand refers to the facilitated loan related to the investments financed by Law 488/92 (31st call) granted by Cassa Depositi e Prestiti S.p.A., which provides for a repayment in semi-annual instalments and accrues interest at a fixed facilitated rate of 0.50%, which will be repaid in 2022.

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

Net Financial Debt

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
A. Cash and cash equivalents	17,244	4,052
B. Cash equivalents	-	-
C. Other current financial assets	537	665
D. Cash and cash equivalents (A) + (B) + (C)	**17,781**	**4,717**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	15,154	11,609
F. Current portion of non-current financial debt	87	170
G. Current financial debt (E + F)	**15,241**	**11,779**
H. Net current financial debt (G - D)	**(2,540)**	**7,062**
I. Non-current financial debt (excluding current portion and debt instruments)	90,413	38,975
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	39
L. Non-current financial debt (I + J + K)	**90,413**	**39,014**
M. Total financial debt (H + L)	**87,873**	**46,076**
Excluded effects of IFRS 16-Lease liabilities	36,469	35,378
Q. ESMA net financial debt net of IFRS 16	**51,404**	**10,698**

Deferred tax assets and liabilities (note 22)

The following table sets out changes in deferred tax assets and liabilities; for further details on the nature of deferred taxes see paragraph "Income taxes" (note 16):

Assets Deferred tax liabilities

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Balance at start of the financial year	**2,846**	**2,689**
Effect on income statement	50	135
Effect on comprehensive income statement	144	22
IFRS 15 effect		
Balance at the end of the financial year	**3,040**	**2,846**
Of which:		
- deferred tax receivables	3,132	2,979
- deferred tax liabilities	(92)	(133)

The balance of this item reports the amount of assets for deferred taxes net of relative liabilities.

Changes in deferred tax assets may be analysed as follows:

Deferred tax assets

(in thousand of Euro)	Provision for risks and charges	Employee benefits	Other items	Total
Balance at 31 December 2020	**2,259**	**500**	**220**	**2,979**
Effect on income statement	121	(103)	(9)	9
Effect on comprehensive income statement	-	144	-	144
Balance at 31 December 2021	**2,380**	**541**	**211**	**3,132**

Changes in deferred tax liabilities may be analysed as follows:

Deferred tax liabilities

(in thousand of Euro)	Other items
Balance at 31 December 2020	**(133)**
Effect on income statement	41
Balance at 31 December 2021	**(92)**

Other non-current assets (note 23)

"Other non-current assets" at 31 December 2021 totalled € 1,148 thousand (€ 1,208 thousand at 31 December 2020), with a decrease of € 60 thousand compared to the previous year, mainly driven by the use of the first instalment of the substitute resulting from tax 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 redemption regime provided by article 176, paragraph 2-ter of the Consolidated Income Tax Act, for which the substitute tax was recognised as a prepayment of current taxes of € 790 thousand.

"Other non-current assets" also includes guarantee deposits arising from passive lease contracts and equipment hosting of € 358 thousand at 31 December 2021 (€ 355 thousand at 31 December 2020).

Inventory (note 24)

This item may be analysed as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Work in progress	226	226
Raw materials and consumables	564	643
Total Inventory	**790**	**869**

Inventory amounted to € 790 thousand, down € 79 thousand compared to the previous year. "Raw materials and consumables" relate to supplies and spare parts for the maintenance and use of technical business assets.

Trade receivables (note 25)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Receivables from Rai	57,024	55,618
Receivables from customers and other Group companies	13,589	9,530
Provision for bad and doubtful debts	(2,797)	(2,595)
Total Trade receivables	**67,816**	**62,553**

"Receivables from Rai" consist of the receivables due to the Company from Rai under the Service Contract. The item shows an increase of € 1,406 thousand compared to the previous financial year. Further details may be found in the notes on "Revenues" and "Related party transactions".

"Receivables from customers and other Group companies" arise mainly from service revenues relating to (i) tower rental, (ii) broadcasting, (iii) transmission and (iv) network services which the Company renders to third party customers other than Rai; the item shows an increase of € 4,059 thousand compared to 31 December 2020.

The following table sets out changes in the provision for bad and doubtful debts:

(in thousand of Euro)	Provision for current bad and doubtful debts
Balance at 31 December 2020	**(2,595)**
Provisions	(202)
Balance at 31 December 2021	**(2,797)**

Other current receivables and assets (note 26)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Receivable from the Parent Company for the tax consolidation	2,874	2,456
Receivables from the Parent Company for the Group's VAT	-	94
Other tax receivables	423	376
Accrued income and prepayments	239	609
Receivables from others	403	710
Total Other current receivables and assets	**3,939**	**4,245**

"Receivables from the Parent Company for the tax consolidation" refer to the receivable arising from the application made for a refund of IRES corporate income tax regarding the deductibility of the IRAP regional production tax charged on personnel expenses.

As reported in the paragraph "Related Party Transactions", the Company makes use of the procedure for offsetting Group VAT provided for in the Ministerial Decree of 13 December 1979, containing the rules for implementing the provisions of article 73, last paragraph, of Presidential Decree no. 633 of 26 October 1972, with the following transactions with the Parent Company showing a balance of € zero under the item "Receivables from Parent Company for Group VAT". The item in question had a balance in 2020 of € 94 thousand.

"Other tax receivables" amounted to € 423 thousand (€ 376 thousand at 31 December 2020) and include receivable relating to VAT reimbursements not included in the above-mentioned procedure for € 343 thousand, receivables from tax authorities for investments in instrumental assets pursuant to Law 160/2019 for € 78 thousand. At 31 December 2020 the total amount of receivables for Research and Development costs was € 34 thousand.

"Accrued income and prepayments" mainly regards the portion of the rental costs for land, industrial buildings and roads, systems hosting and various other expenses which were recorded during the year but relate to future periods.

"Receivables from others" principally relate to amounts due from personnel for travel advances and receivables from social security organizations.

Cash and cash equivalents (note 27)

The item in question has a balance of € 17,244 thousand (€ 4,053 thousand at 31 December 2020), with an increase compared to the previous year of € 13,191 thousand deriving from the cash flow generated by the operating activity, net of that absorbed by investments and loans, as outlined in the Financial statements, to which reference is made for more details.

Current income tax assets (note 28)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Substitute tax advance Goodwill	62	62
Total assets for current income taxes	**62**	**62**

Current income tax assets amounted to € 62 thousand at 31 December 2021, in line with the previous financial year, and refer to the recognition of the substitute tax, for the current part, deriving from tax sheltering of the merger deficit as described in the previous paragraph for the item "Other non current assets".

Shareholders' Equity (note 29)

Share capital

At 31 December 2021, Rai Way had a share capital of € 70,176 thousand consisting of 272,000,000 ordinary shares without nominal value.

Other reserves

"Other reserves" may be analysed as follows:

Shareholders' Equity

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020	Note
Taxed extraordinary reserves	11,291	11,291	1,2,3
Reserves for advance amortisation/depreciation	9,360	9,360	1,2,3
Reserve for realignment of statutory/fiscal values for corporate assets	8,938	8,938	1,2,3,4
Reserve for first adoption of IFRS	7,490	7,490	2
Reserve for purchase of treasury shares	(19,974)	(19,974)	5
Stock option plan reserve	187	-	
Total Other reserves	**17,292**	**17,105**	

Legend
1 for capital increase;
2 for losses cover;
3 for distribution to shareholders;
4 in case of utilisation different from covering losses, the amount must be subject to IRES and IRAP;
5 this negative reserve adjusts previously indicated available reserves.

Earnings per Share (note 30)

Basic and diluted earnings per share have been calculated as follows:

(in thousand of Euro, unless otherwise indicated)	As at 31 December 2021	As at 31 December 2020
Net profit	65,384	64,008
Number of ordinary shares outstanding	268,374,644	268,374,644
Earnings per share in Euro	**0.24**	**0.24**

Basic and diluted earnings per share have the same value as there were no dilutive items at the balance sheet date.

Proposal for allocation of profit

With regard to the profit for the year, equal to € 65,383,926.47, it is expected that it will be allocated according to the proposed resolution to the Shareholders' Meeting, set out below:

"Having examined the explanatory report of the Board of Directors, the Shareholders' Meeting of Rai Way S.p.A.

resolves

to allocate the net income for FY 2021 of € 65,383,926.47 to the distribution to shareholders as dividend for a total of € 65,376,063.28 and to "Retained earnings" for the remaining € 7,863.19, and subsequently to allocate – taking into account the 3,625,356 treasury shares in the portfolio whose right to profits is attributed proportionally to the other shares in accordance with art. 2357-ter of the Italian Civil Code – a dividend of € 0.2436 (gross) to each of the ordinary shares in circulation to be paid from 25 May 2022, subject to entitlement to payment, pursuant to article 83-terdecies of Legislative Decree no. 58 of 24 February 1998 and art. 2.6.6, paragraph 2, of the Markets Regulations organised and managed by Borsa Italiana S.p.A. (the Italian Stock Exchange) on 24 May 2022 (the so-called "record date") and subject to dividend no. 8 at 23 May 2022".

The above proposed resolution as well as the one provided for prior approval of the budget are attached hereto.

Current and non-current lease liabilities (note 31)

Lease liabilities, inclusive of the current part, amounted to € 36,469 thousand, as highlighted in the following table:

(in thousand of Euro)	As at 31 December 2021			As at 31 December 2020		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Lease liabilities	21,412	15,057	36,469	23,926	11,452	35,378

The value of current lease liabilities is uniquely represented by the current part of the non-current lease liabilities, as the leases of short-term assets are recognised through the income statement under the item costs for services and other costs.

The total value of financial cash outflows for leases amounted to € 8,377 thousand, in addition to interests for € 513 thousand.

Interest expenses accrued on lease liabilities are recorded in the paragraph "Financial income and charges" (note 15) to which reference is made.

The maturity of lease liabilities (current and non current) are indicated below:

(in thousand of Euro)	As at 31 December 2021			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Current and non-current lease liabilities	15,057	17,500	3,912	36,469

Employee benefits (note 32)

Changes in "Employee benefits" may be analysed as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Balance at start of the financial year	**13,198**	**14,434**
Provisions	2,117	2,085
Interest on obligation	22	84
Utilisation	(1,536)	(1,378)
Transferred to other provisions/Other changes	(2,140)	(2,121)
Actuarial (profit)/loss	602	94
Balance at the end of the financial year	**12,263**	**13,198**

The item Actuarial (profit)/loss of € 602 thousand relates to the actuarial components for the valuation of defined benefit plans ascribed directly to Shareholders' equity and the relative deferred taxes of € 144 thousand recorded in the comprehensive income statement.

This item may be analysed as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Severance indemnity	11,660	12,577
Other provisions	603	621
Total employees benefits	**12,263**	**13,198**

Compared to the previous year, the item shows a decrease of € 935 thousand.

The actuarial assumptions used in calculating the employee severance indemnity were as follows:

(%;Years)	As at 31 December 2021
Discount rate[1]	0.61%
Rate of inflation	1.75%
Average annual percentage of personnel leaving	8.97%
Annual probability of request of advance	1.50%
Duration (in years)	7.9

[1] Derived as a weighted average of the Eur Composite AA December 2021 curve rates for 31 December 2021 and Eur Composite AA December 2020 curve rates for 31 December 2020.

In using these assumptions the value was also calculated of the employee severance indemnity liability obtained from variations of +/- 50 bps in the discount rate used for the valuation, giving a result of € 11,401 thousand and € 11,932 thousand respectively. It should be noted that the method and assumptions used for sensitivity analyses have not changed with respect to the previous year.

The item "Other provisions" referred to the company supplementary pension fund and the senior management assistance fund. With reference to the company's pension fund (of € 464 thousand), actuarial assumption calculations have highlighted the value of the liability obtained from variations of +/- 50 bps in the discount rate used for the valuation giving a result of € 442 thousand and € 488 thousand respectively.

Provisions for risks and charges (note 33)

Changes in this item may be analysed as follows:

(in thousand of Euro)	Balances at 1 January 2021	Provisions	Interest expense Discounting	Utilisation	Releases	Other changes	Balances at 31 December 2021
Civil and administrative disputes	781	86	-	(31)	(54)	-	782
Amounts accrued	3,539	1,924	-	(1,670)	-	-	3,793
Other provisions for risks and charges	1,229	941	-	(410)	-	-	1,760
Provision for decommissioning and restoration	10,737	170	-	(6)	-	(1)	10,900
Total provisions for risks and charges	**16,286**	**3,122**	**-**	**(2,117)**	**(54)**	**(1)**	**17,236**

The item shows an increase of € 950 thousand mainly due to the performance of provisions, uses and releases relating to accrued fees and provisions for risks and charges.

"Provisions for risks and charges" consist of accruals for costs and losses of a specific nature whose existence is certain but whose amount cannot be precisely determined, or whose existence is probable and whose amount can be reliably estimated. These provisions mainly regard the costs arising not only from fees accrued but also from civil and administrative judicial proceedings, from the provision recognised for the costs of dismantling and restoring transmission sites that are owned by other parties, and from previous costs relating to the renewal of title deeds for production sites.

Disbursements relating to this item, with the exception of the amounts accrued provision of which use will be made over the course of 2022, cannot be estimated with any certainty as they mainly depend on the time-scale for 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.

Please note that the Company is party to a tax dispute relating to Tosap (tax for occupation of public land) with regard to the correct quantification of the duty for which, also taking into account the professional opinion formulated by specialist legal companies with respect to the outcomes of the same, has not recognised in the special provisions for risks and charges, the amounts required as a final negative outcome is considered by Senior Management to be unlikely.

Trade payables (note 34)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Payables to suppliers	49,108	43,520
Payables to Parent Company	2,569	2,026
Payables due to other Rai Group Companies	12	-
Total Trade payables	**51,689**	**45,546**

The item "Payables to suppliers" amounted to € 49,108 thousand at 31 December 2021, an increase of € 5,588 thousand compared to 31 December 2020. The item "Payables to Parent Company refers to trade payables to Rai and has a balance at 31 December 2021 of € 2,569 thousand with an increase of € 543 thousand compared to 31 December 2020. Further details about transactions with the Parent Company Rai may be found in the section "Related party transactions" (note 41).

Other current payables and liabilities (note 35)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Payables to the Parent Company for the tax consolidation	21,260	21,140
Payables to Parent Company for Group's VAT	62	-
Other tax payables	1,510	1,482
Payables to social security institutions	2,684	3,753
Payables to personnel	7,222	7,913
Other payables	1,071	989
Other payables and accrued liabilities	1,397	711
Total Other current payables and liabilities	**35,206**	**35,988**

The item "Payables to the Parent Company for the tax consolidation" amount to € 21,260 thousand (€ 21,140 thousand at 31 December 2020) and consist of the IRES corporate income tax charge for the current year. For further information on relations with the Parent Company Rai regarding IRES and VAT consolidation, reference should be made to the paragraph entitled "Transactions with Related Parties" (note 41); tax payables that do not fall under the aforementioned procedures are shown in the following table (Direct taxes, IRAP).

"Payables to personnel" amounted to € 7,222 thousand, a decrease of € 691 thousand compared to the previous financial year, mainly due to lower payables for redundancy incentives.

Current income tax liabilities (note 36)

The item breaks down as follows:

(in thousand of Euro)	As at 31 December 2021	As at 31 December 2020
Direct IRAP taxes	80	23
Total Current income taxes liabilities	**80**	**23**

Current income tax liabilities amounted to € 80 thousand at 31 December 2021, up by € 57 thousand compared to 31 December 2020 due to a greater liability to the tax authorities for IRAP.

Commitments and guarantees (note 37)

Commitments referring only to technical investments amount to € 35.5 million at 31 December 2021 (€ 20 million at 31 December 2020).

At 31 December 2021, guarantees amounted to € 83,692 thousand (€ 81,346 thousand at 31 December 2020) 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.

Other Information (note 38)

Contingent Liabilities

The amounts recognised 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 department, which to this purpose engages the support of leading law firms specialising 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 recognised 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 recognised 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. Taking into account that such hospitality is ordinarily formalized through contracts or similar legal instruments (but not limited to: 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 recognised in the financial statements becoming probable, all the necessary measures will be taken to protect the Company's interests and adequately portray the changed situation in the financial statements.

Remuneration for Directors and Statutory Auditors (note 39)

The compensation payable to Directors and Statutory Auditors, including travel expenses, is as follows:

(in thousand of Euro)	12 months	
	2021	2020
Remuneration to Directors	634	631
Remuneration to Statutory Auditors	94	94
Total Directors and Statutory Auditors	**728**	**725**

Events subsequent to 31 December 2021 (note 40)

Please refer to what is specified in the same paragraph reported in the Report on Operations.

Related party transactions (note 41)[5]

Details of the transactions the Company carried out with related parties in the years ended 31 December 2021 and 2020 are provided in the following; related parties are identified on the basis of IAS 24 Related Party Disclosures. The Company carries out transactions mainly of a commercial and financial nature with the following related parties. The Company has relationships primarily of a commercial and financial nature with the following related parties:

- Rai (hereinafter the "Parent Company");
- key management ("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.

5 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, the joint control or a significant influence both on the entity that prepares the financial statements and on the other entity.

The following table sets out details of the Company's statement of financial position items with regard to related parties at 31 December 2021 and 2020:

(in thousand of Euro)	Parent Company	Senior Management	Other related parties	Total
Lease rights of use				
As at 31 December 2021	12,371			12,371
As at 31 December 2020	16,156		10	16,166
Non-current financial assets				
As at 31 December 2021				
As at 31 December 2020				
Current financial assets				
As at 31 December 2021	345			345
As at 31 December 2020	450		14	464
Current trade receivables				
As at 31 December 2021	57,024		306	57,330
As at 31 December 2020	55,618		315	55,933
Other current receivables and assets				
As at 31 December 2021	2,874			2,874
As at 31 December 2020	2,550			2,550
Non-current lease liabilities				
As at 31 December 2021	8,753			8,753
As at 31 December 2020	12,571			12,571
Current financial liabilities				
As at 31 December 2021				
As at 31 December 2020				
Current lease liabilities				
As at 31 December 2021	7,631			7,631
As at 31 December 2020	6,632		12	6,644
Trade payables				
As at 31 December 2021	2,569		12	2,581
As at 31 December 2020	2,026			2,026
Other debt and current liabilities				
As at 31 December 2021	22,077	218	157	22,452
As at 31 December 2020	21,265	507	1,394	23,166
Employee benefits				
As at 31 December 2021		135	124	259
As at 31 December 2020		129	122	251

The following table sets out details of the Company's transactions with related parties in the years ended 31 December 2021 and 2020:

(in thousand of Euro)	Parent Company	Senior Management	Other related parties	Total
Revenues (*)				
As at 31 December 2021	216,674		1,275	217,949
As at 31 December 2020	211,757		1,290	213,047
Other revenues and income				
As at 31 December 2021	5		-	5
As at 31 December 2020	9		-	9
Purchase of consumables				
As at 31 December 2021	-		-	-
As at 31 December 2020	-		-	-
Cost of services				
As at 31 December 2021	6,711	523	-	7,234
As at 31 December 2020	6,859	543	-	7,402
Personnel costs				
As at 31 December 2021	-58	2,889	820	3,651
As at 31 December 2020	21	2,222	817	3,060
Other costs				
As at 31 December 2021	81		-	81
As at 31 December 2020	85			85
Right of use amortisation/depreciation				
As at 31 December 2021	3,806		10	3,816
As at 31 December 2020	3,801		12	3,813
Financial income				
As at 31 December 2021	-		466	466
As at 31 December 2020				-
Financial expenses				
As at 31 December 2021	175		490	665
As at 31 December 2020	219			219

(*) The amounts include the marginal costs towards the Parent for € 17,866 thousand (€ 20,853 thousand at 31 December 2020) and Other related parties for € 902 thousand (€ 902 thousand at 31 December 2020).

Parent Company

The Company carries out transactions with the Parent Company that are mostly of a commercial nature.

Please note that in the 2021 financial year the Company initiated an operation of "major relevance" pursuant to the procedure relating to transactions with related parties (in compliance with the provisions of the Consob regulations "Transactions with related parties", resolution no. 17221 of 12 March 2010 as subsequently amended) with the Parent Company.

Financial agreements between Rai Way and Rai

Financial relationships between the Company and Rai were governed by the following agreements originally entered into on 16 July 2007 and tacitly renewed annually:

- Centralized treasury agreement;
- Intercompany current account agreement;
- Agency agreement;
- Credit facility agreement.

Under the centralised treasury agreement the Company's financial expenses were assigned to the Parent Company by a system of cash pooling. The Company had stipulated an agreement with Banca Intesa Sanpaolo under which at the end of each working day (at close of business) the bank transferred the outstanding balance on the Company's current account (the "Source Account") to the current bank account held by Rai; as a consequence of the agreement there was always a nil balance on the Source Account at the end of the day. The agreement did not provide for any charges to be borne by the Company but the debit or credit balances on the intercompany current account were remunerated by virtue of the agreement discussed below.

The intercompany current account provided for the automatic transfer of the positive and negative balances arising from the bank cash pooling and from the economic and financial transactions conducted between the Company and Rai to an intercompany current account set up for the purpose. The Parent Company applied interest on these balances at money market rates (Euribor) plus/minus a spread that was updated on a quarterly basis.

The agency agreement allowed Rai to settle and collect the payables and receivables due to or from the other companies of the Rai Group.

The credit facility agreement provided for the opening of a credit facility in the Company's favour transacted through the intercompany current account up to an amount of € 100 million. The facility varied, depending on the Company's cash requirements, within the limits of the financial plans approved by the Parent Company. Any balances arising from this arrangement, which had an original term of one year and was tacitly renewable, had to be repaid immediately if the centralised treasury agreement was terminated or if there were any changes to the ownership structures of the Company.

From the date of the listing, the Company has entered into a financing contract with a pool of banks and starting from the disbursement of this loan only the intercompany current account agreement and the agency agreement were novated with respect to the Company's operational and financial independence vis-à-vis the Parent Company. The centralized treasury agreement and the credit facility agreement were terminated as of 18 November 2014, while a new intercompany current account agreement was set up to deal with the residual balances.

The Company has recognised the following balances in its financial statements with respect to the intercompany current account:

- financial expenses with a zero balance for both 2021 and 2020;
- cost of services of € 345 thousand at 31 December 2021 (€ 450 thousand at 31 December 2020).

Service Contract

The Service Contract executed on 5 June 2000 and valid until 31 December 2014 in the version subsequently supplemented and amended mainly regards the provision of services for the installation, maintenance and operation of telecommunications networks and services for the transmission, distribution and broadcasting of radio and television signals and programs for which a monthly consideration is paid which depends on the type of service provided (i.e.

services that Rai Way renders using its own resources or those of third parties, investments requested by Rai, digital terrestrial television broadcasting services and other services established by the parties).

The above contract was renegotiated on 31 July 2014, effective 1 July 2014. As a result of this agreement, the Company recognised revenues and receivables as illustrated in the "Revenues" and "Trade receivables" sections of these notes.

On 10 December 2019, the Company signed an agreement with the Parent Company regarding the amendment of some terms and conditions of the Service Contract, with respect to which the parties waived their right to cancel the second seven-year period already provided for, effectively renewing it until 30 June 2028, without prejudice to the possible already planned continuation for a further seven-year period, except in the case of termination. As this is an transaction of "major relevance" pursuant to the procedures relating to transactions with related parties, the finalization of this agreement was published in a relative information document made available to the public with the procedures required by the current regulations (in particular able to be consulted on the Company's website).

Service agreement with Rai and the rental agreement with related services

"The Rai service agreement" entered into in 2006 mainly relates to the provision of the following services:

- personnel administration;
- general services;
- insurance policies;
- IT systems;
- administration;
- finance;
- research and technological innovation centre;
- advice and legal counsel.

The agreement expired on 31 December 2010 and remained in force until 30 June 2014; it was then renewed on 31 July 2014 with effect as of 1 July 2014 for a term of seven years and automatically renewed until 30 June 2028.

The "Agreement for leases and for the performance of connected services", relating to the lease of property and/or portions of property, including the flat roofs on which the systems for the transmission and/or broadcasting of radio and television signals stand, owned by Rai Way or third parties hosted by it, was originally executed on 19 April 2001 and had an original term of six years tacitly renewable for further six-year periods (the current term expires in 2025).

The consideration for the above services, including the property rent and ancillary services, are identified on the basis of the valuation criteria for each service stated in the technical specifications. As the result of these agreements the Company recognised:

- cost of services of € 7,342 thousand and € 7,402 thousand in 2021 and 2020 respectively;
- costs for amortisation of lease rights of use, following the new IFRS 16 accounting standard introduced in 2019, amounting to € 3,806 thousand at 31 December 2021 and 3,801 at 31 December 2020;
- costs for financial charges on leasing liabilities of € 175 thousand and € 219 thousand at 31 December 2021 and 2020 respectively;
- trade payables of € 2,569 thousand and € 2,026 thousand at 31 December 2021 and 2020 respectively;
- current and non-current leasing liabilities of € 16,384 thousand and € 19,203 thousand at 31 December 2021 and 2020 respectively.

Tax consolidation

On the basis of the Consolidated Income Tax Act (article 117 and following of Presidential Decree no. 917/86) and in accordance with the provisions contained in article 11, paragraph 4 of the Ministerial Decree of 9 June 2004 as subsequently amended by Ministerial Decree of 1 March 2018 which reviews the "Provisions for the application of the domestic tax consolidation as per articles 117 to 128 of the Consolidated Income Tax Act", Rai Way applies the group tax regime governed by the "Agreement for the exercise of the option with Rai for the domestic tax consolidation". This agreement, which governs all the mutual obligations and responsibilities between the Parent Company and the Company, is effective for FYs 2019, 2020 and 2021.

As a consequence of the tax consolidation the Company recognised "Other current payables and liabilities" of € 21,260 thousand and € 21,140 thousand at 31 December 2021 and 2020 respectively and "Other current receivables and assets" of € 2,874 thousand at 31 December 2021 and € 2,550 thousand at 31 December 2020.

The Group's VAT regime

The Company avails itself of the Group VAT offsetting procedure permitted by Ministerial Decree of 13 December 1979 on the regulations for implementing the provisions of article 73, last paragraph, of Decree of the President of the Republic no. 633 of 26 October 1972, recording in relation to the Parent Company under "Other current payables and liabilities" a balance of € 62 thousand. It should be noted that as at 31 December 2020, the balance was recorded under the item "Other receivables and current assets" for € 94 thousand.

Senior Management

"Key management personnel" means key executives who have the power and direct and indirect responsibility for planning, managing and controlling the Company's activities, and among others includes the members of the Company's Board of Directors. The Company has recognised in its financial statements:

- service costs of € 523 thousand and € 543 thousand in at 31 December 2021 and 2020 respectively;
- personnel costs of € 2,889 thousand and € 2,222 thousand in at 31 December 2021 and 2020 respectively.

Other related parties

The Company has dealings of a commercial and other 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 provides transmission services and receives transmission services from Rai Way;
- Supplementary pension funds for employees and executives.

Information relating to the provisions of Italian Law no. 124/2017 - Transparency on the system for the issue of public funds (note 42)

With reference to the provisions of art. 1, paragraphs 125-129 of Law no. 124/2017 "Annual law for the market and competition", subsequently supplemented by law decree "Safety" (no. 113/2018) and law decree "Simplification" (no. 135/2018), there are no significant events referable to these specific cases.

Climate change (note 43)

In carrying out the activities envisaged in the corporate purpose, Rai Way acts by taking into consideration the issues of environmental sustainability with constant attention to safeguarding the environment and combating climate change.

More specifically, on behalf of Rai, the Company guarantees the transmission and broadcasting of the public service radio and television signal in Italy and abroad, in compliance with its own Code of Ethics, the regulations in force and the internal procedures concerning sustainability and environmental protection, as defined in the Environment, Health and Safety Policy and in the Sustainability Policy.

To this end, Rai Way has adopted an organisational model that crosses the Corporate Social Responsibility, Health Safety Security and Environment Management and Enterprise Risk Management Departments, which, under the coordination of the Investor Relations & Sustainability Department, has the task of managing environmental sustainability issues, also through the support of external consulting companies specialising in environmental and climate change issues. It is therefore believed that environmental impacts and risks are well monitored and managed, also by means of dedicated organisational structures whose ultimate reference is the Risk Control and Sustainability Committee within the Board of Directors.

One year after the approval of the first Sustainability Plan, Rai Way's commitment on the ESG (Environment, Social and Governance) front and, in particular, with regard to environmental aspects and climate change, has also been recognised by CDP (formerly the Carbon Disclosure Project), a global non-profit organisation specialized in assessing the performance and climate strategies adopted by companies, confirming the increasing integration of sustainability in business strategy. In particular, Rai Way has reached the "B - Management" level, having demonstrated that it conducts a coordinated and transparent action on issues related to climate change, in the presence of a level of risk that is in any case moderate, as also highlighted by other ESG rating agencies.

In particular, Rai Way has defined a carbon neutrality target for 2025 which envisages a process of quantification, reduction and compensation of CO2 emissions generated by the company's activities. With this in mind, Rai Way confirmed also in 2021 the procurement of 100% electricity from renewable sources and adopted best practices in governance and climate risk management. In confirmation of what has just been indicated, Rai Way has already finalised a 100% renewable electricity supply contract also for the period April 2022-March 2023.

Also for 2021, Rai Way is committed to maintaining the high operating standards achieved and no cases of non-compliance with environmental laws and regulations have been found to date, also thanks to the company control system that allows for a systematic verification of deadlines and compliance. During the year, the entire Environmental Management System was monitored by external body RINA, which confirmed its correct implementation and maintenance of certifications ISO 14001 and ISO 45001.

In relation to the ESMA disclosure dated 29 October 2021 entitled "Annual Public Statement relating to the European Common Enforcement Priorities" for 2021 financial reporting, the Company, with reference to the activities envisaged by its corporate purpose and after internal analysis, has not assessed any significant effects resulting from the alteration of the global atmosphere (so-called climate change) directly or indirectly attributable to the corporate activity carried out.

Rome, 17 March 2022

On behalf of the Board of Directors
The Chairman
Giuseppe Pasciucco

Declaration on the Annual Report pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments

- The undersigned Aldo Mancino as Chief Executive Officer and Adalberto Pellegrino as Manager in charge of preparing the corporate accounting documents of Rai Way S.p.A. certify the following, taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:
  - the adequacy in relation to the characteristics of the business and
  - the effective application of the administrative and accounting procedures for the preparation of the Company's annual report during 2021.
- The assessment of the adequacy of the administrative and accounting procedures for the preparation of the annual report for the year ended 31 December 2021 was performed on the basis of the process defined by Rai Way S.p.A., taking as reference the criteria established in the model "Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission.
- We also certify that:
  - the annual report of Rai Way S.p.A. for the year ended 31 December 2021:
    i. have been prepared in accordance with the applicable international accounting standards adopted by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    ii. agrees with the balances on the books of account and the accounting entries;
    iii. give a true and fair view of the issuer's economic and financial position;
  - the report on operations includes a reliable analysis of the performance and results for the period as well as the issuer's position, together with a description of the main risks and uncertainties to which it is exposed.

Roma, 17 March 2022

Aldo Mancino
Chief Executive Officer

Adalberto Pellegrino
Manager responsible for preparing the financial reports and corporate accounting documents

Proposals to the Shareholders' Meeting

Annual financial statements for the year ended 31 December 2021

"The Shareholders' Meeting of Rai Way S.p.A.

- having examined the Report on Operations of the Board of Directors;
- acknowledging the Report of the Board of Statutory Auditors and the Report of the External Auditors PricewaterhouseCoopers S.p.A.;
- having examined the draft Annual Financial Statements for the year ended 31 December 2021 prepared by the Board of Directors, which close with net income for the year of € 65,383,926.47;

resolves

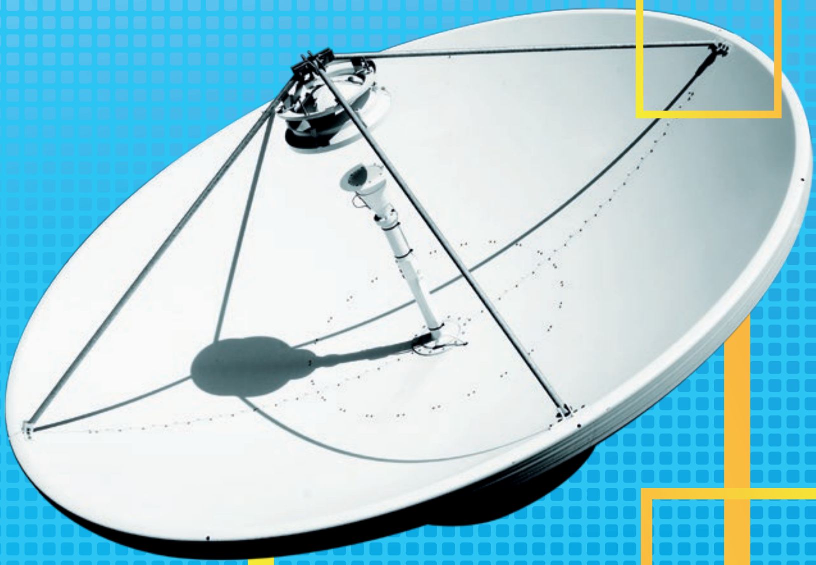
to approve the annual report for the year ended 31 December 2021."

Allocation of profit for the year

"Having examined the explanatory report of the Board of Directors, the Shareholders' Meeting of Rai Way S.p.A.

resolves

to allocate the net income for FY 2021, equal to € 65,383,926.47, to the distribution to the Shareholders, by way of dividend, of a total of € 65,376,063.28 and to "Retained earnings", for the remaining € 7,863.19 and consequently to allocate – taking into account the 3,625,356 treasury shares in portfolio whose right to profit is attributed proportionally to the other shares pursuant to art. 2357-ter of the Italian Civil Code – a dividend of € 0.2436 gross to each of the outstanding ordinary shares, to be paid from 25 May 2022, with entitlement to payment, pursuant to article 83-terdecies of Legislative Decree no. 58 of 24 February 1998 and art. 2.6.6, paragraph 2, of the Markets Regulations organised and managed by Borsa Italiana S.p.A. (the Italian Stock Exchange) on 24 May 2022 (the so-called "record date") and subject to dividend no. 8 at 23 May 2022".



Report of the Independent Auditors

Independent auditor's report

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

To the Shareholders
of Rai Way SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rai Way SpA (the "Company"), which comprise the statement of financial position as of 31 December 2021, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Rai Way SpA as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of Rai Way SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the estimated economic and technical useful life and recoverability of property, plant and equipment *"Accounting policies" paragraphs "Property, plant and equipment" and "Impairment of property, plant and equipment and intangible assets" and Note 17 "Property, plant and equipment" to the financial statements as of 31 December 2021* The item "Property, plant and equipment" of the financial statements of Rai Way SpA as of 31 December 2021 amounted to Euro 244.5 million representing 63 per cent of total assets as of 31 December 2021. Property, plant and equipment, starting from the moment they are ready to be used for the purpose they were constructed, are systematically depreciated on a straight-line basis over their economic and technical useful life, namely within the period of time the Company expects these assets will be used. The estimated economic and technical useful life of property, plant and equipment is revised and, if necessary, updated by the Company's management at least at each balance sheet date, taking into account that the Company's core business is subject to changes, even significant, linked to the technology, regulatory and market environment. Should management analyses highlight any indication of impairment of these assets, their value is compared with the assets' recoverable amount, which is the higher of their fair value net of cost to sell and value in use, that is the present value of the future cash flows expected to be derived from such asset. The evaluation of the estimated economic and	As part of our auditing, we performed the following main procedures aimed at verifying the evaluations made by the Company with reference to property, plant and equipment: i) discussion with the management of Rai Way SpA about their conclusions reached on the non-existence of any impairment indicators for property, plant and equipment, considering available internal and external information; specifically, including but not limited to: (a) if the market value of the tangible asset concerned has decreased considerably more than was expected to happen over time; (b) if significant changes with an adverse effect on the Company have occurred or will occur in the near future in the technological, market, economic or regulatory environment in which the Company operates; if there is a clear obsolescence of the technological and operating assets. ii) physical inventory of tangible assets on a sample basis selecting certain Company sites in order to ascertain the existence of any obsolete tangible fixed assets; iii) verification, on a sample basis, of the assets' economic and technical useful life estimated by the Company compared with that used by the other main operators in the sector, and review, on a sample basis, of the accurate and consistent determination of the depreciation charges entered in the income statement; iv) verification of the accuracy and completeness of the information provided in the notes to the financial statements.

technical useful life and the recoverability of the tangible assets of Rai Way SpA represented a key audit matter at 31 December 2021 because of the significance of the value recognised in the financial statements, its incidence with respect to total assets and the complexity marking the estimates adopted by the Company's management.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the ability of Rai Way SpA to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Rai Way SpA or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the financial reporting process of Rai Way SpA.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 4 September 2014, the shareholders of Rai Way SpA in general meeting engaged us to perform the statutory audit of the Company's financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Rai Way SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Rai Way SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Rai Way SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Rai Way SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Rai Way SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Rai Way SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

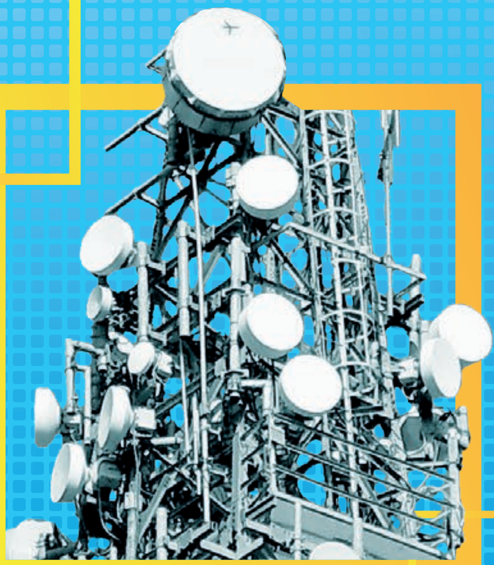
Rome, 5 April 2022

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING (in accordance with Art. 2429, paragraph 2 of the Italian Civil Code, and Art. 153 of Legislative Decree no. 58/1998)

Dear Shareholders,

Rai Way S.p.A. (hereinafter also "Rai Way" or the "Company") is a leading provider of integrated network infrastructures and services for broadcasters, telecommunication operators, corporates and public administrations.

The Board of Statutory Auditors of Rai Way S.p.A., pursuant to Art. 153 of Legislative Decree no. 58/1998 (hereinafter also the "TUF") and to Art. 2429, paragraph 2 of the Italian Civil Code, the Board of Statutory Auditors of Rai Way S.p.A. is required to report to the Shareholders' Meeting gathered in a meeting to approve the Financial Statements for the year ended 31 December 2021, in matter of supervisory activities performed during the year and/or any omissions and irregularities, as identified. The Board of Statutory Auditors is also required to make any necessary proposals regarding the Financial Statements and their approval, as well as other matters under the Board's purview. During the year 2021, the Board of Statutory Auditors carried out its institutional duties in compliance with the Italian Civil Code and the instructions provided by Consob by Communications no. DAC/RM/97001574 of 20 February 1997, and DEM 1025564 of 6 April 2001, later supplemented by Communication DEM 3021582 of 4 April 2003,Communication no. DEM 6031329 of 7 April 2006 and Communication no. DEM/0031948 of 10 March 2017, issued in continuity with no. DEM/0007780 of 28 January 2016 and no. DEM/0003907 of 19 January 2015.

The supervisory activity provided for by the law was also carried out according to the provisions of the January 2020 edition of the Corporate Governance Code of Listed Companies, applicable to the 2021 financial year), approved by the Corporate Governance, to which Rai Way S.p.A. adheres, as well as by the Rules of Conduct provided by the National Council of Chartered Accountants and Accounting Experts ("CNDCEC"). With reference to the provisions of Italian Legislative Decree 39 of 27 January 2010, with particular regard to Art. 19, the Board of Statutory Auditors also performs the function of Internal Control and Audit Committee ("CCIRC").

The statutory audit of the accounts is performed by the auditing firm PricewaterhouseCoopers S.p.A. (hereinafter also “PwC”) for the 2014 – 2022 financial years, in accordance with the resolution of the Shareholders’ General Meeting held on 4 September 2014.

The Board of Statutory Auditors acquired and verified the information illustrated below by participating in the meetings of the Shareholders’ Meeting, of the Board of Directors and of the Board Sub-Committees, as well as through a constant exchange of information with the Independent Auditors, with the various corporate functions (including Finance, Legal, Audit and Enterprise Risk Management), and with the Supervisory Board pursuant to Legislative Decree no. 231/2001 (hereinafter, the “Supervisory Board” or the “SB”).

Appointment and activities of the Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2021 for FYs 2021-2023, i.e. until the approval of the Annual Report at 31.12.2023, and is made up as follows: Silvia Muzi (Chairman), Barbara Zanardi (Standing Auditor) and Massimo Porfiri (Standing Auditor). Substitute Auditors: Cristina Chiantia, Paolo Siniscalco. Until this Shareholders’ Meeting, the Board of Statutory Auditors was made up of: Silvia Muzi (Chairman), Maria Giovanna Basile (Standing Auditor) and Massimo Porfiri (Standing Auditor). Substitute Auditors: Nicoletta Mazzitelli and Paolo Siniscalco.

During FY 2021, the Board of Statutory Auditors successfully verified that the independence requirements were met by its members, pursuant to the law and the Corporate Governance Code, and that no ineligibility or disqualification were applicable to them, pursuant to Art. 2399 of the Italian Civil Code and Art. 148, paragraph 3 of the T.U.F.; this due diligence was also performed in 2022. It also verified that the members complied with the office requirements, pursuant to Art. *144-terdecies* of the Issuers’ Regulations. The Board of Statutory Auditors has also carried out the self-assessment of its members, including verifying the adequacy of its composition and the effectiveness of its functioning, supplementing this assessment with the Q.1.1 Rule of Conduct for the Board of Statutory Auditors of listed companies, issued in April 2018 by the National Council of Chartered Accountants and Accounting Experts.

The activities of the Board during FY 2021 were carried out through regular periodic meetings - held in compliance with government provisions aimed at limiting the spread of the COVID-19 epidemic and in compliance with the measures adopted by the Company in this respect, the results of which were duly reported in the appropriate minutes.

The work performed in the various areas in which supervisory activity is carried out is illustrated below and in the order recommended by the aforementioned Rules of Conduct issued by the CNDCEC for listed companies.

Compliance with the law and Bylaws

As regards governance aspects, the Company complied with the rules and regulations applicable to listed issuers, as well as with the provisions of the Corporate Governance Code. The Annual Report on Corporate Governance and Ownership Structures, drawn up pursuant to Art. 123-bis of the TUF, was approved by the Board of Directors on 17 March 2022. The Report illustrates, *inter alia*, the application of the recommendations of the Corporate Governance Code adopted by the Company. The recommendations formulated by the Chairman of the Italian Corporate Governance Committee in the letter received on 03 December 2021, were also brought to the attention of the Board of Directors, as well as of the internal Board Committees, pertaining to matters under their respective purview.

The Board of Statutory Auditors has supervised compliance with the provisions of the law and the Bylaws, as well as other relevant regulations, through the participation and acquisition of the information flows relating to the Shareholders' Meeting, Board of Directors meetings, meetings of the Remuneration and Appointments Committee and the Control and Risks Committee, including in relation to the functions performed by the latter pursuant to the provisions of the Related Party Transactions Procedure adopted by the Company. In the course of its audits, the Board of Statutory Auditors also met with the Supervisory Board, the head of the Audit Department, the Manager in charge of preparing the corporate accounting documents and the Independent Auditors PricewaterhouseCoopers S.p.A., (hereinafter "PwC"), the Chief Executive Officer and General Manager - also in his capacity as Director in charge of the Internal Control and Risk Management System - and the managers responsible for the different corporate departments.

During 2021, the Board of Statutory Auditors, considered both in its current membership and that in office until the Shareholders' Meeting of 27 April 2021, met 12 times and attended 9 meetings of the Board of Directors and one Shareholders' Meeting. It also took part in 7 meetings of the Remuneration and Appointments Committee and 10 meetings of the Control, Risks and Sustainability Committee, operating as indicated also by virtue of the functions assigned to it by the Company Procedure in relation to transactions with related parties.

Moreover, the Supervisory Board provided the Board with information regarding the issues set out in Legislative Decree no. 231/2001 and reported on its activities. The flow of information with the SB was constantly ensured, in compliance with the reciprocal functions, by the assiduous presence at the meetings of the Board of Auditors of the Head of the Audit Department (who is also a member of the Supervisory Board). In this regard, on 11 February 2021, the Board of Directors approved a further edition of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 and the Company's Code of Ethics, which remain in force for the remainder of 2021 as at present. The company is currently in the process of checking and analysing the Model with a view to preparing a possible new edition.

With reference to the Supervisory Board, it should be noted that during 2021 - by resolution of the Board of Directors of 28 July 2021 and in view of the expiry of the three-year term of office of the previous one - it was renewed with the following composition:

- Alberto de Nigro, acting as Chair (an external member who meets the requirements of independence and professional qualifications);
- Enrico Mezzetti (an external member who meets the requirements of independence and professional qualifications);
- Maria Cristina Brotzu, Manager of the Company’s Audit Department.

In 2021, previously, the Supervisory Board, in addition to the same above-mentioned chairman, was made up of: i) Maria Giovanna Basile (Standing Auditor of the Company until 27 April 2021, and therefore external member with adequate independence and professionalism), and Angela Pace, Head of the Audit Department of the Company until 28 February and subsequently Maria Cristina Brotzu.

It should be noted that during the 2021 financial year, the Supervisory Board (considering both in its current membership, who took up office on 30 July 2021 and the previous one) held five meetings during which - in addition to having generally monitored regulatory changes, for the purposes of the relevant updates to the Model - it reviewed, prior to Board approval, the above-mentioned revisions of the Model and Code of Ethics, which were then submitted to the Board of Directors.

Also during the year, the Supervisory Board examined the information flows provided for under the relevant corporate procedure, analysing them also with the help of the Company's Audit Department, and carrying out some related in-depth analyses. During 2022, the Supervisory Board held a meeting, dedicated, in particular, to the preparation of the Supervisory Board's Report on the second half of FY 2021 then forwarded to the Board of Directors, the Control and Risk and Sustainability Committee and the Board of Statutory Auditors.

Taking into account the provisions of Law no. 190/2012, in its original formulation, in January 2015, the Rai Way Board of Directors had adopted a three-year plan for the prevention of corruption, inspired by the principles of the National Anti-corruption Plan, as far as applicable. As a result of regulatory changes and the guidelines issued by A.NA.C. (in particular with reference to public listed companies), Rai Way has updated the plan annually even in the absence of a legal obligation, that is, on a voluntary basis (the plan was last updated in January 2018). During FY 2021, as at today's date, the Anti-Corruption Policy containing supplementary measures to its Organisation, Management and Control Model pursuant to ex Legislative Decree 231/2001 in relation to the cases covered by Law 190/2012 remained in force. It was adopted in 2019 on a voluntary basis by the Company in view of its status as a listed public control company. This Policy, which is published on the Company's website, is in line with the corruption prevention plan adopted previously and is increasingly integrated with the other instruments adopted by the Company (Model pursuant to Legislative Decree 231/2001, Code of Ethics), providing, in particular, for the direct involvement of the Supervisory Board, while maintaining internal organisational supervision through the figure of a Contact Person.

The anti-corruption measures Contact Person, with the coordination of the Supervisory Board, verifies the suitability and actual implementation of the anti-corruption measures taken. During 2021, the above-mentioned role was held, until 28 February 2021, by the Head of the Audit Department in office until that date, Angela Pace, and, with effect from the following 1 March, by the Head of the Audit Management area, operating within the Company's Audit Department.

The role of Head of the Audit Department was carried out by Angela Pace until 28 February 2021 and, subsequently and until the end of the financial year (as well as at the date of this Report) by Maria Cristina Brotzu, following her appointment with effect from 1 March 2021 by the Board of Directors, on the proposal of the Managing Director, as Director in charge of the Internal Control and Risk Management System (in agreement with the Chairman of the Board of Directors) and subject to the favourable opinion of the Control and Risk and Sustainability Committee, having consulted the Board of Statutory Auditors.

The Board monitored compliance with regulated information requirements, including insider information requirements.

On the whole, the internal and external information flows described and the flows resulting from the continuous exchange of information and documentation, also emerging from the minutes for the Board of Statutory Auditors' meetings, appear appropriate to offer proof of compliance of organisational structure, internal procedures and corporate documents and resolutions of the corporate bodies in accordance with the law, the Bylaws and applicable regulations, as well as the codes of conduct to which the Company has confirmed its adherence (i.e., as mentioned above, to the Corporate Governance Code of listed companies). Therefore, there is no indication of any violation regarding compliance with the law, the Bylaws and regulations nor are there observations worthy of note.

Corporate Governance

The Company has a governance system structured in accordance with the so-called "traditional" model and in line with the Corporate Governance Code. With 2021, the Company implemented the Corporate Governance Code for Listed Companies (January 2020 edition). In this regard, an updated version of the Regulation of the Board of Directors was adopted, also with regard to the provisions of this Code, and in this context, among other things, the existing Control and Risk Committee was assigned additional tasks with regard to sustainability issues, while providing for the integration of the name of this Committee, as already mentioned above, into the "Control and Risk and Sustainability Committee".

The Board of Directors in office in FY 2021 and as of the date of approval of the related draft financial statements was appointed by the Shareholders' Meeting of 24 June 2020 as nine directors, six of whom qualified as independent. The composition of the Board is consistent with the regulatory provisions on gender balance. Immediately following its appointment, and after assessing its independence of all its members, in accordance with both the law and the Corporate Governance Code of listed companies in force at the time, the Board of Directors set up two internal committees: the Remuneration and Appointments Committee and the Control and Risk Committee (as indicated above in 2021, also for Sustainability), which also performs the functions assigned to it by the Procedure for related party transactions adopted by the Company. This Procedure, in the version effective as of 1 July 2021 and referred to below, is published on the Company's website and is described in its main elements in the Report on Corporate Governance and Ownership Structure for the year 2021.

The Board of Directors, having acknowledged that the Corporate Governance Code allows "large companies" and "companies with concentrated ownership" as defined therein, and qualifying the Company as such, to carry out the self-assessment activity with regard to the size, composition and functioning of the Board itself and of the sub-committees every three years, resolved to carry out this process in view of the renewal of the Board itself, envisaged, as said, with the Shareholders' Meeting for the approval of the financial statements for FY 2022, and in particular of the formulation to the shareholders of the guidelines in this regard envisaged by the Corporate Governance Code itself. The same process was performed in the early part of FY 2021 with reference to the prior year.

In FY 2021, a lead independent director has not been provided for, as is currently the case, since the conditions for appointment pursuant to the Corporate Governance Code are not met.

During the 2021 financial year, the Code of Conduct on Internal Dealing already approved by the Board of Directors and most recently updated during the 2018 financial year remained in force.

With regard to the “Report on Remuneration Policy and Compensation Paid”, prepared pursuant to Art. 123-ter of Italian Legislative Decree no. 58/98 and the applicable regulatory provisions, the Board acknowledges that it was previously examined by the Remuneration and Appointments Committee and then approved by the Board of Directors on 17 March 2022. The First Section, which concerns the remuneration policy for the 2022 financial year, will be submitted to a binding vote of the Shareholders’ Meeting, while the Second Section, relating to the remuneration recognised with reference to the 2021 financial year will be submitted to a non-binding vote.

With regard to the First Section, the Remuneration Report envisages, *inter alia*, the maintenance of a share-based long-term incentive plan already approved by the Shareholders' Meeting on 27 April 2021, aimed at aligning the interests of management and Shareholders with the requirements of implementation of the Industrial Plan.

Compliance with principles of proper administration and adequacy of the organizational structure

In 2021, the Board of Statutory Auditors oversaw the concrete implementation of the corporate governance rules set out in the Corporate Governance Code, pursuant to the provisions of article 149, paragraph 1, letter c-bis of the Consolidated Law on Finance.

The Board has received all the necessary and functional information for the performance of its control and supervisory tasks through: i) participation in the meetings of the Board of Directors, the Control, Risks and Sustainability Committee (also in relation to the functions performed by the latter by virtue of Procedure regarding transactions with related parties), and the Remuneration and Appointments Committee; ii) meetings with the top management of the Company and the managers of the corporate departments; iii) meetings with the company appointed to carry out the statutory audit and with the Supervisory Board.

During the year, the Board received periodic information from the Chief Executive Officer, at least every quarter, on the general management performance and its outlook. In the course of various board meetings, the correct pursuit of the Company's 2020-2023 Industrial Plan and the annual budget, was monitored, and information given with respect to the significant transactions carried out by the Company.

As is evident from the Annual Financial Report, the most important events that affected the Company during 2021 were:

- on 18 March 2021, the Board of Directors approved the draft FY 2020 financial statements;
- on 27 April 2021, the Shareholders' Meeting, among other things:

  in the extraordinary session:
  - approved various amendments concerning the identification of shareholders in order to bring the Bylaws into line with the provisions of article 83-duodecies of Legislative Decree no. 58/98; the reference to the current Corporate Governance Code for Listed Companies and the holding of meetings of the Board of Directors and the Board of Auditors by remote means.

  in the ordinary session:
  - approved the Annual Report at 31 December 2020 and the distribution of a dividend as proposed by the Board of Directors;
  - approved the first section of the Report on Remuneration Policy and Fees Paid, relating to the Remuneration Policy for FY 2022 and voted expressly in favour of the Second Section of the same, relating to the remuneration for the year 2021;

- approved the proposal to adopt a long-term incentive plan pursuant to Art. 114-bis of Legislative Decree no. 58/98;
- approved the proposal to purchase and dispose of treasury shares, subject to revocation of the authorisation to purchase, for the part not executed, resolved by the Shareholders' Meeting on 24 June 2020.
- appointed the Board of Statutory Auditors for the three-year period 2021-2023 (i.e. expiring on the date of the Shareholders' Meeting held for the approval of the Annual Report at 31 December 2023), in its current composition, i.e. Silvia Muzi (Chairman), Barbara Zanardi and Massimo Porfiri (Standing Auditors) and Cristina Chiantia and Paolo Siniscalco (Substitute Auditors).

It should be noted that following the approval of the draft financial statements as at 31 December 2021 at the meeting held by the Board of Directors on 17 March 2022, as significant events up to the date of this Report:

- on 19 March 2022 a Decree of the President of the Council of Ministers was published in the Official Journal of the Italian Republic (General Series) regarding the investment of Rai-Radiotelevisione italiana S.p.A. in the Company;
- on 25 March 2022, the Company received the resignations from the Board of Directors, both effective as of the latter date and for personal reasons, of the Chairman of the Board and a second Director;
- on 31 March 2022 the Company received a communication pursuant to art. 126-bis of Legislative Decree no. 58/1998 from the shareholder Rai - Radiotelevisione italiana SpA - owner of 64.971% of the Company's share capital - with the request to integrate the agenda of the Shareholders' Meeting by adding the following new items: "Appointment of two Directors to integrate the Board of Directors" and "Appointment of the Chairman of the Board of Directors", the same shareholder also therein anticipating the proposals that he intends to submit with regard to the said new topics requested; topics that, on 4 April 2022, the Board of Directors of the Company resolved to add to the agenda of the Meeting, accepting said request.

The actions resolved and implemented during 2021 comply with the principles of proper administration and are not manifestly imprudent, risky or in conflict with the resolutions passed at the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets, nor have there been atypical and/or unusual transactions, carried out with third parties or with related parties or in conflict of interest.
In this regard, the Board of Statutory Auditors has received information and supervised, to the extent under its purview, the adequacy of the Company's organisational structure, compliance with the principles of proper administration, and the suitability of provisions issued by the Company.

On the basis of the information acquired, the Board of Statutory Auditors successfully completed its supervisory activities on the adequacy of the organisational structure, in terms of configuration, procedures, skills and responsibilities, as it pertains to the Company's size, nature and the methods of pursuing the corporate purpose.

Related-Party Transactions

In the Report on Operations and in the Explanatory Notes to the 2021 Annual Report, the Directors, in accordance with the provisions of IAS 24 and Consob Communication no. DEM/10078683 of 24 September 2010, have provided an exhaustive illustration of the main transactions carried out with related parties. Reference should be made to these documents with regard to the type of transactions in question and the related economic and financial aspects, as well as to the procedural methods adopted to ensure that these transactions are carried out in compliance with the criteria of transparency and procedural and substantial correctness. In light of the due diligence performed, the Board can confirm that the related party transactions reported in the Company's Notes to the 2021 Financial Statements fall under the Company's business activities and are regulated at market conditions. It is acknowledged that the operations indicated therein were carried out in compliance with the methods set out in the specific Procedure, which is in compliance with the provisions of the Civil Code and Consob's implementing regulations.

On 22 June 2021, the Board of Directors resolved to update, subject to the favourable opinion of the Control, Risks and Sustainability Committee, the aforementioned Related Parties Procedure, with effect from the following 1 July, in order, in particular, to reflect the amendments made to the Related Parties Regulation by Consob Resolution No. 21624 of 10 December 2020 in implementation of Directive (EU) 2017/828 (Shareholder Rights Directive II).

Adequacy of Internal Control and Risk Management. Activities carried out by the Audit and Enterprise Risk Management Departments

The Board of Statutory Auditors also supervised the adequacy of the Internal Control and Risk Management System by:

a) reviewing the assessment of the Board of Directors, which formulated a positive evaluation on the adequacy and effective functioning of the Internal Control and Risk Management System;

b) reviewing the report of the Manager in charge of preparing the corporate documents;

c) reviewing the report of the Head of the Audit Department, as well as periodic information on the status of audits and the results of monitoring activities on the implementation of the corrective actions identified following the audit activities;

d) reviewing the reports of the Control, Risks and Sustainability Committee, also with regard to the functions it performs pursuant to the Related Party Transaction Procedure;

e) reviewing the interim and annual financial reports, as well as the reports prepared regarding risk management activities, aimed at describing the main risks and related management plans.

The First and Second-level controls structure is consistent with the size, complexity, specific risk profile and the regulatory framework within which the Company operates. First-level control is represented by the Company’s management, while second-level control is represented by management with monitoring functions, such as management controls and enterprise risk management. Third-level control is maintained by the Company’s Audit department, which performs audits applying a risk-based approach of the ICRMS as a whole. With reference to the Second Level of Control, in the 2021 financial year, the organisational department, reporting to the Chief Financial Officer, which is responsible for implementing, managing and maintaining the Company’s integrated Enterprise Risk Management model, aimed at supporting the corporate structures in identifying and assessing risks and defining possible response actions, always performed. In this context, a general monitoring and updating of risk mapping and related assessment was carried out, with particular attention to those inherent to the Company's current 2020-2023 Industrial Plan as well as to sustainability-related issues.

Adequacy and reliability of the administrative system to represent operational transactions

With reference to this activity, the Board of Statutory Auditors supervised the process of financial reporting and the adequacy of the administrative and accounting system. Following the verifications carried out, this was deemed to be adequate and able to correctly represent both operational transactions and the preparation of the annual report and report on operations.

With reference to the 2021 financial year, the Chief Executive Director and the Manager responsible for the preparation of financial statements stated: (i) that they are adequate in terms of the characteristics of the business and the effective application of the administrative and accounting procedures for the preparation of the Financial Statements for the 2021 financial year; that the contents of said Financial Statements complies with the applicable international accounting standards recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, established on 19 July 2002; (iii) that the Financial Statements concerned are consistent with the records and accounting entries and provide a true and accurate representation of the Company’s capital, economic and financial position; (iv) that the Annual Report includes a reliable analysis of the performance and the operating result, as well as of the Company’s situation, together with a description of the main risks and uncertainties to which it is exposed. The above-mentioned certification also underscores the adequacy of the administrative and accounting procedures for the preparation of the 2021 Financial Statements.

The Company declared that it has prepared the Financial Statements for the year 2021 in accordance with IAS/IFRS recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 and in effect at the close of the year 2021. Furthermore, the Company’s 2021 Financial Statements were prepared on the assumption of going concern and applying the conventional criterion of historical cost, except for the valuation of financial assets and liabilities for which the application of the fair criterion is mandatory value. The Company's Notes to the Financial Statements provide an analytical description of the accounting standards and valuation criteria adopted. With reference to recently issued accounting standards, the Notes to the Financial Statements refer to (i) the accounting standards approved by the European Union that are not yet applicable and (ii) accounting standards not yet approved by the European Union.

The Board of Statutory Auditors of Rai Way S.p.A. has also:

a. verified that the Directors' Report on Operations for the 2021 financial year complies with current regulations, and is consistent with the resolutions adopted by the Board of Directors and with the facts represented in the Financial Statements;

b. verified the adequacy, in terms of method, of the sensitivity analysis process used to verify the absence of impairment on assets in the Balance Sheet;

c. acknowledged the content of the Interim Report as of 30 June 2021, without needing to make any observations, and ascertained that the latter had been made public in accordance with the procedures set out by the regulations;

d. verified that the Company has fulfilled the obligations of Italian Legislative Decree 254/2016 and has arranged to draw up a Non-financial disclosure in compliance with the provisions of the above- mentioned Decree;

e. has noted that the Company has continue to publish on a voluntary basis intermediate management reports on 31 March and 30 September within the deadlines set by current legislation;

f. in its role of Internal Control and Audit Committee (CCIRC), pursuant to Art. 19, paragraph 1 of Italian Legislative Decree 39/2010, carried out the expected specific functions of information, monitoring, control and verification, fulfilling the obligations and tasks indicated in the above-mentioned regulation. For such purpose, the Board worked with the Control, Risks and Sustainability Committee to coordinate their respective responsibilities and to avoid overlapping of activities. The Board's participation in the Committee's activities facilitates coordination and information exchange between the two bodies;

g. verified, that the same financial statements were prepared in compliance with the specifications required by EU Regulation no. 2019/815 (ESEF Regulation) and therefore in the XHTML electronic format;

h. reported that Rai Way S.p.A. is managed and coordinated by parent company RAI-Radiotelevisione italiana SpA, in accordance with legal obligations and, in particular, in compliance with the conditions set out in Art. 16 of the CONSOB Markets Regulation. Reference is made to a specific Regulation regarding the management and coordination role exercised by parent company RAI in relation to the Company (approved by the Board of Directors at its meeting on 4 September 2014 and effective as of the date on which the Company's shares were listed on Borsa Italiana's Electronic Stock Market (MTA - now the Euronext Milan) market), which is also mentioned in the aforementioned Report on Corporate Governance and Ownership Structures.

The Board carried out the checks by obtaining information from the Administration, Finance and Control Department of the Company and from the Manager in charge of preparing the corporate accounting documents, as well as by reviewing the company documentation and the results of the work carried out by the Auditing Firm, in accordance with the provisions of Article 154 bis of the TUF.

The Board also verified compliance with the procedures for the publication and filing of the Financial Statements and interim reports, supervising the preparation and transmission of press releases relating to relevant financial information.

Relationship with the independent auditing firm pursuant to Article 150-bis, paragraph 3 of Italian Legislative Decree no. 58/98

During the course of the year, the Board of Statutory Auditors met regularly with the managers of the Independent Auditors appointed by PricewaterhouseCoopers S.p.A. ("PwC"), in order to exchange relevant data and information pursuant to Art. 150, paragraph 3, of Legislative Decree no. 58/1998, as well as of Legislative Decree no. 39/2010. In these meetings, the aforementioned Auditing Firm did not provide any facts or anomalies of such importance as to be reported to the Board of Directors or in this report.

With regard to the results of the Financial Statements for the year ended that ended as of 31 December 2021, appropriate technical analysis of the most significant items in the document were carried out in constant cooperation with the independent auditing firm, in compliance with the respective competencies and responsibilities. In application of the provisions pursuant to Art. 150, paragraph 3 of Italian Legislative Decree no. 58/1998, these meetings had the objective of exchanging data and information and to verify the correct use of accounting standards and their uniformity for purposes of the Financial Statements.

In particular, representatives from the independent auditing firm advised the Board about the audit plan they had prepared, its execution and the subsequent results; from these meetings, there emerged no events or situations, regarding either the audit or any failings of the internal control system, that need to be noted herein.

On 05 April 2022, pursuant to Articles 14 of Italian Legislative Decree 39/2010 and 10 of Regulation (EU) no. 537/2014, the independent auditing firm issued its Report in which it was stated that:

a) the financial statements provide a true and accurate representation of the Company's capital and financial position as at 31 December 2021, its economic result and cash flows for the year ending on that date in compliance with International Financial Reporting Standards adopted by the European Union, as well as the provision implementing Art. 9 of Italian Legislative Decree no. 38/2005;

b) the Report on Operations and certain specific information included in the Report on Corporate Governance and Ownership Structures as specified in Art. 123- bis, paragraph 4 of Italian Legislative Decree no. 58/1998 are consistent with the financial statements as at 31 December 2021 and were drawn up in compliance with current regulations;

c) the opinion on the Financial Statements expressed in the above-mentioned Report is in line with the supplementary Report prepared pursuant to Art. 11 of Regulation (EU) no. 537/2014, addressed to the Board of Statutory Auditors;

d) the positive opinion on the compliance of the Annual Report with EU Delegated Regulation 2019/815 (ESEF).

On 05 April 2021, the auditing firm PwC issued the Report containing the certification of compliance, pursuant to Article 3 of Legislative Decree no. 254/2016, and Article 5 of Consob Regulation 20267. In the Report, the Independent Auditors stated that no elements have come to its attention that would suggest that the individual non-financial statement relating to the year 2021 has not been drawn up, in all significant aspects, in compliance with the requirements of the aforementioned Decree and the selected GRI Standards.

The auditing firm has also sent to the Board of Statutory Auditors, in its role of Internal Control and Audit Committee, the supplementary Report, pursuant to Art. 11 of Regulation (EU) no. 537/2014, which highlights:

- the most significant aspects in the context of the audit of the 2021 Financial Statements;
- the audit methodology, the identification of significant risks and the significance applied;
- the failure to identify any shortcomings in the internal control system in relation to the process of financial reporting.

Furthermore, in the above-mentioned Report, the auditing firm confirmed its independence, pursuant to Art. 6, paragraph 2), point 4) of Regulation (EU) no. 537/2014, as well as the measures adopted by the auditing firm to limit such risks.

The auditing firm's Reports do not contain qualifications or disclosures, nor declarations pursuant to Art. 14, paragraph 2, letter e), of Italian Legislative Decree no. 39/2010.

Pursuant to Art. 17, paragraph 9, of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors has verified the independence of the auditing firm and that there were no omissions, reprehensible facts or irregularities. Similarly, during the supervisory activities, no significant facts emerged such as to require notification to Supervisory Authorities or mention herein.

It is noted that, in reference to FY 2021, the auditing firm PwC and its network were paid the following fees for the audit:

- Audit activities and annual report 61,000 Euro
- Interim Financial Statements 21,000 Euro
- Individual non-financial disclosure 29,000 Euro
- Certifications required by law 5,000 Euro

It is also acknowledged that, on 10 March 2022, by means of a letter stating the reasons, the Independent Auditors formulated an additional request with regard to the consideration previously agreed with the Company (for the residual period of validity of the auditing engagement), concerning the activity to be carried out, justifying this request by the updated legislation (by Law no. 21 of 26 February 2021, converting Law Decree no. 21. 182/2020, the “Mille Proroghe” Decree). This request was analysed by the Board of Statutory Auditors which prepared, with regard to the provisions of art. 13, paragraph 1 of Legislative Decree no. 39/2010, its own proposal to the Shareholders' Meeting concerning an integration of the remuneration of PwC, to which reference should be made.
The Financial Report relating to the Financial Statements includes complete information on consideration to the auditing firm, pursuant to Art. 149-duodecies of the Consob Issuers’ Regulation.

With regard to FY 2021, Rai Way S.p.A. conferred to subjects belonging to the PwC network (in particular to the same Auditing Company), in addition to the assignment of the statutory audit of the accounts, the assignments related to the non-financial disclosure and the certification related to the tax credit for costs incurred in research and development.

Furthermore, the Board has:

a) verified and monitored the independence of the Independent Auditors, pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010, and of Art. 6 of Reg. EU 537/2014, ascertaining compliance with the relevant regulatory provisions, and that the engagements for non-audit services conferred did not appear to be such as to generate potential threats to the auditor's independence and to the safeguards set out in Article 22-ter of Dir. EC 2006/43;

b) evaluated the transparency report and the additional report drawn up by the Independent Auditors in compliance with the criteria set out in Reg. EU 537/2014, noting that, based on the information acquired, no critical aspects emerged in relation to the independence of the Auditing Firm;

c) received written confirmation that the auditing firm has not rendered services other than the audit that are prohibited pursuant to Art. 5, paragraph 1, of Regulation (EU) no. 537/2014, confirming that the independence of the firm was maintained in executing the statutory audit.

The Financial Statements

The Board of Statutory Auditors reviewed the draft Annual Report at 31 December 2021, which recorded a profit for the year of 65.4 million Euro, and do not present any derogations to the legal provisions.

As the task of the statutory audit was not assigned to this Board, it supervised the general approach of the financial statements and its compliance with the law as regards its formation and structure, without identifying aspects to report. In addition, the Board verified compliance with the legal provisions relating to the preparation of the Report on Operations, also in this case without objections raised. The Directors described the items that contributed to the economic result and the events that generated those items in the Explanatory Notes and the Report on Operations.

The Annual Report of Rai Way S.p.A. As of 31 December 2021 were prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), adopted by the European Union by European Regulation (EC) no. 1606/2002, as well as pursuant to Italian

Legislative Decree no. 38 of 28 February 2005, which governed the application of IFRS within the Italian regulatory framework. The accounting standards adopted reflect the full operations of Rai Way S.p.A. in the foreseeable future, applied under the going concern assumption, and comply with those applied in preparing the 2020 financial statements.

The notes to the Financial Statements contain information and the results of the valuation process conducted in order to carry out the impairment test, from which no losses in value emerged.

Non-financial disclosure

The Company has prepared the Non-Financial Disclosure pursuant to Legislative Decree no. 254/2016 in which, in addition to providing the information required by law and in general with respect to activities carried out in the field of sustainability, an indication has been given with respect to the development of the activities put in place for the Sustainability Plan adopted by the Company in March 2021, consistent with the objectives inherent in the issues set out in the Industrial Plan for the period 2020-2023 approved by the Board of Directors on 12 March 2020.

Pursuant to Art. 3, paragraph 10 of Italian Legislative Decree no. 254/2016, the Non-financial disclosure has been subject to assurance activities by PwC, the firm assigned the statutory audit.

The Board of Statutory Auditors, pursuant to Art. 3-ter, paragraph 7 of Legislative Decree no. 254/2016, supervised compliance with the provisions contained in that decree relative to the Non-financial disclosure and, in this regard, noted that the Company fulfilled the obligations envisaged therein for purposes of its preparation, in accordance with Arts. 3 and 4 of the Decree, as well as Art. 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018, and drafted in accordance with the standards and methodologies of the Core GRI standards selected by the Company.

The 2021 Non-financial disclosure, approved by the Board of Directors on 17 March 2022, is accompanied by the limited assurance issued by PwC in April 2022.

Complaints pursuant to Art. 2408 of the Italian Civil Code and submission of complaints

In the financial year whose Financial Statements you are called to approve, the Board did not receive any complaints pursuant to Art. 2408.

Opinions issued

In 2021, the Board issued opinions, without raising objections, with specific regard to:

- the remuneration for the office of CEO;

Effects of the COVID-19 pandemic - Verification of safeguards against the spread of COVID-19

During the first months of 2020, COVID-19 virus was spread in Italy. Faced with the health emergency due to Covid-19, Rai Way has put in place, since the early months of 2020 and maintained throughout 2021, an articulated series of actions to address the pandemic, providing for the creation of an *ad hoc* operational unit in order to ensure the health and safety of its people and the operations of the company. The Company immediately activated the smart-working system, which continued throughout 2021 - and which, within the framework of adjustments to recent regulatory developments, is still in place - in order to limit the risks of direct contact in the company, and adopted all the measures recommended by the provisions of the Authorities and reference bodies/institutions, deemed suitable to safeguard the health of personnel, with a view to the safe continuation of business.

During the year, the Board of Statutory Auditors has been constantly and adequately informed on this matter, by means of (i) meetings with the competent Departments of the Company, (ii) the meetings of the Control and Risk and Sustainability Committee, (iii) specific information provided during the meetings of the Board of Directors. Moreover, the Board of Statutory Auditors declares to have promoted - in compliance with Consob warning no. 1/21 of 16 February 2021 - an effective and timely communication with the Independent Auditors, in order to ensure a mutual exchange of useful information for the performance of their respective tasks, also pursuant to art. 150, paragraph 3 of the Consolidated Law on Finance.

The Board of Statutory Auditors also constantly monitored, including through meetings with the Director of Human Resources and Organisation, the application of the aforementioned protocols, and supervised the actions taken by the Company to protect workers.

The Board found that the health emergency from COVID-19 had no significant impact on the Financial Statements submitted for approval by the Shareholders.

Impact of war in Ukraine on insider information and financial reporting

The Board of Statutory Auditors, through direct analysis and discussions with top management, has obtained information about the direct and indirect consequences of the Russian-Ukrainian conflict on the management of the company and its prospects. At present, the analyses conducted have not revealed any significant effects on the company's activities. At the date of this Report, therefore, no negative impact on the financial position or results of operations can be foreseen. With regard to aspects connected with cybersecurity, the Company has continued to apply the established procedures, which appear to be adequate also in view of the Company's typical operating context. The above information must, of course, be inserted into the macroeconomic context of reference, which appears particularly unpredictable in terms of medium- and long-term effects on global demand and the dynamics of national GDP.

Conclusions

On the basis of the aforementioned activities and taking into account the considerations reported above, the Board of Statutory Auditors sees no reason not to approve the Annual Report at 31 December 2021, and to allocate the related profit for the year as recommended by the Board of Directors.

Rome, 05 April 2022

On behalf of the Board of Statutory Auditors

The Chairman

Silvia Muzi

Rai Way S.p.A.

Registered office: Via Teulada 66, Rome

Fiscal code, VAT number and registration number
with the Register of Companies of Rome: 05820021003

Share Capital: € 70,176,000.00 fully paid

www.raiway.it

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