Our way, new opportunities

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE

2021

Rai Way

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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 to the Board
Giorgio Cogliati

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

Board of Statutory Auditors

Chairman
Silvia Muzi

Statutory Auditors
Massimo Porfiri
Barbara Zanardi

Substitute Auditors
Cristina Chiantia
Paolo Siniscalco

Auditing Company
PricewaterhouseCoopers S.p.A.

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

1 In office at the date of this report.
For information on the Company's governance system, reference should be made to the Corporate Governance and Ownership Structure Report for the year 2020 published on the Company's website (www.raiway.it), where it is also reported that the Company will adopt the Corporate Governance Code (new edition) for Listed Companies in 2021 and, in this context, the above-mentioned new name assumed by the Control and Risk Committee.

Rai Way S.p.A.'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 the whole of Italy, has 21 local network centers and avails itself of a highly specialized workforce.

The services offered by the Company include:

(i) Broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals, 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, that 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 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 Recommendation CESR/05–178b.

- Gross operating profit or EBITDA - earnings before interest, taxes, depreciation and amortization: this is calculated as profit before income taxes, depreciation, amortization, provisions, write-downs and financial income and expenses. EBITDA also excludes profits and losses from managing equity investments and securities, as well as gains and losses arising from the sale of equity investments, which are classified in the financial statements as "financial income and expenses".
- Adjusted EBITDA - earnings before interest, taxes, depreciation and amortization: this is calculated as profit before income taxes, depreciation, amortization, provisions, write-downs and financial income and expenses adjusted 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 rights of use for leasing.

Summarized economic and financial data

The following is a summary of the economic data of Rai Way at 30 June 2021 compared to the results at 30 June 2020.

In addition, figures are also provided for the Company's Net Financial Debt and Net Invested Capital at 30 June 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 Euros.

(figures in millions of euro; %)	6 months 2021	6 months 2020	Delta	Change %
Key income statement figures				
Core revenues	113.3	111.1	2.2	2.0%
Other revenues and income	0.5	0.0	0.5	N.M.
Other operating costs	(20.8)	(19.8)	(1.0)	(5.1%)
Personnel costs	(23.2)	(23.4)	0.2	1.0%
Adjusted EBITDA	69.8	67.9	1.9	2.8%
EBIT	45.7	45.4	0.3	0.6%
Net income	33.2	32.8	0.4	1.3%
Key balance statement figures				
Capital expenditure	28.8	19.0	9.7	51.2%
of which maintenance	6.2	3.1	3.1	101.5%
Net Invested Capital (*)	218.6	210.9	7.7	3.7%
Shareholders' Equity (*)	134.1	164.8	(30.7)	(18.7%)
Net Financial Debt (*)	84.5	46.1	38.4	83.4%
Indicators				
Adjusted EBITDA / Core revenues (%)	61.6%	61.1%	0.5%	0.8%
Net income / Core revenues (%)	29.3%	29.5%	(0.2%)	(0.7%)
Maintenance Capex / Core revenues (%)	5.4%	2.8%	3.0%	97.6%
Net financial debt/Adj EBITDA (%)	121.0%	67.8%	53.2%	78.5%

* data for the comparison of Net Invested Capital, Shareholders' Equity and Net Financial Debt are expressed at 31 December 2020.

- Core revenues amounted to € 113.3 million, up € 2.2 million compared to the values at 30 June 2020, mainly due to what are termed "new services".
- Adjusted EBITDA is equal to € 69.8 million and shows an increase of € 1.9 million (2.8%) compared to the 30 June 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 to core Revenues ratio was 61.6% compared to 61.1% at 30 June 2020.
- EBIT is equal to € 45.7 million, and shows an increase of € 0.3 million compared to the 30 June 2020 value.
- Net income was € 33.2 million, up 1.3% compared to 30 June 2020.
- Capital expenditure amounted to € 28.8 million and relates to the maintenance of the network infrastructure and to development projects represented mainly by the extension of population coverage with reference to the digital terrestrial television broadcasting service.
- Net Invested Capital amounted to € 218.6 million, with Net Financial Debt of € 84.5 million and a Shareholders' Equity of € 134.1 million.

A summary of the Company's income statement for the years ended 30 June 2021 and 30 June 2020 is set out in the following table:

Income statement

(figures in millions of euro; %)	6 months 2021	6 months 2020	Delta	Change %
Revenues from Rai	97.6	94.9	2.7	2.8%
Revenues from third parties	15.7	16.2	(0.5)	(3.1%)
Core revenues	**113.3**	**111.1**	**2.2**	**2.0%**
Other revenues and income	0.5	0.0	0.5	2984.7%
Personnel costs	(23.2)	(23.4)	0.2	1.0%
Other operating costs	(20.8)	(19.8)	(1.0)	(5.1%)
Adjusted EBITDA	**69.8**	**67.9**	**1.9**	**2.8%**
EBITDA Margin	*61.6%*	*61.1%*	*0.5%*	*0.8%*
Adjustments	-	(1.0)	1.0	100.0%
EBITDA	**69.8**	**67.0**	**2.9**	**4.3%**
Depreciation and amortization	(24.2)	(21.5)	(2.7)	(12.5%)
Bad debt provisions	-	(0.0)	0.0	100.0%
Provisions	0.1	-	0.1	N,M,
EBIT	**45.7**	**45.4**	**0.3**	**0.6%**
Net financial expenses	(0.7)	(0.4)	(0.3)	(65.2%)
Pre-tax profit	**45.0**	**45.0**	**(0.0)**	**(0.1%)**
Income taxes	(11.8)	(12.2)	0.4	3.6%
Net income	**33.2**	**32.8**	**0.4**	**1.3%**
NET INCOME margin	*29.3%*	*29.5%*	*(0.2%)*	*(0.7%)*

Rai Way had revenues of € 113.3 million, an increase of € 2.2 million compared to the previous period (+2%).

The activities carried out for the Rai Group generated revenues of € 97.6 million, an increase of 2.8% compared to the same period of the previous year. The increase of € 2.7 million derived from new additional services requested by the customer (known as "new services"), referring primarily to the project to extend coverage of the population with reference to the digital terrestrial television broadcasting service. With regard to commercial transactions with other customers, revenues from third parties were € 15.7 million, a decrease of 3.1% million over the same period of the previous year. The reduction is due to Tower Rental services, predominantly due to the economic effects of the optimization activities implemented by some customers on their networks, only partly mitigated by the positive performance of revenues relating to Fixed Wireless Access Providers (FWAP) and radio-television broadcasters.

Operating costs

The income statement item Personnel costs recorded a balance of € 23.2 million, down by € 0.2 million compared to the previous period mainly due to the effect of the reduction in the average number of employees from 612 in the first half of 2020 to 593 in the same period of 2021 and higher capitalized costs partly offset by the increase in travel and overtime costs which in 2020 were positively impacted by the slowdown in business following the spread of the Covid-19 virus. The Company's headcount was 594 at 30 June 2021, a reduction from the first half of 2020.

"Other operating costs" – which consist of consumables, services and other costs net of non recurring items – amounted to € 20.8 million, up by € 1 million over the previous period. The increase in costs is mainly due to the gradual normalization of production activities compared to the second quarter of 2020 when the impact of the lock-down following the spread of the Covid-19 virus had led to a reduction in variable costs.

Adjusted EBITDA amounted to € 69.8 million, an increase of € 1.9 million compared to the value of € 67.9 million at 30 June 2020, representing a margin of 61.6%.

(figures in millions of euro; %)	6 months 2021	6 months 2020	Delta	Change %
Adjusted EBITDA	**69.8**	**67.9**	**1.9**	**2.8%**
Non-recurring costs	-	(1.0)	1.0	100.0%
EBITDA	**69.8**	**67.0**	**2.9**	**4.3%**

During H1 2020, there were non-recurring costs of € 1 million, mainly referring to a voluntary redundancy initiative for the Company's personnel.

The Operating Result of € 45.7 million was € 0.3 million higher than in the same period of the previous year due to the effects described previously and the increase in depreciation of € 2.7 million caused by the growth in Development Investments.

With regards to financial expenses, a balance of € 0.7 million is recorded with a worsening of € 0.3 million from the previous period as a result of an increase in financial debt mainly related to the coverage of the needs generated by the growth of Development Investments.

Net Income amounted to € 33.2 million with an increase of € 0.4 million compared to the same period of 2020 following the facilitation measures under the Support Decree of 22 March 2021, which resulted in a positive impact on IRAP (regional production tax).

Capital expenditure

During the first six months of 2021, capital expenditure amounted to € 28.8 million (€ 19 million in the same period of 2020), of which € 6.2 million relating to the maintenance of the Company's network infrastructure (€ 3.1 million in the same period of 2020) and € 22.6 million to development investments (€ 16 million in the same period of 2020).

(figures in millions of euro; %)	6 months 2021	6 months 2020	Delta	Change %
Maintenance Investments	**6.2**	**3.1**	**3.1**	**101.5%**
Development Investments	**22.6**	**16.0**	**6.6**	**41.6%**
Total Capital expenditure	**28.8**	**19.0**	**9.7**	**51.2%**

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

Development Investments mainly concerned activities relating to the refarming process, for the release of the 700 MHz band and the transition to the DVB-T2 standard, and, in particular, the project to extend coverage of the population with reference to the digital terrestrial television broadcasting service.

It should be noted that investments for opportunistic initiatives include the impact of the acquisition of a business unit relating to the provision of infrastructure services at a transmission site located in north-east Italy, effective from 1 April 2021.

Statement of financial position

(figures in millions of euro; %)	6 months 2021	12 months 2020	Delta	Change %
Fixed assets	260.9	251.4	9.6	3.8%
Net working capital	(16.1)	(13.8)	(2.2)	(16.1%)
Provisions	(26.3)	(26.6)	0.4	1.3%
Net invested capital	**218.6**	**210.9**	**7.7**	**3.7%**
Shareholders' Equity	134.1	164.8	(30.7)	(18.7%)
Net Financial Debt	84.5	46.1	38.4	83.4%
Total funding	**218.6**	**210.9**	**7.7**	**3.7%**

Net Invested Capital at 30 June 2021 was € 218.6 million. Fixed assets include the rights of use for leasing in application of the IFRS 16 accounting standard for € 29.7 million, net of the dismantling and restoration provision.

Net Financial Debt amounted to € 84.5 million, an increase of € 38.4 million compared to 31 December 2020. The item included lease financial liabilities in application of the IFRS 16 accounting standard for a value of € 34.3 million and payables due to banks. Please refer to the paragraph "Net Financial Debt" for additional details (note 17).

Human Resources and Organization

Rai Way had a workforce of 576 people at 30 June 2021 employed on a permanent basis: 21 executives, 168 managers, 378 technicians or white-collar employees and 9 manual workers; considering the 18 workers on fixed-term contracts, the workforce reached a total of 594.

The average number of employees was 593 in the first six months of 2021, while in the same period of 2020 it was 612.

Relationships with Rai Group Companies

Relationships mostly of a commercial nature were maintained with the Parent Company Rai - Radiotelevisione Italiana, while an intercompany current account agreement used for residual payments was financial in nature. Relationships with other companies of the Rai Group are exclusively of a commercial nature. Further details may be found in the section "Related party transactions" in the Notes to the financial statements.

Significant events

The significant events were as follows:

- on 11 March 2021, the Board of Directors resolved to convene the Shareholders' Meeting for the approval of the annual report at 31 December 2020, on first or single call, on 27 April 2021.
- On 18 March 2021, the Board of Directors approved the draft financial statements for 2020, which closed with a profit of approximately € 64.0 million, and a proposal to distribute a dividend of € 0.2385 per share.
- On 27 April 2021, the Shareholders' Meeting, among other things:
  - in the extraordinary session:
    - approved various amendments to the articles of association concerning the identification of shareholders in order to bring the articles of association 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;
  - in the ordinary session:
    - approved the Financial Statements of the Company as of 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 authorization to purchase and dispose of treasury shares, subject to revocation of the corresponding authorization 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 (Chair), Massimo Porfiri and Barbara Zanardi (Standing Auditors), Cristina Chiantia and Paolo Siniscalco (Substitute Auditors).

The initial months of 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 the first six months of 2021. It should also be noted that the Company benefited in the first half of 2021 from the increase in the maximum limit granted for "state aid" at 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.

Disclosures on the main risks and uncertainties faced by the Company

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

A detailed analysis of risks was presented in the Rai Way 2020 Annual Report - Report on Operations ("Risk factors related to the Company" paragraph), published on the Company's website.

Events subsequent to 30 June 2021

There are no significant events to report.

Business outlook

Based on the information available to date regarding the development of the Covid-19 emergency, the previously communicated targets for FY 2021 are confirmed:

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

Management and coordination

Rai Way is subject to management and coordination by Rai pursuant to Art. 2497 of the Italian Civil Code. Further details may be found in the 2020 Annual Report - Report on Operations, "Management and coordination" paragraph, published on the Company's website.

Rome, 28 July 2021

On behalf of the Board of Directors
The Chairman
Giuseppe Pasciucco

Financial statements

Financial statements

Rai Way S.pA. Income statement (*)

(Figures in Euro)	Note (**)	6 months at 30/06/2021	6 months at 30.06.2020
Revenues	5	113,312,283	111,140,099
Other revenues and income	6	509,203	16,507
Purchase of consumables	7	(663,435)	(249,937)
Cost of services	7	(18,730,221)	(18,296,658)
Personnel costs	7	(23,215,751)	(24,419,671)
Other costs	7	(1,373,819)	(1,236,280)
Write-downs of financial assets	7	-	(16,440)
Depreciation, amortization and other write-downs	8	(24,196,021)	(21,499,238)
Provisions	8	50,432	-
Operating profit		**45,692,671**	**45,438,382**
Financial income	9	-	14,465
Financial expenses	9	(713,681)	(446,426)
Total net financial income/(expenses)		**(713,681)**	**(431,961)**
Pre-tax profit		**44,978,990**	**45,006,421**
Income taxes	10	(11,807,739)	(12,245,862)
Income for the period		**33,171,251**	**32,760,559**

Rai Way S.p.A. Comprehensive income statement (*)

(Figures in Euro)	Note (**)	6 months at 30/06/2021	6 months at 30.06.2020
Income for the period		**33,171,251**	**32,760,559**
Items that will be recognized in the income statement			
Profit/(loss) on cash flow hedges		-	-
Tax effect		-	-
Items that will not be recognized in the income statement			
Actuarial Profit / (Loss) for employee benefits		(28,377)	78,741
Tax effect		6,811	(18,898)
Comprehensive income for the period		**33,149,684**	**32,820,402**

(*) 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 S.p.A. Statement of financial position (*)

(Figures in Euro)	Note (**)	30.06.2021	31.12.2020
Non-current assets	**11**		
Property, plant and equipment		211,504,950	200,934,674
Rights of use for leasing		31,964,634	32,466,103
Intangible assets		15,524,365	15,891,578
Equity investments		500,000	500,000
Non-current financial assets		256,959	352,433
Deferred tax assets		3,035,365	2,845,768
Other non-current assets		1,178,987	1,207,578
Total non-current assets		**263,965,260**	**254,198,134**
Current assets	**12**		
Inventories		826,361	868,975
Trade receivables		65,115,020	62,553,246
Other current receivables and assets		4,568,641	4,245,263
Current financial assets		592,512	664,820
Cash and cash equivalents		5,717,350	4,052,690
Current tax receivables		62,196	62,196
Total current assets		**76,882,080**	**72,447,190**
Total assets		**340,847,340**	**326,645,324**
Shareholders' equity	**13**		
Share capital		70,176,000	70,176,000
Legal reserve		14,035,200	14,035,200
Other reserves		37,196,586	37,078,970
Retained earnings		32,636,697	63,494,365
Treasury shares		(19,974,011)	(19,974,011)
Total shareholders' equity		**134,070,472**	**164,810,524**
Non-current liabilities	**14**		
Non-current financial liabilities		56,000,000	15,088,305
Non-current lease liabilities		23,360,064	23,926,023
Employee benefits		12,404,384	13,198,256
Provisions for risks and charges		16,911,345	16,286,025
Other non-current payables and liabilities		-	-
Total non-current liabilities		**108,675,793**	**68,498,609**
Current liabilities	**15**		
Trade payables		40,233,339	45,545,566
Other debt and current liabilities		45,916,893	35,987,626
Current financial liabilities		497,296	327,206
Current lease liabilities		10,971,710	11,452,429
Current tax payables		481,837	23,364
Total current liabilities		**98,101,075**	**93,336,191**
Total liabilities and shareholders' equity		**340,847,340**	**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 S.p.A. Statement of changes in Shareholders' Equity (*)

(Figures in Euro)	Share capital	Legal reserve	Other reserves	Retained earnings	Treasury shares	Total
At 01 January 2020	**70,176,000**	**14,035,200**	**37,078,970**	**62,906,561**	**-**	**184,196,731**
Income for the period				32,760,559		32,760,559
Actuarial gains and losses (**)				59,843		59,843
Dividends for shareholders				(63,348,800)		(63,348,800)
At 30 June 2020	**70,176,000**	**14,035,200**	**37,078,970**	**32,378,163**	**-**	**153,668,333**
Income for the period				31,247,494		31,247,494
Actuarial gains and losses (**)				(131,292)		(131,292)
Distribution of dividends				-		-
Purchase of treasury shares					(19,974,011)	(19,974,011)
At 31 December 2020	**70,176,000**	**14,035,200**	**37,078,970**	**63,494,365**	**(19,974,011)**	**164,810,524**
Income for the period				33,171,251		33,171,251
Actuarial gains and losses (**)				(21,567)		(21,567)
Distribution of dividends				(64,007,352)		(64,007,352)
Stock option plan reserves			117,616			117,616
At 30 June 2021	**70,176,000**	**14,035,200**	**37,196,586**	**32,636,697**	**(19,974,011)**	**134,070,472**

(*) 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.

Rai Way S.p.A. Cash flow statement (*)

(Figures in Euro)	30.06.2021	30.06.2020
Pre-tax profit	**44,978,990**	**45,006,421**
Adjustments for:		
Depreciation, amortization and write-downs	24,196,021	21,515,678
Provisions and (releases of) personnel and other funds	1,745,871	716,140
Net financial (income)/expenses (**)	628,439	326,478
Retained earnings/(losses) - Effect of first time adoption of IFRS	-	-
Other non-monetary items	80,910	86,570
Cash-flows generated by operating activities before changes in net working capital	**71,630,230**	**67,651,288**
Change in inventories	42,614	1,078
Change in trade receivables	(2,561,762)	12,744,820
Change in trade payables	(5,309,559)	(18,955,906)
Change in other assets	(373,168)	(443,354)
Change in other liabilities	(891,116)	2,746,705
Use of risk fund	(131,298)	(395,263)
Payment of employee benefits	(1,802,807)	(1,104,635)
Change in current tax receivables and payables	(31,098)	(62,196)
Paid taxes	(657,619)	-
Net cash flow generated by operating activities	**59,914,417**	**62,182,538**
Investments in property, plant and equipment	(28,069,448)	(18,130,267)
Disposals of property, plant and equipment	177,596	-
Investments in intangible assets	(799,249)	(904,273)
Purchase of business unit	(1,000,000)	-
Disposals of intangible assets	37	-
Decommissioning of rights of use	-	-
Change in non-current financial assets	95,474	-
Changes in equity investments	-	-
Change in other non-current assets	28,591	64,830
Net cash flow generated by investment activities	**(29,566,999)**	**(18,969,711)**
(Decrease)/increase in medium/long-term loans	40,911,695	(85,601)
(Decrease)/increase in current financial liabilities	31,094	63,351,875
Repayments of lease liabilities	(5,252,126)	(4,110,514)
Change in current financial assets	(127,029)	(122,131)
Net interest expense for the period	(363,110)	(249,681)
Purchase of treasury shares	-	-
Dividend paid	(63,883,281)	-
Dividends to be paid	-	(63,348,800)
Net cash flow generated by financing activities	**(28,682,757)**	**(4,564,851)**
Change in cash and cash equivalents	**1,664,660**	**38,647,976**
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	**5,717,350**	**68,815,716**

(*) 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 Half-yearly financial report at 30 June 2021

Notes to the Half-yearly financial report at 30 June 2021

Introduction (note 1)

The Half-yearly financial report at 30 June 2021, consisting of a Statement of financial position, an Income Statement, a Comprehensive Income Statement, a Statement of Cash Flows, a Statement of Changes in Shareholders' Equity, and these Notes, has been prepared in accordance with Art. 154-ter of Italian Legislative Decree 58/1998 and subsequent amendments, as well as with the Issuer Regulations issued by Consob.

The Half-yearly financial report at 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

The Half-yearly financial report at 30 June 2021 was approved on 28 July 2021 by the Board of Directors, which authorized its publication.

The structure and content of the accounting statements in the Half-yearly financial report at 30 June 2021 and the related compulsory schedules conform to those prepared for the annual financial statements. In the preparation of this Report, the same accounting criteria and principles have been used, where applicable, as those adopted in the preparation of the Financial Statements for the year ended 31 December 2020 - with the exception of those specifically applicable to interim situations and the standard required for share-based payment transactions (IFRS 2), the latter not included in the Annual Report as the case covered was not present in 2020.

Following the approval by the Shareholders' Meeting of 27 April 2021 of a long-term incentive plan, pursuant to art. 114-bis of Legislative Decree No. 58/1998, having as its object the free assignment of ordinary shares of Rai Way S.p.A. upon the achievement of certain performance objectives, the Company began to recognise additional benefits to strategic managers through participation in the share capital. The aforementioned plan is accounted for in accordance with IFRS 2.

The above standard states that share subscription and purchase options granted by the Company to employees and directors give rise to the recognition of an expense recognized in personnel costs with a corresponding increase in shareholders' equity. Specifically, options to subscribe to and purchase shares are measured at their fair value at the grant date, amortized over the vesting period. Changes in fair value after the assignment date do not affect the initial measurement. At the end of each financial year, an estimate of the number of rights that will accrue until maturity is updated. The change in the estimate is recognized as an adjustment to shareholders' equity with a balancing entry to personnel costs.

The Notes were drawn up in accordance with the minimum contents required by IAS 34 – Interim Financial Reporting, and with the instructions issued by Consob in Communication No. 6064293 of 28 July 2006. In accordance with IAS 34, the Notes are presented in summary form and do not include all of the information required in the annual financial statements; they refer exclusively to components which, due to amount, composition, or transactions, are essential for purposes of understanding the Company's economic and financial position. Therefore, this Half-yearly financial report must be read together with the financial statements at 31 December 2020.

This Half-yearly financial report presents comparative figures from the latest financial statements of Rai Way at 31 December 2020 with regard to the financial position, and from the latest Half-yearly financial report of Rai Way at 30 June 2020 with regard to the income statement and statement of cash flows.

The preparation of the Half-yearly financial report at 30 June 2021 required the use of estimates by the directors: the main areas in which significant evaluations and assumptions were conducted, and those with significant effects on the periodic situations presented, are reported below in the Notes at 30 June 2021. Some of the measurement processes, especially the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in a complete manner only when preparing the annual financial statements except when there are indicators that demand an immediate update of estimates.

It should be noted that on 31 March 2021, with effect from 1 April 2021, the Company acquired a business unit relating to the provision of infrastructure services at a transmission station located in north-east Italy.

Amendments and interpretations of current standards, effective as of 1 January 2021 (note 2)

With regard to application of current accounting standards and recently issued ones, please refer to the Rai Way 2020 Annual Report – Notes to the financial statements, "Summary of accounting standards" paragraph published on the Company's website.

With regard to accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to the description provided in the specific paragraph of the Notes to the financial statements at 31 December 2020.

In addition, it should be noted that, during the first half of 2021, the following approved standards were issued, although not yet of mandatory application:

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

All the amendments are effective for annual periods beginning on or after 1 January 2022. The Company has assessed that these changes will have no impact on the separate financial statements.

In addition, it should be noted that, during the first half of 2021, the following accounting standards were issued, although not yet approved by the European Union:

- on 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts", which was subsequently amended by "Amendments to IFRS 17" issued on 25 June 2020. The standard addresses the accounting treatment of insurance contracts issued and reinsurance contracts held. IFRS 17 is effective for annual periods beginning on or after 1 January 2023.
- on 23 January 2020 and 15 July 2020, respectively, the IASB issued "Amendments to IAS 1 Pres-

entation 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 material;
- the amendments clarify the situations that are considered as a settlement of a liability.

Due to the Covid-19 pandemic, the IASB proposed to defer the effective date of 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 periods 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 an entity should distinguish changes in accounting policies from changes in accounting estimates, relevant because 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 periods beginning on or after 1 January 2023.
- On 31 March 2021 the IASB issued the document "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021". The amendment increases by twelve months, from 30 June 2021 to 30 June 2022, the period of application of the practical expedient, which was introduced on 28 May 2020, for accounting for Covid-19-related leases. The practical expedient allows lessees to disregard lease concessions as lease amendments if they occur as a direct result of the Covid-19 pandemic and meet specified conditions. The amendment is effective for financial periods beginning on or after 1 April 2021.
- 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 offsetting amounts of taxable and deductible temporary differences when entered into. The amendments are effective for financial periods 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 the financial statements.

Segment information (note 3)

The segment information, to which the reader is referred, was set out in the 2020 Annual Report ("Reference market" paragraph) published on the Company's website.

Seasonality of the business (note 4)

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

Notes on the main changes in the Income Statement

Revenues (note 5)

(in thousand of euro)	6 months	
	2021	**2020**
Revenues from Rai Group (*)	97,586	94,915
Revenues from third parties	15,726	16,225
- Hospitality fees for equipment and apparatus	*14,410*	*14,630*
- Other	*1,316*	*1,595*
Total revenues from sales and services	**113,312**	**111,140**

(*) Revenues are shown net of marginal costs of € 9,191 (€ 10,790 thousand at 30/06/2020).

The item "Revenues", which includes revenues attributable to the period related to the provision of services in the normal course of business, recorded an increase of € 2,172 thousand compared to the same period of 2020, going from € 111,140 thousand at 30 June 2020 to € 113,312 thousand at 30 June 2021.

"Revenues from Rai Group" amounted to € 97,586 thousand, equal to 86% of total Revenues as at 30 June 2021 and increased by € 2,671 thousand compared to the same period in 2020. This increase derives mainly from additional services provided to the Parent (so-called new services), in particular relating to the planned extension of the coverage of the population with reference to the digital terrestrial television broadcasting service.

"Revenues from third parties" mainly includes revenues from (i) tower rental services, (ii) broadcasting services, (iii) transmission services, and (iv) network services, which the Company provided to third parties other than Rai. These Revenues posted a decline, equivalent to € 499 thousand, compared to the same period of the previous year, primarily in connection with tower rental services.

Other revenues and income (note 6)

"Other revenues and income" amounted to € 509 thousand in the first 6 months of 2021 and compared with 30 June 2020 (€ 17 thousand) showed an increase of € 492 thousand, mainly due to the legal recovery of the additional provincial tax on excise duties applicable to electricity, unduly paid by the Company in the years 2008-2010. The item also includes grants under Law 488/92 and Law 190/14 for investments in research and development and compensation for damages.

Costs (note 7)

The item "Purchase of consumables and goods", which includes the purchase of technical materials for the warehouse, and fuels and combustibles for generators and heating, went from € 250 thousand at 30 June 2020 to € 663 thousand at 30 June 2021, with an increase of € 413 thousand. The increase was primarily due to the purchases of fuel and miscellaneous utensils.

"Costs of services" amounted to € 18,730 thousand at 30 June 2021 and increased by € 433 thousand compared to 30 June 2020 (€ 18,297 thousand). The increase is mainly due to higher costs for maintenance and repairs, personnel travel and other services only partially offset by lower costs for services under intercompany service contracts.

The income statement item "Personnel costs" amounts to € 23,216 thousand, down € 1,203 thousand compared to 30 June 2020 (€ 24,419 thousand) mainly related to charges for a redundancy incentive plan incurred in the previous year. The average headcount of the Company at 30 June 2021 was 593, down by an average of 19 compared to the same period of the previous year. Capitalized personnel costs amounted to € 2,058 thousand at 30 June 2021 (€ 1,821 thousand at 30 June 2020).

"Other costs" amounted to € 1,374 thousand, with an increase of € 138 thousand compared to 30 June 2020 (€ 1,236 thousand).

Amortization/depreciation, Other write-downs and Provisions (note 8)

"Amortization, Depreciation, and Other write-downs" amounted to € 24,196 thousand at 30 June 2021 (€ 21,499 thousand at 30 June 2020). This item posted an increase of € 2,697 thousand compared to the same period in the previous year due to growth in Development Investments.

The item "Provisions" as at 30 June 2021 shows a negative balance (positive income component) of € 50 thousand (€ zero thousand as at 30 June 2020), referring mainly to the release of certain items from the provision for risks related to civil and administrative litigation and legal expenses following judgements in the Company's favour.

Financial income and expenses (note 9)

"Financial income" showed a balance of € 0 at 30 June 2021. In the same period of the previous year the balance of "Financial income" was € 14 thousand.

"Financial expenses" amounted to € 714 thousand, an increase of € 267 thousand compared to the same period of the previous year (€ 446 thousand at 30 June 2020) mainly due to the interest related to the loan agreement signed by the Company on 29 October 2020, which guaranteed, amongst others, coverage of the needs generated by the growth of development investments.

Income taxes (note 10)

The item breaks down as follows:

(in thousand of euro)	6 months	
	2021	2020
Current taxes	12,930	12,675
Deferred taxes	(183)	(189)
Substitute taxes	31	62
Taxes relating to previous financial years	(971)	(303)
Total	**11,807**	**12,245**

The item "Current taxes" is equal to € 12,930 thousand with an increase compared to the previous period of € 255 thousand mainly due to the effect on FY 2020 determined by the tax relief provided by the relaunch decree (Decree Law No. 34 of 19 May 2020) regarding IRAP (regional production tax) to which the Company adhered.

This item consists of:

- IRES (corporate income tax) of € 10,800 thousand;
- IRAP (regional production tax) of € 2,130 thousand.

Deferred taxes show a negative balance of € 183 thousand with a decrease of € 6 thousand compared to 30 June 2020 mainly due to the net effect between uses and provisions of the items recovered for taxation.

Deferred taxes consist of:

- Prepaid taxes of € (162) thousand;
- Deferred tax liabilities of € (21) thousand.

"Taxes relating to previous years" show a negative balance (positive income component) equal to € 971 thousand following the increase in the maximum limit granted for "state aid" at Group level from € 800 thousand to € 1,800 thousand provided by Decree law No. 41 of 22 March 2021 (the 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.

Notes on principal changes in the Balance Sheet

Non-current assets (note 11)

"Property, plant and equipment" amounted to € 211,505 thousand as at 30 June 2021, an increase of € 10,570 thousand compared to 31 December 2020 due primarily to investments made in the first six months of the year (€ 28,396 thousand), partially offset by depreciation for the period (€ 17,567 thousand).

"Rights of use for leasing", recognized from FY 2019 due to the adoption of IFRS 16, amounted to € 31,965 thousand at 30 June 2021 (€ 32,466 thousand at 31 December 2020), a decrease of € 501 thousand following the combined effect of new investments for € 4,442 thousand, amortization for € 4,789 thousand and termination notices for € 155 thousand.

"Intangible assets" amounted to € 15,524 thousand, a decrease of € 367 thousand compared to 31 December 2020, due to investments of € 1,472 thousand and amortization for € 1,839 thousand.

"Deferred tax assets" recorded a balance of € 3,035 thousand at 30 June 2021, an increase of € 190 thousand compared to 31 December 2020, mainly in relation to higher credits with the tax authorities for prepaid taxes.

"Other non-current assets" amounted to € 1,179 thousand at 30 June 2021 and decreased by € 29 thousand compared with the values of the previous financial year. The amount relates for € 358 thousand to guarantee deposits receivable and for € 821 thousand to the advance payment of the substitute tax deriving from the tax enfranchisement of the merger deficit generated by the merger by incorporation of the company Sud Engineering, which took place with effect from 22 June 2017. It should be noted that the Company has opted for the ordinary regime, pursuant to Article 176, paragraph 2-ter, of the T.U.I.R. (Income Tax Consolidation Act) and that the accounting model adopted is that relating to the recognition of the substitute tax as an advance on current taxes.

Equity investments amounted to € 500 thousand at 30 June 2021, with no change on 31 December 2020 and relate to the acquisition of shares representing the entire share capital of Sogepotel S.r.l., a company that was leasing a transmission site located in the province of Bergamo, acquired by Rai Way, the commercial use of which it managed. As of 30 December 2020, following the transfer to Rai Way of the entire company compendium owned by Sogeptel S.r.l., the latter is no longer operational.

Current assets (note 12)

Inventories amounted to € 826 thousand, down by € 43 thousand compared to 31 December 2020.

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

"Trade receivables", amounting to € 65,115 thousand, increased by € 2,562 thousand compared to 31 December 2020 and are detailed as follows:

(in thousand of euro)	At 30 June 2021	At 31 December 2020
Receivables from Rai	56,465	55,618
Receivables from customers and other Group companies	11,245	9,530
Provision for bad and doubtful debts	(2,595)	(2,595)
Total Trade receivables	**65,115**	**62,553**

It should be noted that the provision for bad and doubtful debts at 30 June 2021, of € 2,595 thousand, has not changed since it is considered adequate in relation to the amount of receivables shown.

At 30 June 2021, "Other current receivables and assets" amounted to € 4,569 thousand, an increase of € 323 thousand compared to 31 December 2020 due mainly to higher accrued income and prepayments.

At 30 June 2021, "Current financial assets" amounted to € 593 thousand, a decrease of € 72 thousand from the prior year.

"Cash and cash equivalents" amounted to € 5,717 thousand at 30 June 2021, an increase of € 1,665 thousand compared to 31 December 2020 (€ 4,053 thousand).

Current income tax credits amounted to € 62 thousand at 30 June 2021 and were unchanged from the previous year. The value refers to the recognition of substitute tax paid on the merger surplus, as reported above in the section on "Other non-current assets".

Shareholders' equity (note 13)

At 30 June 2021, the Company's Shareholders' Equity amounted to € 134,070 thousand and showed a decrease of € 30,740 thousand compared to 31 December 2020 (€ 164,810 thousand) determined by the combined effect of the profit for the first six months of 2021, the distribution of dividends, the actuarial valuation of employee benefits and the establishment of reserves for the long-term incentive plan, pursuant to Art. 114-bis of Legislative Decree no. 58/1998, having as its object the free assignment to strategic managers of ordinary shares of Rai Way S.p.a. upon the achievement of certain performance objectives.

Non-current liabilities (note 14)

The item "Non-current financial liabilities" amounted to € 56,000 thousand at 30 June 2021 with an increase of € 40,912 thousand compared to the values at 31 December 2020, determined by the combined effect of the debt related to the utilization for € 41,000 thousand under the Term Credit Line of the loan signed on 29 October 2020 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. and the repayment of the instalments falling due at the end of June 2021 relating to the ordinary loan granted by Mediocredito Centrale related to the investments financed by Law 488/92 (31st call) and the subsidised loan granted by Cassa depositi e prestiti S.p.A., which provides for repayment in six-monthly instalments and accrues interest at a subsidised fixed rate of 0.50%.

"Non-current lease liabilities" totalled € 23,360 thousand, down € 566 thousand compared to 31 December 2020 (€ 23,926 thousand).

The item "Employee benefits", amounting to € 12,404 thousand, decreased by € 794 thousand compared to 31 December 2020 (€ 13,198 thousand), mainly due to personnel leaving as a result of the redundancy incentive plan.

The item "Provisions for risks and charges", amounting to € 16,911 thousand, increased by € 625 thousand compared to 31 December 2020 (€ 16,286 thousand), mainly due to the accrual to the provision for accrued fees offset by the release of some items from the provision for civil and administrative litigation.

The timing of disbursements for the item "Provision for risks and charges" cannot be estimated with any certainty as they mainly depend on the timing of legal and/or regulatory proceedings on the composition and nature of the network for broadcasting radio and television signals which are currently not predictable.

Current liabilities (note 15)

"Trade payables", which amounted to € 40,233 thousand, can be broken down as follows:

(in thousand of euro)	At 30 June 2021	At 31 December 2020
Payables to suppliers	37,219	43,520
Payables to Parent Company	3,014	2,026
Total Trade payables	**40,233**	**45,546**

The item "Other current payables and liabilities" was equal to € 45,917 thousand at 30 June 2021, up by € 9,929 thousand with respect to the values at the end of 2020. The increase is mainly due to higher deferred income and payables due to the Parent Company for tax consolidation, offset by lower payables to staff and social security institutions and tax payables.

"Current financial liabilities" amounted to € 497 thousand at 30 June 2021, an increase compared to the value at 31 December 2020 (€ 327 thousand) mainly due to payables to shareholders and accrued expenses.

The item "Current lease liabilities" amounted to € 10,972 thousand, down by € 481 thousand compared to 31 December 2020 (€ 11,452 thousand) due to the combined effect of the reclassification of liabilities by maturity and the payments made during the period.

At 30 June 2021, "Current tax payables" amounted to € 482 thousand, an increase of € 458 thousand compared to 31 December 2020 (€ 23 thousand) due to the payable to tax authorities for IRAP (regional production tax) accrued during the current period (€ 2,130 thousand).

Earnings per share (note 16)

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

(in thousand of euro, unless otherwise indicated)	At 30 June 2021	At 31 December 2020
Net profit	33,171	32,761
Average number of ordinary shares	268,374,644	272,000,000
(Basic and diluted) earnings per share	**0.12**	**0.12**

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

Net Financial Debt (note 17)

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").

(in thousand of euro)	At 30 June 2021	At 31 December 2020
A. Cash	12	9
B. Cash equivalents	5,706	4,043
C. Other current financial assets	593	665
D. Cash and cash equivalents (A) + (B) + (C)	**6,311**	**4,717**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	11,469	11,779
F. Current portion of non-current financial debt	-	-
G. Current financial debt (E + F)	**11,469**	**11,779**
H. Net current financial debt (G - D)	**5,158**	**7,062**
I. Non-current financial debt (excluding current portion and debt instruments)	79,360	38,975
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	39
L. Non-current financial debt (I + J + K)	**79,360**	**39,014**
M. Total financial debt (H + L)	**84,518**	**46,076**
Excluded effects of IFRS 16-Lease liabilities:		
Q. ESMA net financial debt net of IFRS 16 (P) - (I) - (M)	**50,186**	**10,698**

Commitments and guarantees (note 18)

Commitments, referring only to technical investments, amounted to € 42.2 million at 30 June 2021 (€ 20.0 million at 31 December 2020).

At 30 June 2021, guarantees amounted to € 81,058 thousand (€ 81,346 thousand at 31 December 2020) and mainly regard guarantees received for the obligations of other parties and guarantees of third parties pledged for the Company's obligations for liabilities and payables.

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

Pursuant to Consob Communication No. DEM 6064293 of 28 July 2006, during the first six months of 2021, the Company was not party to any abnormal and/or unusual operations as defined in that communication.

Other Information (note 20)

Contingent liabilities

The amounts recognized in this half-yearly report 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 specializing in administrative disputes. Again, in relation to administrative disputes, the Company is involved in a dispute relating to a selection procedure appeal pursuant to Articles 4 and 15 of Italian Legislative Decree 50/2016.

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

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

The Company is also party to a very limited number of lawsuits brought by employees and former employees in relation to alleged faulty application of the current regulations governing employee agreements. The amounts recognized in this half-yearly report 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 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 half-yearly financial report for this purpose.

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

Related party transactions[3]

Details of the transactions the Company carried out with related parties are provided in the following; related parties are identified on the basis of IAS 24 Related Party Disclosures. The company Rai Way carries

3 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.

out transactions mainly of a commercial and financial nature with the following Related Parties:

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

Related party transactions are conducted under normal market conditions.

The following table sets out details of the Company's statement of financial position items with regard to related parties at 30 June 2021 and 31 December 2020:

Related party transactions (Statement of financial position)

(in thousand of euro)	Parent Company	Senior Management	Other related parties	Total
Rights of use for leasing				
At 30 June 2021	14,273		4	14,277
At 31 December 2020	16,156		10	16,166
Non-current financial assets				
At 30 June 2021	-		-	-
At 31 December 2020	-			-
Current financial assets				
At 30 June 2021	383		-	383
At 31 December 2020	450		14	464
Current trade receivables				
At 30 June 2021	56,465		313	56,778
At 31 December 2020	55,618		315	55,933
Other current receivables and assets				
At 30 June 2021	2,441		-	2,441
At 31 December 2020	2,550		-	2,550
Non-current lease liabilities				
At 30 June 2021	10,668		-	10,668
At 31 December 2020	12,571			12,571
Current financial liabilities				
At 30 June 2021	-		-	-
At 31 December 2020			-	-
Current lease liabilities				
At 30 June 2021	6,718		-	6,718
At 31 December 2020	6,632		12	6,644
Trade payables				
At 30 June 2021	3,013		-	3,013
At 31 December 2020	2,026		-	2,026
Other debt and current liabilities				
At 30 June 2021	32,228	316	732	33,276
At 31 December 2020	21,140	507	1,394	23,041
Employee benefits				
At 30 June 2021	-	127	108	235
At 31 December 2020		129	122	251

The following table sets out details of the Company's income statement items with regard to related parties at 30 June 2021 and 30 June 2020:

Related party transactions (Economic)

(in thousand of euro)	Parent Company	Senior Management	Other related parties	Total
Revenues (*)				
At 30 June 2021	106,136		641	106,777
At 30 June 2020	105,061		645	105,706
Other revenues and income				
At 30 June 2021	8		-	8
At 30 June 2020	3			3
Purchase of consumables				
At 30 June 2021	-		-	-
At 30 June 2020	-			-
Cost of services				
At 30 June 2021	3,326		-	3,326
At 30 June 2020	3,445			3,445
Personnel costs				
At 30 June 2021	-	1,024	404	1,428
At 30 June 2020	8	873	437	1,318
Other costs				
At 30 June 2021	18		-	18
At 30 June 2020	17		-	17
Right of use depreciation and amortization				
At 30 June 2021	1,901		6	1,907
At 30 June 2020	1,901		6	1,907
Financial income				
At 30 June 2021	-		-	-
At 30 June 2020				-
Financial expenses				
At 30 June 2021	93		-	93
At 30 June 2020	115			115

(*) The amounts include the marginal costs towards the Parent for € 17,481 thousand (€ 10,339 thousand at 30/06/2020) and Other related parties for € 451 thousand (€ 451 thousand at 30/06/2020).

Parent Company

The relations with the Parent Company, Rai, at 30 June 2021, mainly regard the Service Contract renegotiated on 31 July 2014, amended on 10 December 2019 in certain contractual terms and conditions, which relates to the provision of new integrated network services by the Company, in respect to which the parties have waived the right of termination at the second seven-year period already envisaged, effectively renewing it until 30 June 2028, without prejudice to the possible, already envisaged continuation for a further seven years, save for termination of not only the Rai supply agreement (regarding personnel administration, general services, IT systems, administration and treasury and the research and technological innovation centre), the lease and supply contract of connected services by Rai, the domestic tax consolidation, the VAT legislation consolidation and, lastly, an intercompany current account agreement used to deal with residual payments.

Senior Management

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

Other related parties

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

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

Rome, 28 July 2021

On behalf of the Board of Directors
The Chairman
Giuseppe Pasciucco

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

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 Half-yearly financial report at 30 June 2021.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Half-yearly financial report at 30 June 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 Organizations of the Treadway Commission.*

We also certify that:

- the Half-yearly financial report of Rai Way S.p.A. at 30 June 2021:
  a. has 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;
  b. agrees with the balances on the books of account and the accounting entries;
  c. gives a true and fair view of the financial position, results of operations and cash flows of the issuer;
- 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.

Rome, 28 July 2021

Aldo Mancino
Chief Executive Officer

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

Report of the Independent Auditors

pwc

REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2021

To the shareholders of

Rai Way SpA

Foreword

We have reviewed the accompanying condensed interim financial statements of Rai Way SpA as of 30 June 2021, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and related notes. The directors of Rai Way SpA are responsible for the preparation of the condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Rai Way SpA as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 30 July 2021

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

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

Managed and coordinated by Rai - Radiotelevisione Italiana S.p.A.

Graphic design: **Ergon Com**