Annual Financial Report

2022

Rai Way

Annual Financial Report

2022

Index

Company name, share capital and registered office

Company Name:	Rai Way S.p.A.
Share Capital:	Euro 70,176,000 i.v.
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
Maurizio Rastrello

Chief Executive Officer
Aldo Mancino

Directors
Riccardo Delleani
Annalisa Raffaella Donesana
Roberta Enni
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 2022, published on the Company website (www.raiway.it).

Letter to Shareholders

Dear Shareholders,

the operating and financial results achieved in 2022 confirm the effectiveness of the actions undertaken following the approval of Rai Way's Industrial Plan, which have led to significant improvements in all the main economic indicators amidst a very complex global context, impacted by the war in Ukraine, which, in turn, has led to a situation of great uncertainty at a macroeconomic level and in particular on the costs of energy sources.

With reference to ESG topics, during the year, the Company's commitment continued on all fronts: environment, social and governance aspects, in the firm belief that a business management capable of pursuing sustainable success is the best way to compete in the market.

From an operational point of view, the past financial year was characterised by the completion of the refarming process of the Rai network frequencies and the activation of the new regional multiplexes at the service of regional broadcasting, which allowed for a more efficient use of frequency resources, an important rationalisation of infrastructures at local level and an overall reduction in energy consumption. The company has strictly adhered to its commitments for the transition to the new digital TV and, thanks to the investments made in recent years, is already prepared for the adoption of the further technological improvements required by the regulations on digital terrestrial TV broadcasting.

The activities related to the refarming process led to a strong growth in Rai Way's customer portfolio, following the signing of transmission capacity supply contracts with over one hundred new customers, operating as local audiovisual media service providers. In addition, the refarming also led to a strengthening of the services offered to Rai, contributing to the growth of revenues from the existing service contract with the Parent Company. Finally, commercial activities also enabled the achievement of important results with mobile operators (MNOs), fixed wireless access (FWA) and radio broadcasters.

Also during the year, Rai Way started the implementation of the new edge network that will enable the offer of low-latency services, with the aim of expanding its assets in the broader market of technological infrastructures, which will play an increasingly central role in the future in enabling the digital transition process.

During the year, Rai Way confirmed its commitment to the enhancement of human capital, seen as a strategic factor for corporate growth, in a perspective that supports and favours the creation of value and the achievement corporate objectives, while ensuring an increasingly sustainable and innovative workplace, able to uphold external evolutions and changes in progress, both social and technological.

The Company's revenues in 2022 amounted to € 245.4 million, with a significant growth in both the component related to the service contract with Rai and that deriving from other customers, thanks for the latter to the contribution generated by the new contracts signed with local audiovisual media service providers.

Adjusted EBITDA for the year reached € 151.0 million, up 5.7% year-on-year, despite a significant increase in electricity-related costs, with the net result of € 73.7 million increasing by more than 12% on 2021.

The Net Financial Position amounted to € 105 million, confirming the growth trend envisaged in the Industrial Plan determined by development investments.

The economic-financial results for 2022 demonstrate once again the effectiveness of Rai Way's business model, which is capable of guaranteeing significant growth rates in the face of rapidly changing economic scenarios, and which will allow, in the future, the achievement of results even higher than the initial expectations of the Industrial Plan, maintaining consistency with the Sustainability Plan.

On behalf of the Board of Directors
The Chairman
Maurizio Rastrello

Rai Way's activities

Rai Way[2] (hereafter the Company) is a leading provider of integrated networks infrastructures and services for broadcasters, telecommunication operators, public companies 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.

Rai Way has been listed on the Electronic Stock Market (MTA) of the Italian Stock Exchange since 2014, following the Global Offering of Sale, promoted by the shareholder RAI - Radiotelevisione Italiana S.p.A. (hereinafter Rai), which enabled the Company to confirm the path of opening up to the market that it had already started, strengthening its image as an independent company.

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.

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.

The services offered by the Company include:

(i) Broadcasting services, which include broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals, through the network infrastructure, to the final users within a geographical area and transmission capacity sale services;
(ii) Transmission services, for the transmission of radio and television signals via the dedicated network (radio links, satellite, fibre optic) and in particular the provision of Contribution Services, meaning one-directional transport services;
(iii) Tower Rental services, meaning hosting of third party transmission and broadcasting equipment at 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.

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 2022 compared to the results at 31 December 2021.

In addition, figures are also provided for the Company's Net Financial Debt and Net Invested Capital at 31 December 2022 compared to equivalent figures at the close of the previous financial year.

For a better analysis of the data, note that the changes and percentages shown in the following tables are calculated using values expressed in Euro.

(figures in millions of euro; %)	2022	2021	Delta	Change %
Key Income Statement Figures				
Core Revenues	245.4	229.9	15.5	6.7%
Other Revenues and income	0.5	0.6	(0.1)	13.0%
Other operating costs (*)	(51.2)	(42.5)	(8.7)	(20.4%)
Personnel costs	(43.7)	(45.0)	1.3	2.9%
Adjusted EBITDA	151.0	142.9	8.1	5.7%
EBIT	103.8	91.1	12.7	14.0%
Net Income	73.7	65.4	8.3	12.7%
Key Balance Statement Figures				
Capital expenditure	80.2	83.9	(3.7)	(4.4%)
of which maintenance	17.4	14.3	3.2	22.1%
Net Invested Capital	281.2	253.8	27.4	10.8%
Shareholders' Equity	176.2	165.9	10.2	6.2%
Net Financial Debt	105.0	87.9	17.1	19.5%
Indicators				
Adjusted EBITDA / Core Revenues (%)	61.5%	62.2%	(0.6%)	(1.0%)
Net Income / Core Revenues (%)	30.0%	28.4%	1.6%	5.6%
Maintenance Capex / Core Revenues (%)	7.1%	6.2%	0.9%	14.4%
Net financial debt/Adj EBITDA (%)	69.5%	61.5%	8.1%	13.1%

(*) "Other operating costs" is calculated net of the electricity tax credit for companies that are not considered as energy-intensive, amounting to € 2.6 million.

CORE REVENUES
€ 245.4 mln
+ 6.7%

Core Revenues amounted to € 245.4 million, up 6.7% compared to the values as at 31 December 2021.

ADJUSTED EBITDA
€ 151.0 mln
+5.7%

Adjusted EBITDA is equal to € 151.0 million and shows an increase of € 8.1 million compared to the 31 December 2021 value. The Company defines this measure as EBITDA adjusted for non-recurring expenses.

ADJUSTED EBITDA/ CORE REVENUES
61.5%

The ratio between Adjusted EBITDA and core Revenues was 61.5% compared to 62.2% as at 31 December 2021.

NET INCOME
€ 73.7 mln
+ 12.7%

Net income was € 73.7 million, up 12.7% compared to 31 December 2021.

EBIT
€ 103.8 mln
+14.0%

EBIT is equal to € 103.8 million, and shows an increase of € 12.7 million compared to the 31 December 2021 value.

NET INVESTED CAPITAL
€ 281.2 mln
+10.8%

Net Invested Capital amounted to € 281.2 million, with Net Financial Debt of € 105.0 million and a Shareholders' Equity of € 176.2 million.

CAPITAL EXPENDITURE
€ 80.2 mln

Capital expenditure of € 80.2 million relates to development projects and the maintenance of network infrastructure.

Report on 2022 operations

Report on 2022 operations

Indications and the overall performance of the economy[3]

The post-pandemic recovery trajectory that had characterised economic performance in 2021 (world GDP +5.9%, source: OECD) underwent a major correction starting in February 2022, with geopolitical tensions between Russia and Ukraine erupting into conflict after the latter's invasion, causing the most serious energy crisis since the 1970s and the subsequent deceleration of the global economy.

The war had direct and indirect impacts not only in Europe, but also on a global scale, due to the reduction in the availability of energy raw materials - starting with gas and oil, with Russia's decision to cut off flows to the European market - and the consequent violent price increase, which quickly spread to semi-processed goods and foodstuffs.

The rush to stockpile methane brought the price of gas to close to € 350 per MWh at the end of last August, six times higher than in 2021, resulting in a sharp increase in the kWh cost. Oil prices over the same period fluctuated more moderately with an annual peak around $120 per barrel, only to fall back below $90. Inflation, driven by energy commodities, thus rose to its highest level in 40 years (+6.5% in the US, +9.2% in the Eurozone, +12.3% in Italy[4]) causing income redistribution within countries and trade imbalances between producer and consumer countries, reducing overall demand, which until then had been supported by governments and financial institutions.

In response to the uncontrolled growth of consumer prices, central banks - starting with the US Federal Reserve - implemented monetary policy tightening manoeuvres during the year, accelerating the path of gradual normalisation of stimuli initiated in the latter part of 2021. In 2022, in the face of seven rate hikes in the US (reaching 4.50% in December), in Europe the ECB reduced and then suspended the net purchases of the PEPP (Pandemic Emergency Purchase Programme) and APP (Asset Purchase Programme) programmes and, since July, implemented a decisive rate hike - 125 basis points in the summer quarter and a further 125 between October and December - closing the year at 2.50% and planning to continue in the coming months. The rise in base rates inevitably led to an increase in the cost of debt, putting pressure on households and businesses, while the difference between US and EU rates led to a marked appreciation of the dollar, with the exchange rate against the euro falling to a low of 0.95 before returning above par at the end of the year.

Despite the continuation of the conflict, tensions in international commodity markets and global supply chains gradually eased in the last quarter of the year, also benefiting from the reopening in China at the end of the severe zero-Covid restrictions that continued to block production chains, and a particularly mild autumn on the European continent that reduced the use of gas stocks. Meanwhile, price dynamics also started to cool down after the summer peaks, at the height of tensions in the energy markets. However, global trade lost momentum in the fourth quarter and world growth weakened after expanding in the previous three months, ending the year at +3.4% according to the latest IMF estimates.

In the US, the buoyancy of production dynamics in the latter part of the year, driven by exports, led to a 2.1% increase in GDP, slowing from 2021. In China, the severe restrictions on mobility brought about by the prolonged lock-downs affected economic activity, which stagnated in the latter part of the year, thus

3 OECD, Economic Outlook, December 2022; Bank of Italy, Economic Bulletin 1/2022; ISTAT
4 Eurostat

limiting the annual change to 3%. In Europe, too, the last quarter was almost stagnant and 2022 ended with GDP growth of 3.5%. Looking ahead to 2023, the IMF forecasts a decline to 2.9 % globally due to the widespread slowdown in advanced economies, where initial fears of recession seem, however, to have been ruled out by leading international analysts.

The Italian economy, which grew quickly and above expectations in the two middle quarters of 2022, driven by domestic demand and household consumption, was instead held back in the autumn by the contraction in manufacturing. In the twelve months of the year, GDP was strongly supported by the tertiary sector and grew by 3.9% according to the latest available ISTAT data, more than the largest economies in the world.

The price dynamic in Italy (+8.1% on average) was mainly driven by price increases in the energy sector, which started to recede from November, although the underlying component continues to show upward pressure, partly attributable to the demand for tourist services. Employment continued to expand at a relatively strong pace and the unemployment rate dropped to 8.1%. In 2023, economic activity in Italy is expected to slow, although continuing to expand (0.6%): after a still weak first quarter, due to the persistence of global tensions, growth would gradually strengthen, taking advantage of the easing of inflationary pressures and assuming the full implementation of the investment programmes of the National Recovery and Resilience Plan (PNRR).

However, the macroeconomic context is still surrounded by a great deal of uncertainty, which is mainly attributable to the outlook for international trade, as well as to the high volatility of commodity markets, on which geopolitical tensions with Russia are weighing heavily.

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)

DTH (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 shows effective resilience, despite the simultaneous strong growth seen in the spread of OTT platforms in recent years.

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 the operators INWIT and Cellnex.

Rai Way also launched an investment plan aimed at expanding its assets in the broader digital infrastructure market (e.g. data centres), which will play a central role in enabling the digital transition process in the coming years. At present, the Italian market still shows an imbalance between supply and demand resulting from the limited availability and geographical distribution of quality assets.

DAB
(Digital Audio Broadcasting)

Rai Way on the financial markets[5]

In the early days of 2022, the macroeconomic environment continued its path of improvement after the strong impact caused by the outbreak of the Covid-19 pandemic. In the expected scenario, characterised by the gradual overcoming of the health crisis and the relaxation of supply and demand imbalances, the acceleration of global GDP was expected to continue at a sustained pace in 2022. However, the international macroeconomic environment changed rapidly as a result of (i) Russia's invasion of Ukraine in February, which led to a conflict whose outcome is still very uncertain to this day, and (ii) the persistence of inflationary factors exacerbated by the war, which had already started last year but were initially interpreted as temporary, and which fuelled strong pressure on consumer prices (driven mainly by the energy component).

As a result, the GDP growth of all the major economies - although positive (+2.1% in the US, +3.5% in the Eurozone, +3.9% in Italy) - gradually eased over the course of the year, while inflation reached record levels (+6.5% in the US, +9.2% in the Eurozone3, +12.3% in Italy[6]).

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

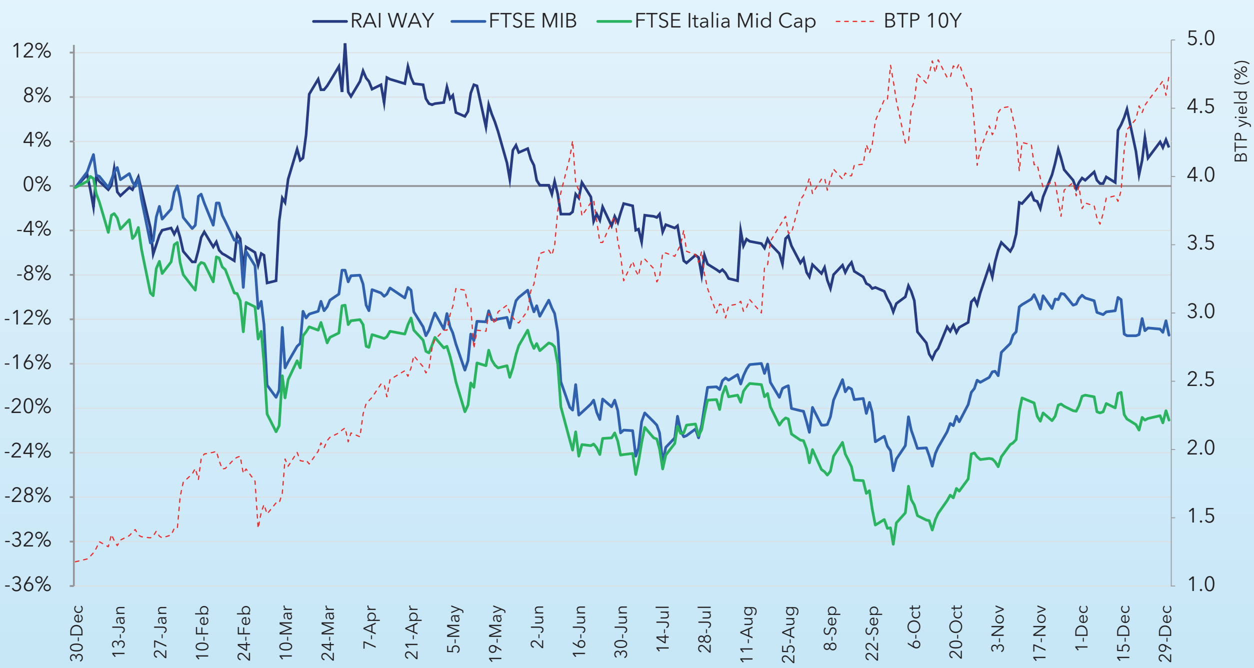
6 HICP Harmonised Index.

In response, the prevailing orientation of the central banks of many advanced and emerging countries has shifted towards progressively less expansive policies, with key monetary policy interest rates rising (to 2.5% for the ECB and 4.5% for the FED at the end of 2022) and financial asset purchase plans being partially or fully terminated.

Against this backdrop, despite a limited recovery - especially in Europe - in the last quarter (linked to the reversal of energy price trends and an initial slowdown in inflationary dynamics), international financial markets experienced a generalised decline during the course of the year, driven mainly by rising interest rates, pressure on commodity prices and expectations of an economic slowdown. In Italy, in particular, the FTSE Italia All-Share index recorded an increase of 14.1%, while the Mid Cap list rose by 21.0%.

During the year, the Rai Way share, listed on the Euronext Milan market (formerly Mercato Telematico Azionario) of Borsa Italiana, despite the difficult macroeconomic situation, on the other hand, grew by 3.6% (+8.3% if the distribution of the dividend is taken into account), outperforming both market indices and peers, supported also by the market's increased confidence with reference to possible consolidation dynamics in the sector.

Rai Way ended 2022 with a market capitalization of € 1,472 million.



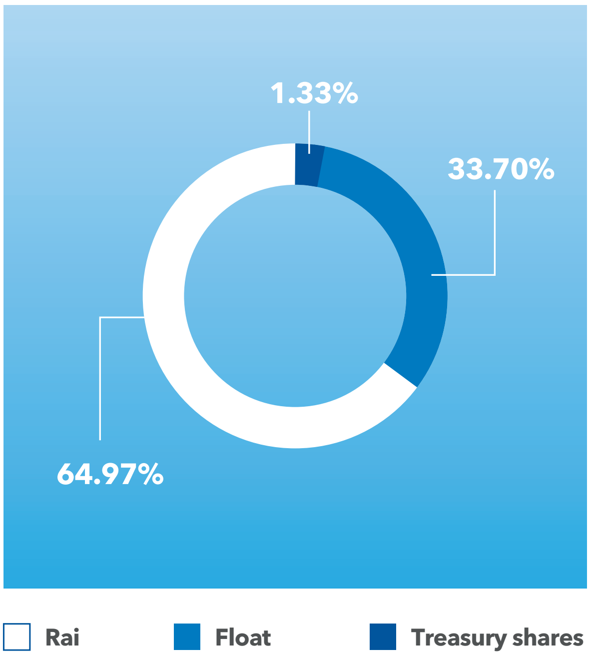
The following table sets out key market figures:

Key market data

General data	ISIN	IT0005054967
	Number of shares	272,000,000
	of which own	*3,625,356*
	Floating	33.70%
Price (Euro, %)	Price on placement (19/11/2014)	2.95
	Price as of 31/12/2021	5.22
	Price as of 31/12/2022	5.41
	Performance as of 31/12/2022 vs. placement	+83.4%
	Performance as of 31/12/2022 vs. 31/12/2021	+3.6%
	Maximum price (closing) in 2022	5.90
	Minimum price (closing) in 2022	4.41
Daily volumes ('000)	Average volumes in 2022	207,476
	Maximum volumes in 2022	1,422,759
	Minimum volumes in 2022	22,627
Capitalisation (Mln Euro)	Capitalisation at placement (19/11/2014)	802.4
	Capitalisation as of 31/12/2021	1,419.8
	Capitalisation as of 31/12/2022	1,471.5

Shareholding structure

As of 31 December 2022, 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.



Trading performance

2022 was a very significant year on the commercial development front, with multiple business initiatives that resulted in a marked increase in revenue to both the Rai Group and third-party customers.

With reference to Rai, the financial year was characterised by the completion of the refarming process of the 700 MHz band, which saw the company strictly comply with the commitments undertaken for the transition to the new digital TV, which led to an increase in revenues from the service contract in place with the Parent Company, as a result of the increase in the relative consideration, which in 2021 was effective for only six months.

During 2022, the provision of additional services to Rai also continued, including numerous contribution and connectivity services relating to various events, such as: the Serie A football championship, the opera season of the La Scala theatre in Milan, the 66th edition of the annual "Eurovision Song Contest 2022", the World Athletics Championship held in Eugene (United States), the European Championships in Munich (Germany), the World Cup in Qatar, the 79th Venice Film Festival, the Cannes Film Festival and the Beijing Winter Olympics. Furthermore, Rai Way provided Rai Italia signal distribution services to foreign operators with SRT protocol over the public network and renewed connectivity services for Rai's foreign offices and transmission and broadcasting services for Rai World programmes in the Americas, Australia and Asia.

On the third-party customer front, following the conclusion of the procedures for the assignment of rights of use of frequencies for the digital terrestrial service in the local area, called for by the Ministry of Economic Development, Rai Way started up the service of supplying transmission capacity to approximately 140 providers of audiovisual media services (FSMA) in the local area, distributed in the technical areas where the Company had previously been awarded frequencies.

With reference to the Tower Rental segment, the main activities concerned both the development of new contracts and the consolidation of existing ones with different types of customers and in particular with mobile operators (MNOs), fixed wireless access (FWA) and radio customers.

Significant events

The significant events were as follows.

- On 24 February 2022, Russia launched a military invasion of Ukraine (which is still ongoing), following which numerous countries, including those of the European Union, imposed the first economic and financial sanctions, 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 Company's continued operation as a going concern;
- on 17 March 2022, the Board of Directors resolved to convene the Shareholders' Meeting to approve the annual report at 31 December 2021, at a single call on 27 April 2022; it duly approved the draft annual report for 2021, which closed with a profit of approximately € 65.4 million, and a proposal to distribute a dividend of € 0.2436 per share.
- on 19 March 2022, the Decree of the President of the Council of Ministers regarding the regulation of the reduction of Rai's equity investment in Rai Way S.p.A. to the limit of 30%, was published in the Official Journal , General Series no. 66;
- on 25 March 2022, the Chairman of the Board of Directors, Giuseppe Pasciucco, and the Director, Stefano Ciccotti, both resigned, with effect from the same date and for personal reasons, from their office as Directors of the Company and, for the former, also from the office of Chairman of the Board of Directors;
- on 27 April 2022, the Shareholders' Meeting, whose agenda had been supplemented by the Board of Directors with a resolution dated 4 April 2022 at the request of the Shareholder Rai in consideration of the aforementioned resignations:
  - approved the Financial Statements of the Company as at 31 December 2021 and the distribution of a dividend as proposed by the Board of Directors;
  - approved the First Section (relating to the remuneration policy for 2022) and voted in favour of the second section (relating to compensation for 2021) of the Report on the remuneration policy and compensation paid, as prepared by the competent offices;
  - updated, upon justified proposal of the Board of Statutory Auditors, the economic conditions of the audit mandate to PricewaterhouseCoopers S.p.A. for FYs 2021 and 2022, in consideration of additional activities to be carried out by virtue of such mandate due to new regulatory provisions and updating of the auditing standards;
  - approved the proposal of the Board of Directors authorising the purchase and disposal of treasury shares, previously revoking the corresponding authorisation approved at the Meeting of 27 April 2021;
  - following the proposal submitted by the majority Shareholder Rai, appointed - as an integration of the Board of Directors and for a duration until the expiry of the latter (i.e. until the Shareholders' Meeting for the approval of the Annual Report at 31 December 2022) - Roberta Enni and Maurizio Rastrello as Directors of the Company, and, therefore, the latter as Chairman of the Board of Directors.

Results for the year

The Company earned net income of € 73.7 million in 2022 representing an increase over the previous year corresponding figure of € 8.3 million (12.7%).

A summary of the Company's income statement for the years ended 31 December 2022 and 31 December 2021 is set out in the following table:

Income Statement

(figures in millions of euro; %)	2022	2021	Delta	Change %
Revenues from Rai	210.5	199.2	11.3	5.7%
Revenues from third parties	34.9	30.8	4.2	13.6%
Core Revenues	**245.4**	**229.9**	**15.5**	**6.7%**
Other revenues and income	0.5	0.6	(0.1)	(13.0%)
Personnel costs	(43.7)	(45.0)	1.3	2.9%
Other operating costs	(51.2)	(42.5)	(8.7)	(20.4%)
Adjusted EBITDA	**151.0**	**142.9**	**8.1**	**5.7%**
EBITDA Margin	*61.5%*	*62.2%*	*(0.6%)*	*(1.0%)*
Adjustments	-	(0.4)	0.4	100.0%
EBITDA	**151.0**	**142.6**	**8.5**	**5.9%**
Depreciation and amortisation	(46.9)	(50.3)	3.4	6.7%
Bad Debt Provisions	(0.3)	(0.2)	(0.1)	(57.6%)
Provisions	0.0	(1.0)	1.0	101.4%
EBIT	**103.8**	**91.1**	**12.7**	**14.0%**
Net Financial Expenses	(2.1)	(1.2)	(0.8)	(68.3%)
Pre-Tax Profit	**101.8**	**89.9**	**11.9**	**13.2%**
Taxation	(28.1)	(24.5)	(3.6)	(14.6%)
Net Income	**73.7**	**65.4**	**8.3**	**12.7%**
NET INCOME Margin	*30.0%*	*28.4%*	*1.6%*	*5.6%*

Rai Way had revenues of € 245.4 million, an increase of € 15.5 million compared to the previous period (6.7%).

The activities carried out for the Rai Group generated revenues of € 210.5 million, an increase of 5.7% compared to the same period of the previous year; the increase of € 11.3 million derived 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 and partly from the effects of inflation-linking of the grid services. With regard to commercial relations with other customers, revenues from third parties amounted to € 34.9 million, an increase of € 4.2 million compared to the same period of the previous year, benefiting from the start-up of new local transmission capacity supply services in the technical areas where Rai Way was awarded the rights to use frequencies.

Personnel costs amounted to € 43.7 million as of 31 December 2022, down by € 1.3 million compared to the previous period, mainly due to the release of provisions related to previous years, the decrease in the average number of employees and higher capitalised costs. The Company's workforce is 584 as at 31 December 2022.

"Other operating costs" – which consist of consumables, services and other costs net of non recurring items – amounted to € 51.2 million, up by € 8.7 million over the previous period. The increase in costs is mainly due to the upward trend in electricity costs (up € 8.5 million), as a result of the increase in the price of the energy raw material component, partially absorbed by the reduction in consumption resulting from the use of new, more efficient equipment, by the facilitations on the tariff components tied to general system charges and by the tax credit for non-energy consuming companies.

Excluding electricity, other costs are essentially in line with those booked for the previous year.

Adjusted EBITDA amounted to € 151.0 million, an increase of € 8.1 million compared to the value of € 142.9 million at 31 December 2021, representing a margin of 61.5%.

Adjusted EBITDA

(figures in millions of euro; %)	2022	2021	Delta	Change %
Adjusted EBITDA	**151.0**	**142.9**	**8.1**	**5.7%**
Non-recurring costs	-	(0.4)	0.4	100.0%
EBITDA	**151.0**	**142.6**	**8.5**	**5.9%**

In 2021, there were non-recurring expenses of € 0.4 million.

EBIT of € 103.8 million was € 12.7 million higher than in the same period of the previous year due to the effects described above and a reduction in depreciation and amortisation of € 3.4 million, mainly due to the end of the amortisation cycle related to the investments made prior to 2012 for the switchover from the analogue to the digital television system with DVB-T technology.

Financial management closed with a balance of € 2.1 million, a worsening of € 0.8 million over the previous period.

Net income amounted to € 73.7 million, an increase of € 8.3 million over the same period in 2021.

Capital expenditure and Other investments

In 2022, capital expenditure amounted to € 80.2 million (€ 83.9 million in 2021), of which € 62.8 million relating to Development Investments (€ 69.6 million in 2021) and € 17.4 million to the maintenance of the Company's infrastructure network (€ 14.3 million in 2021).

Capital expenditure and Other investments

(figures in millions of euro; %)	2022	2021	Delta	Change %
Maintenance Investments	**17.4**	**14.3**	**3.2**	**22.1%**
Development Investments	**62.8**	**69.6**	**(6.8)**	**(9.8%)**
Total Capital expenditure	**80.2**	**83.9**	**(3.7)**	**(4.4%)**
Investment in real estate leasing and car fleet	**7.4**	**9.3**	**(1.9)**	**(20.4%)**
Investments for opportunistic initiatives	**-**	**1.1**	**(1.1)**	**(100.0%)**

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 also include the development of the television networks for the start-up of the local broadcasting service in the technical areas where Rai Way has been assigned the rights to use the frequencies. It also includes investments for the realisation of an advanced national fibre optic backbone infrastructure.

Statement of financial position

(figures in millions of euro; %)	2022	2021	Delta	Change %
Fixed Assets	334.3	294.6	39.7	13.5%
Net Working Capital	(29.8)	(14.4)	(15.4)	(107.4%)
Provisions	(23.4)	(26.5)	3.1	11.7%
Net Invested Capital	**281.2**	**253.8**	**27.4**	**10.8%**
Shareholders' Equity	176.2	165.9	10.2	6.2%
Net Financial Debt	105.0	87.9	17.1	19.5%
Total funding	**281.2**	**253.8**	**27.4**	**10.8%**

Net Invested Capital at 31 December 2022 was € 281.2 million. Fixed assets also include the lease rights of use in application of the IFRS 16 accounting standard for € 32.2 million, net of the dismantling and restoration provision of € 1.2 million.

Net financial debt amounted to € 105.0 million, up by € 17.1 million compared to 31 December 2021 mainly as a result of the draw-down of the medium-term loan in the year in question. The item included lease financial liabilities in application of the IFRS 16 accounting standard for a value of € 40.1 million. Further details may be found in the paragraph on "Current and non-current financial assets and liabilities" in the notes to the financial statements (note 20).

Human Resources and Organization

As at 31 December 2022, Rai Way had a workforce of 560 people employed on a permanent basis: 24 executives, 169 middle managers, 361 technicians or office staff and 6 workers. 23 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	2021	2022	2021	2022	2021	2022	2021	2022
Men*	19	20	136	137	332	327	8	7
Women*	4	4	31	32	69	63	0	0
Average age	54	55	52	51	42	44	60	60

*Annual average values

In 2022, the HR lines of action were laid out as follows, in a framework of constant attention to human capital, intended as a strategic factor for corporate growth, in a perspective that supports and favours the creation of value and the achievement corporate objectives, while ensuring an increasingly sustainable and innovative workplace, able to uphold external evolutions and changes in progress, both social and technological, making them into stimuli and opportunities:

- safeguarding the optimal and consistent sizing of the workforce perimeter, with specialised graft for the development of business challenges;
- 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;
- confirmation of smart working organisational solutions and work-life balance options;
- qualified investment in both technical and managerial training, with a focus on the learning component of occupational health and safety;
- 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, with active routes with the school and university network, aimed at encouraging targeted internship and school-work programme experiences;
- promotion of recruiting paths, including digital ones, open from the age of majority, inspired by criteria which, while respecting equal opportunities and diversity, ensure pluralism of professionalism;
- implementation of the on-boarding process to intercept new contributions and contamination of knowledge, positively affect the sense of belonging, also through interactive dialogue, transfer corporate values/goals related to the role;
- attention to staff engagement, also through the promotion and development of internal climate surveys aimed at periodically surveying staff satisfaction, monitoring the results in correlation with the requests expressed;
- guarantee and enhancement of diversity and equal opportunities.

The testing phase of the agile working model ended in December 2022. At the end of the evaluation of company sentiment on the institute, based on the evidence of the survey administered to the members of the experimental smart working scheme, aimed at verifying favour on agile working and gathering any instances of improvement, the results that emerged showed satisfaction with the smart working model, confirming its compliance with the needs of work-life balance and its limited impact on the risk of isolation from the work environment. This resulted in the conversion of the smart working model to a structural model, with the adoption of a more favourable management approach to the needs of frail workers, parents of under-14s and the care/assistance needs of family members with disabilities.

The model was facilitated with the implementation of internal training and communication initiatives dedicated to agile process management, networking and remote communication skills.

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 appreciation 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, skills, areas of responsibility and the roles carried out, the competitiveness with remuneration levels in the external market.

Of particular importance is the renewal of the agreement on the Company's Result Award, valid for the 2022-2024 three-year period, which allows the Company's non-executive personnel to benefit from a collective economic incentive linked to Rai Way's results, with independent corporate objectives resting upon the Company's technical-productive specificities and competitive positioning.

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, Rai Way has confirmed its Top Employers Italia certification, as Employer of Choice, consolidating a process of attention and innovative implementation of HR policies and processes that once again confirms the Company's ability to provide the best working conditions, reconciling the needs of competitiveness and well-being of the organisation.

In relation to the Quality Management System, Rai Way, first certified ISO 9001:2015 in 2016, renewed its certification during 2022 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 for the transmission and broadcasting of radio and television signals. Provision of network infrastructure and services for telecommunications operators".

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 2022 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 42).

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 financial position, results of operations and cash flows.

The Company's largest customers are Rai and the main MNOs (Mobile Network Operators) in Italy with whom it enters into 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 business and its 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 s 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

Pursuant to Law No. 14 of 24 February 2023, the expiry date of the national service contract between the Ministry of Enterprise and Made in Italy (MIMIT) and Rai for the period 2018 - 2022 expired at the end of 2022 and is postponed to 30 September 2023. It should be noted that the effects of this service contract will remain in force until a new contract comes into force, it being understood that Rai has been designated as the exclusive concessionaire of the public radio, television and multimedia service until 30 April 2027.

In view of the above, uncertainty persists on the future technical prescriptions related to the provision of the Public Service, which could potentially lead to negative impacts on the Company's medium and long-term economic and financial situation.

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 Ministry of Enterprises and Made in Italy (MIMIT) 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 results of operations, financial position and cash flows.

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 2022.

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.

It should be noted that the Company has initiated procedures with some banks to acquire new sources of financing, which will be defined before the expiry of the previously indicated financing.

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 recognized 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.

Risk factors related to the industry in which the Company operates

Risks related to obtaining administrative authorizations 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, also in connection with possible diversification strategies 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 42).

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.

Any failure by Rai Way 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. During 2022, the company carried out several preparatory activities for the start-up of these new services.

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 ISO14001:2015 and ISO 45001 certifications. For more information, see the section in the Notes to the Financial Statements entitled "Climate Change" (note 42).

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 of the Covid-19 virus in Italy and around the world, with the consequent application of restrictive measures by the competent authorities, had a limited impact on the Company's turnover related to the commercial activity carried out during the year. In any case, the Company continues to carefully monitor the evolution of the spread of the virus, taking into account any new indications issued by the Italian Government in order to identify the correct risk mitigation actions (both internal and external to the company).

Finally, on the basis of the Company's operations and taking into account all the information available to date on a medium-term scenario, the capital structure, available liquidity and economic performance, including in the context generated by the epidemic linked to the spread of Covid-19, there are no elements that could in any way affect the ability to operate as a going concern.

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

The major volatility of electricity prices recorded recently, may continue, with the risk of unforeseen increases in the costs of plant operation, with a negative impact on the Company's income statement, 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 (installed as a consequence 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 2022 the currency risk was not significant as the Company's operations are mainly concentrated in the European Union;
- interest rate risk: in 2022, 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 falling due on 27 October 2023, of which € 101 million was used as of 31 December 2022 and a Revolving credit line of a maximum of € 50 million, not used as of 31 December 2022. It is recalled that 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 paragraph of the 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.

Regarding the most significant initiatives in 2022, Rai Way participated in and was awarded a MISE tender called "5G Audiovisual" together with a large aggregation of partners (project to run from July 2022 to July 2023), which envisages the experimentation of 5G Broadband and in particular Broadcast technologies, associated with the production and distribution of particularly innovative audiovisual content (VR360, distributed audio/video production, automotive). The cities concerned by the use-cases of this project are Turin and Palermo.

Relationships with Rai Group Companies

Relationships of a commercial and financial nature were maintained with the Parent Company RAI - Radiotelevisione Italiana S.p.A.; 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 2022 and 2021, identified on the basis of IAS 24 Related Party Disclosures, are provided in the paragraph "Related party transactions" (note 40).

Treasury shares

Following the authorization resolved by the Shareholders' Meeting of 24 June 2020, the Company launched, as of 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 05 August 2020 and 27 November 2020 (extremes 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 equivalent value 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 2022 (note 39)

Following the termination, with 31 December 2022, of the transitional period provided for by Article 44-bis, paragraph 2, of Decree-Law No. 76 of 16 July 2020, i.e. the two financial years following FY 2020, the Company - pursuant to Article 2-ter of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999 ("Issuers' Regulation") - lost, as of 1 January 2023, the qualification of "SME" (Small and Medium Enterprise) pursuant to Article 1, paragraph 1, letter w-quater.1) of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Finance Act" or "TUF").

Business outlook

For the financial year 2023, the Company expects:

- Adjusted EBITDA growth rate in the mid-teens (based on current electricity price forecasts for 2023);
- Maintenance investments in line with the previous year; development investments substantially in line with 2022 but with a different Rai-third parties mix.

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 2021. It should be noted that the Parent 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 2021 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 2021
Summary report of essential data
Balance sheet at 31 December 2021

(in thousand of euro)	Financial year at 31 December 2021
Property, plant and equipment	905,261
Lease rights of use	44,791
Intangible assets	400,215
Equity investments	923,926
Non-current financial assets	2,730
Other non-current assets	3,213
Total non-current assets	**2,280,136**
Total current assets	**642,096**
Total assets	**2,922,232**
Share capital	242,518
Reserve	492,980
Retained earnings (losses)	(77,661)
Total shareholders' equity	**657,837**
Non-current financial liabilities	299,338
Non-current lease liabilities	30,861
Employee benefits	351,054
Provisions for non-current risks and charges	202,097
Deferred tax liabilities	39,598
Other non-current payables and liabilities	1,634
Total non-current liabilities	**924,582**
Total current liabilities	**1,339,813**
Total liabilities	**2,264,395**
Total shareholders' equity and liabilities	**2,922,232**

Comprehensive income statement

(in thousand of euro)	Financial year at 31 December 2021
Total revenues	2,516,633
Total costs	(2,642,570)
EBIT	**(125,937)**
Financial income	72,446
Financial expenses	(12,277)
Result of equity investments valued with the equity method	7,508
Profit before tax	**(58,260)**
Income taxes	27,823
Result for the financial year - Profit (loss)	**(30,437)**
Components of the comprehensive income statement	(6,043)
Overall result for the financial year	**(36,480)**

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 periodically 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 09 April 1991, no. 127, 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, Risks 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, 16 March 2023

on behalf of the Board of Directors
The Chairman
Maurizio Rastrello

Financial statements

Financial statements

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

(Figures in Euro)	Note (**)	12 months as at 31.12.2022	12 months as at 31.12.2021
Revenues	6	245,445,873	229,937,070
Other revenues and income	7	3,121,690	582,321
Purchase of consumables	8	(1,475,531)	(1,484,983)
Cost of services	9	(48,991,920)	(38,229,678)
Personnel costs	10	(43,708,202)	(45,394,326)
Other costs	11	(3,354,468)	(2,827,994)
Write-downs of financial assets	12	(319,150)	(202,534)
Depreciation, amortisation and other write-downs	13	(46,908,815)	(50,300,933)
Provisions	14	13,731	(973,367)
Operating profit		**103,823,208**	**91,105,576**
Financial income	15	79,676	891,616
Financial expenses	15	(2,131,945)	(2,111,228)
Total net financial income/(expenses)		**(2,052,269)**	**(1,219,612)**
Pre-tax profit		**101,770,939**	**89,885,964**
Income taxes	16	(28,080,989)	(24,502,038)
Income for the period		**73,689,950**	**65,383,926**

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

(Figures in Euro)	Note (**)	12 months as at 31.12.2022	12 months as at 31.12.2021
Income for the period		**73,689,950**	**65,383,926**
Items that will be recognized in the Income Statement			
Profit/(loss) on cash flow hedges		878,606	-
Tax effect		(210,865)	-
Items that will not be recognised in the Income Statement			
Actuarial Profit / (Loss) for employee benefits		1,314,222	(601,815)
Tax effect		(315,413)	144,436
Comprehensive income for the period		**75,356,500**	**64,926,546**

(*) 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	
		31.12.2022	31.12.2021
Non-current assets			
Property, plant and equipment	17	280,773,127	244,458,555
Lease rights of use	18	33,434,083	31,547,869
Intangible assets	19	19,519,975	17,243,995
Non-current financial assets	20	-	218,903
Deferred tax assets	21	1,764,013	3,039,792
Other non-current assets	22	947,641	1,148,408
Total non-current assets		**336,438,839**	**297,657,522**
Current assets			
Inventories	23	756,234	790,113
Trade receivables	24	66,221,818	67,815,513
Other current receivables and assets	25	2,461,007	3,938,633
Current financial assets	20	1,480,192	537,115
Cash and cash equivalents	26	35,183,995	17,243,998
Current tax receivables	27	62,196	62,202
Total current assets		**106,165,442**	**90,387,574**
Total assets		**442,604,281**	**388,045,096**
Shareholders' equity	**28**		
Share capital		70,176,000	70,176,000
Legal reserve		14,035,200	14,035,200
Other reserves		38,200,449	37,265,839
Profits carried forward		73,726,254	64,413,559
Treasury shares		(19,974,011)	(19,974,011)
Total shareholders' equity		**176,163,892**	**165,916,587**
Non-current liabilities			
Non-current financial liabilities	20	-	69,000,000
Non-current lease liabilities	30	22,582,661	21,412,673
Employee benefits	31	10,000,616	12,263,375
Provisions for risks and charges	32	15,133,331	17,236,141
Other non-current payables and liabilities	34	327,273	-
Total non-current liabilities		**48,043,881**	**119,912,189**
Current liabilities			
Trade payables	33	60,471,655	51,688,944
Other debt and current liabilities	34	38,455,148	35,206,434
Current financial liabilities	20	101,544,042	184,587
Current lease liabilities	30	17,550,507	15,056,763
Current tax payables	35	375,156	79,592
Total current liabilities		**218,396,508**	**102,216,320**
Total liabilities and shareholders' equity		**442,604,281**	**388,045,096**

(*) 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	Treasury shares	Total
As at 1 January 2019	**70,176,000**	**14,035,200**	**37,078,970**	**59,531,790**		**180,821,960**
Period profits				63,360,973		63,360,973
Actuarial gains 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 gains and losses (**)				(71,449)		(71,449)
Distribution of dividends				(63,348,800)		(63,348,800)
Purchase of treasury shares					(19,974,011)	(19,974,011)
As at 31 December 2020	**70,176,000**	**14,035,200**	**37,078,970**	**63,494,365**	**(19,974,011)**	**164,810,524**
Period profits				65,383,926		65,383,926
Actuarial gains 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**	**(19,974,011)**	**165,916,587**
Period profits				73,689,950		73,689,950
Actuarial gains and losses (**)				998,808		998,808
Distribution of dividends				(65,376,063)		(65,376,063)
Cash flow hedge reserve (**)			667,741			667,741
Stock option plan reserves			266,869			266,869
As at 31 December 2022	**70,176,000**	**14,035,200**	**38,200,449**	**73,726,254**	**(19,974,011)**	**176,163,892**

(*) 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 cash flow statement (*)

(Figures in Euro)	31.12.2022	31.12.2021
Pre-tax profit	**101,770,939**	**89,885,964**
Adjustments for:		
Depreciation, amortisation and write-downs	47,227,965	50,503,467
Provisions and (releases of) personnel and other funds	2,821,971	5,184,664
Net financial (income)/expenses (**)	1,902,020	1,049,126
Other non-monetary items	1,110,637	287,491
Cash-flows generated by operating activities before changes in net working capital	**154,833,532**	**146,910,713**
Change in inventories	33,879	78,862
Change in trade receivables	1,274,552	(5,464,801)
Change in trade payables	9,101,507	6,143,378
Change in other assets	758,833	716,535
Change in other liabilities	1,754,106	(853,147)
Use of risk funds	(2,867,950)	(2,117,346)
Payment of employee benefits	(3,078,869)	(3,680,579)
Change in current tax receivables and payables	(895,908)	(131,071)
Paid taxes	(23,925,663)	(24,244,296)
Net cash flow generated by operating activities	**136,988,019**	**117,358,248**
Investments in property, plant and equipment	(68,865,853)	(79,376,861)
Disposals of property, plant and equipment	5,297	20,234
Investments in intangible assets	(6,723,247)	(4,576,984)
Purchase of business unit	-	(1,000,000)
Disposals of intangible assets	23	-
Change in non-current financial assets	-	133,530
Change in equity investments	-	476,610
Change in other non-current assets	200,767	59,170
Net cash flow generated by investment activities	**(75,383,013)**	**(84,264,301)**
Increase in medium/long-term loans	-	54,000,000
(Decrease) in medium/long-term loans	-	(88,305)
(Decrease)/increase in current financial liabilities (***)	31,909,983	(747,974)
Repayments of lease liabilities	(8,993,398)	(8,377,839)
Change in current financial assets	(276,883)	127,705
Net interest expense for the period	(1,075,516)	(773,188)
Dividends paid	(65,229,195)	(64,043,039)
Net cash flow generated by financing activities	**(43,665,009)**	**(19,902,640)**
Change in cash and cash equivalents	**17,939,997**	**13,191,308**
Cash and cash equivalents at the beginning of the period	17,243,998	4,052,690
Cash and cash equivalents of newly consolidated companies	-	-
Cash and cash equivalents at the end of the period	**35,183,995**	**17,243,998**

(*) 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) and expenses excludes financial expenses relative to the Dismantling and restoration provision, as they are not considered to be financial in nature.
(***) It should be noted that during the current year, the Company drew for an amount of € 32,000 thousand on the Term Line of the Medium-Term Loan Agreement entered into in October 2020 and expiring in October 2023. For this reason, this draft has been included in current financial liabilities.

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 2022, which has been compared with the year ended 31 December 2021 (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, where necessary, 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 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.

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;
- 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 recognized 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 fiscal 2021.

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 capitalized 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, 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 recognized 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:

Class 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 recognized 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;
- purchase of Indefeasible Right of Use (IRU) of optic fibre.

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 no more 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 recognized 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 recognized 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 recognized 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 recognized 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. Inventories 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 40 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 12 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 recognized 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 recognized at fair value excluding any directly attributable accessory costs and are subsequently measured at amortized 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 recognized 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 amortized 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 recognized 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 recognized 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 recognized 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 recognized 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 the employee accepts the offer, 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 recognized, 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 recognized 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 recognized 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 recognized 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 recognized at fair value, excluding directly attributable accessory costs, and are subsequently measured at amortized 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 commit-

ment 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 standalone sales price for each good or service; and
5. recognize 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 compensation.

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

Recognition of costs

Costs are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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

- 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.
- Regulation no. 2022/357 issued by the European Commission on 02 March 2022 endorsed the document "Amendments to IAS 8: Accounting standards, changes in accounting estimates and errors". The amendments clarify how to 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 applied retrospectively to past transactions and other past events.
  The amendments are effective for financial years beginning on or after 1 January 2023. Early application is permitted.
- Regulation no. 2022/357 issued by the European Commission on 02 March 2022 endorsed the document "Amendments to IAS 1, Presentation of financial statements: 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 are effective for financial years beginning on or after 1 January 2023. Early application is permitted.
- Regulation No. 2022/1392 issued by the European Commission on 11 August 2022 endorsed 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. Early application is permitted.

- Regulation no. 2022/1491 issued by the European Commission on 08 September 2022 endorsed 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 and IFRS 9.
The amendments are 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, 15 July 2020 and 31 October 2022, 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" and the document "Non-current Liabilities with Covenants" to clarify the requirements for classifying liabilities as current or non-current. More precisely:

a) 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;
b) 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;
c) 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 2024, to give companies more time to implement any classification changes resulting from the amendments.

On 22 September 2022, the IASB issued the document "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The amendment specifies the criteria that a lessee shall use to measure the lease liability arising from a leaseback transaction to avoid recognising a gain or loss on the right of use recognised in the balance sheet.

The amendments are effective for financial years beginning on or after 1 January 2023. Early application is permitted.

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

In preparing the financial statements, the company also took into account the documents issued by ESMA and the required disclosures regarding the resulting impacts: (i) the Covid-19 epidemic; (ii) climate change issues; (iii) Russia's invasion of Ukraine. Where the information required by international accounting standards is deemed insufficient to give a true and fair view, the notes to the financial statements provide the additional information necessary for this purpose.

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 broad-casting 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" (note 40) 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 minimization 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 € 0.05 million for every € +-10 million of capital used. It should be noted that the Company has initiated procedures with some banks to acquire new sources of financing, which will be defined before the expiry of the previously indicated financing.
- 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 € 210,516 thousand (approximately 86% of total revenues) and € 199,182 thousand (approximately 87% of total revenues) in the years ended 31 December 2022 and 2021 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 2022 and 2021, with figures stated net of the provision for bad and doubtful debts.

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Becoming due	59,820	58,980
Past due by 0-30 days	880	562
Past due by 31-60 days	50	22
Past due by 61-90 days	449	40
Past due by more than 91 days	5,023	8,212
Total Trade receivables	**66,222**	**67,816**

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 2022, the term line was used for € 101,000 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 2022 and 2021.

(in thousand of euro)	As at 31 December 2022		
	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current financial liabilities	101,544	-	-
Trade payables	60,472	-	-
Other debt and liabilities	38,455	145	182
Total	**200,471**	**145**	**182**

(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	**174,160**	**69,000**	**-**

As of 31 December 2022, the term line has been drawn down for € 101 million, while the revolving line has not been used. Therefore, € 69 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 0.6 at 31 December 2022 and 0.4 at 31 December 2021. It should also be noted that the market value of the Company's shareholders' equity as at 31 December 2022 is 8.4 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 2022, 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 € 40,133 thousand at 31 December 2022.

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 recognized 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	
	2022	**2021**
Revenues from Rai Group (*)	210,516	199,182
Revenues from third parties	34,930	30,755
- Hospitality fees for equipment and apparatus	*28,168*	*28,621*
- Other	*6,762*	*2,134*
Total revenues of sales and performances	**245,446**	**229,937**

(*) Revenues are shown net of marginal costs of € 18,419 (€ 18,767 thousand at 31/12/2021).

"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 2022 Revenues rose by € 15,509 thousand compared to the previous period in 2021, from € 229,937 thousand in 2021 to € 245,446 thousand in 2022.

"Revenues from Rai Group" amounted to € 210,516 thousand, equal to 86% of total Revenues for the year ended 31 December 2022 (€ 199,182 thousand, for the year ended 31 December 2021) and increased by € 11,334 thousand compared to the same period in 2021. This increase derives from the increase in the consideration provided for in the agreement finalised on 10 December 2019 with Rai relating to the refarming process and effective as of 1 July 2021 and the effects of inflation linking.

"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. These revenues increased by € 4,175 thousand compared to the previous year, benefiting from the start-up of new local television broadcasting services in the technical areas where Rai Way was awarded the rights to use frequencies.

Other revenues and income (note 7)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	**2021**
Operating grants	2,953	71
Compensation for damages	127	52
Other revenues	42	459
Total other income	**3,122**	**582**

The income statement item "Other revenues and income" amounted to € 3,122 thousand and increased by € 2,540 thousand compared to 31 December 2021 mainly due to the recognition of the tax credit on the energy component purchased during the second half of the year, partially offset by the decrease in Other income. The item also includes grants under Law 488/92 and Law 190/14 for investments in research and development, Law 160/19 and Law 178/20 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	
	2022	2021
Motor fuel purchase	951	854
Fuel purchase	121	103
Purchase of tools	370	449
Change in inventory	34	79
Total consumables and goods	**1,476**	**1,485**

"Consumables and goods" on the income statement decreased by € 9 thousand to € 1,476 thousand compared to the value at 31 December 2021.

The costs for "Consumables and goods" mainly include consumables such as fuel for generators and heating.

Cost of services (note 9)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Services of independent workers:		
- Compensation of Directors and Statutory Auditors	732	728
- Others	1,160	1,084
Other services	2,437	2,798
Travel expenses, business trips and accessory personnel costs	1,484	1,299
Intercompany service agreement costs	6,231	6,166
Maintenance and repairs	5,037	5,571
Transport and similar	286	321
Utilities	23,190	11,936
Leasing and rentals	8,435	8,327
Total costs of services	**48,992**	**38,230**

The item "Costs for services" recorded an increase of € 10,762 thousand (+28%), going from € 38,230 thousand at 31 December 2021 to € 48,992 thousand at 31 December 2022. 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 € 23,190 thousand (€ 11,936 thousand at 31 December 2021) and principally include the costs incurred for electricity, telephone expenses and various utilities. The increase of € 11,254 thousand compared to 2021 is mainly due to higher electricity supply costs.

- the item "Services from intercompany service contract" which includes services provided by the Parent Company recorded an increase in the comparison between 2022 and 2021 of € 65 thousand mainly due to higher canteen costs and services related to leased properties;
- the item "Other services" of € 2,437 thousand increased by € 361 thousand over the 2021 figure, due to general services and higher 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 € 100 thousand;
- "Travel expenses, business trips and accessory personnel costs" of € 1,484 thousand were up by € 185 thousand from the 2021 figures due to higher travel costs as a result of the easing of the restrictive measures implemented to stem the spread of Covid-19;
- "Maintenance and repairs" includes network infrastructure maintenance costs; it has a balance of € 5,037 thousand, a decrease of € 534 thousand compared to the 2021 figures owing mainly to a decrease 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 mainly relating to transmission circuits. The balance at 31 December 2022 amounted to € 8,435 thousand (€ 8,327 thousand at 31 December 2021), an increase of € 108 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 2022
Type of task	
External audit	79
Limited audit of the half-yearly financial report	21
Limited audit of the Non-financial disclosure	31
Total costs of services	**131**

Personnel costs (note 10)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Salaries and wages	36,618	36,315
Social security contributions	10,736	10,658
Severance indemnity	2,046	2,104
Retirement pensions and similar	617	736
Incentive to take voluntary redundancy	-	359
Other costs	(1,274)	78
Capitalised personnel costs	(5,035)	(4,856)
Total personnel costs	**43,708**	**45,394**

In 2022, "Personnel costs" amounted to € 43,708 thousand, a decrease of € 1,686 thousand compared to 2021, mainly due to the release of provisions related to previous years, recognised in the item "Other costs", lower charges for redundancy incentive initiatives and an increase in capitalised personnel costs, which amounted to € 5,035 thousand (€ 4,856 thousand as of 31 December 2021).

Details on the economic effects arising from the accounting treatment for employee benefits may be found in note 31 "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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Executives	24	22	25	23
Managers	169	167	169	173
White-collar employees	386	397	384	403
Manual workers	7	8	6	7
Total	**586**	**594**	**584**	**606**

Other costs (note 11)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Contribution to Supervisory Authorities	332	330
IMU-IMI-IMIS	600	601
Taxes on production and consumption	917	1,086
Other indirect taxes, fees and levies	329	360
Other	1,176	451
Total Other costs	**3,354**	**2,828**

"Other costs" increased by € 526 thousand (+18.6%) from € 2,828 thousand at 31 December 2021 to € 3,354 thousand at 31 December 2022 mainly due to greater capital losses on disposals of property, plant and equipment.

Write-downs of financial assets (note 12)

The item "Write-downs of financial assets" posted a balance of € 319 thousand at 31 December 2022, an increase of € 116 thousand compared to the € 203 thousand at 31 December 2021. This increase is due to higher write-downs of receivables during the year.

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

The item "Amortisation", included in the item "Amortisation, depreciation and write- downs", was € 46,909 thousand at 31 December 2022 (€ 50,301 thousand at 31 December 2021). 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 "Property, plant and equipment" to "Rights of use-fabricated". Compared to the previous year, the decrease of € 3,392 thousand in "Amortisation, depreciation and other write-downs" was mainly due to the completion of the amortisation process of the assets related to the transmission equipment installed as part of the transition from the analogue to the digital television system in DVB-T technology. It should be noted that for some of them, the Company has reduced the useful life and therefore the depreciation period due to technological requirements and in compliance with the provisions in force relative to the Refarming process.

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Depreciation and amortisation		
Property, plant and equipment		
buildings	987	911
plant and machinery	29,153	33,629
production and commercial equipment	1,258	1,239
other assets	306	283
Total property, plant and equipment depreciation	**31,704**	**36,062**
Rights of use		
buildings	9,801	9,718
other assets	957	623
Total right of use depreciation	**10,758**	**10,341**
Intangible assets		
software	4,236	3,687
other	211	211
Total intangible assets amortisation	**4,447**	**3,898**
Total amortisation/depreciation	**46,909**	**50,301**
Other write-downs	-	-
Total amortisation/depreciation and other write-downs	**46,909**	**50,301**

Provisions (note 14)

The item "Provisions" shows a negative balance (positive income component) equal to € 14 thousand due to provisions for € 15 thousand and absorption of funds for € 29 thousand. For more details, refer to the item "Provision for risks and charges", note 32. As at 31 December 2021, this item showed a positive balance of € 973 thousand (negative income component).

Financial Income and Expenses (note 15)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Exchange gains	41	3
Interest receivables from Parent Company	2	-
Other financial income	37	889
Total Financial income	**80**	**892**
Interest on the obligation for employee benefits	(73)	(22)
Exchange losses	(86)	(37)
Interest expense to banks and other lenders	(952)	(342)
Interests on adjustments to dismantling and restoration provision	(150)	(170)
Interest expenses on lease agreements	(487)	(548)
Other financial expenses	(384)	(992)
Total financial expenses	**(2,132)**	**(2,111)**
Net total financial income	**(2,052)**	**(1,219)**

"Financial income", amounting to € 80 thousand, reports a decrease of € 812 thousand compared with 31 December 2021, due mainly to lesser income on the receivable deriving from the IRES (corporate income tax) refund application relating to the IRAP (regional production tax) deductibility of employee and lesser dividends connected with the liquidation of the subsidiary Sogepotel S.r.l..

"Financial expenses" amounted to € 2,132 thousand, an increase of € 21 thou- sand compared to the same period of the previous year (€ 2,111 thousand as at 31 December 2021). The increase was due to the combined effect of higher interest of € 610 thousand related to the loan agreement signed by the Company on 29 October 2020, partially offset by the lower capital loss of € 489 thousand related to the liquidation of the investee Sogepotel.

Income Tax (note 16)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Current taxes	27,300	25,460
Deferred taxes	749	(49)
Substitute taxes	62	62
Taxes relating to previous financial years	(30)	(971)
Total	**28,081**	**24,502**

Current income taxes are posted on the basis of an estimate of taxable profit made in compliance with current rates and provisions. "Current taxes" amounted to € 27,300 thousand, showing an increase on the previous period of € 1,840 thousand due to the effect of higher earnings before income tax.

This item consists of:

- IRES (corporate income tax) of € 22,760 thousand;
- IRAP (regional production tax) of € 4,540 thousand.

Deferred tax assets amounted to € 749 thousand positive, up by € 798 thousand compared to 31 December 2021.

One of the most significant components of prepaid tax is the reversal effect determined by the provision for accrued salaries and wages as a result of the impact of actuarial valuations related to the estimate of the provision for termination indemnities and the consequent accruals.

Deferred taxes consist of:

- Prepaid taxes of € 788 thousand;
- Deferred tax liabilities of € (39) thousand.

Taxes from previous years show a negative balance of € 30 thousand, an increase of € 941 thousand compared to the previous year, in which the company had benefited from the IRAP (regional production tax) state aid tax bonus of € 1,000 thousand.

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 2022							
Cost at 1 January 2022	12,135	98,452	817,979	32,179	2,556	55,978	1,019,279
Amortisation/depreciation provision at 1 January 2022	-	(76,929)	(668,339)	(27,687)	(1,866)	-	(774,821)
Net accounting value at 1 January 2022	**12,135**	**21,523**	**149,640**	**4,492**	**690**	**55,978**	**244,458**
2022 changes							
Investments	-	2,051	41,907	485	583	23,840	68,866
Depreciation for the year	**-**	**(987)**	**(29,153)**	**(1,258)**	**(306)**	**-**	**(31,704)**
Disposals							
Cost	(10)	(50)	(19,093)	(120)	(8)	(47)	(19,328)
Amortisation/depreciation provision	-	47	18,308	119	7	-	18,481
Net accounting value	**(10)**	**(3)**	**(785)**	**(1)**	**(1)**	**(47)**	**(847)**
Reclassifications	-	2,774	50,064	512	-	(53,350)	-
Transfers							
Cost	(30)	30	-	-	-	-	-
Amortisation/depreciation provision	-	-	-	-	-	-	-
Net accounting value	**(30)**	**30**	**-**	**-**	**-**	**-**	**-**
Accounting values at 31 December 2022						-	
Cost at 31 December 2022	12,095	103,257	890,857	33,056	3,131	26,421	1,068,817
Amortisation provision at 31 December 2022	-	(77,869)	(679,184)	(28,826)	(2,165)	-	(788,044)
Net accounting value at 31 December 2022	**12,095**	**25,388**	**211,673**	**4,230**	**966**	**26,421**	**280,773**

"Property, plant and equipment" amounted to € 280,773 thousand at 31 December 2022, up by € 36,314 thousand compared to the previous financial year and mainly refer to Plants and Machinery. This difference is mainly due to the effect of investments made during the year (equal to € 68,866 thousand) partially offset by amortisation/depreciation for the period (equal to € 31,704 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 tangible assets at risk, the Company has 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 € 33,434 thousand, is broken down as follows:

(in thousand of euro)	Land and buildings	Other assets	Total
Accounting value at 1 January 2022			
Cost at 1 January 2022	63,478	2,282	65,760
Depreciation provision	(32,531)	(1,681)	(34,212)
Net accounting value at 1 January 2022	**30,947**	**601**	**31,548**
2022 changes			
Increases and capitalizations	5,340	7,536	12,876
Depreciation for the year	(9,801)	(957)	(10,758)
Disposals:			
Cost	(696)	-	(696)
Amortisation/depreciation provision	686	-	686
Net value	(10)	-	(10)
Cancellations	(222)	-	(222)
Accounting values at 31 December 2022			
Historical cost	67,900	9,818	77,718
Depreciation provision	(41,646)	(2,638)	(44,284)
Net accounting value at 31 December 2022	**26,254**	**7,180**	**33,434**

The increases and capitalizations of € 12,876 thousand refer to property rental and transport vehicle hire contracts and use in IRU (Indefeasible Right of Use) mode of optic fibre, which started during the year.

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

Intangible assets (note 19)

Intangible assets amount to € 19,520 thousand, an increase of € 2,276 thousand compared to 31 December 2021 due primarily to investments made in the financial year (of € 6,723 thousand), partially offset by amortisation for the period (of € 4,447 thousand). It should be noted that the above-mentioned increase was mainly driven by investments in software.

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. The recoverable amount was compared to the Company's net invested capital at 31 December 2022.

A WACC between 6.0% and 7.0%, a growth rate (g) of between 1.5% and 2.5% 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 expenditure;
- 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 2022					
Cost at 1 January 2022 (*)	12,180	5,813	3,350	2,010	23,353
Amortisation/depreciation provision at 1 January 2022	(5,079)	-	(1,030)	-	(6,109)
Net accounting value at 1 January 2022	**7,101**	**5,813**	**2,320**	**2,010**	**17,244**
2022 changes					
Investments	3,042			3,681	6,723
Depreciation for the year	(4,236)		(211)		(4,447)
Bad debt provision					-
Disposals					
Cost					(1)
Amortisation provision	0				0
Net accounting value	(1)				(1)
Reclassifications	2,008			(2,008)	-
Transfers					-
Accounting values at 31 December 2022					-
Cost at 31 December 2022 (**)	17,229	5,813	3,350	3,683	30,075
Amortisation provision at 31 December 2022	(9,314)	-	(1,241)	-	(10,555)
Net accounting value at 31 December 2022	**7,915**	**5,813**	**2,109**	**3,683**	**19,520**

(*) Value net of assets fully depreciated in the previous year amounting to € 1,712 thousand.
(**) Including € 4,139 thousand for software that was fully amortised in 2022.

Current and non-current financial assets and liabilities (note 20)

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

(in thousand of euro)	Financial year at 31 December	
	2022	**2021**
Receivables from Parent Company	376	345
Other financial receivables	166	192
Assets from interest rate hedging derivatives	938	-
Total current financial assets	**1,480**	**537**
Accrued income and prepayments	-	160
Assets from interest rate hedging derivatives	-	59
Total non-current financial assets	**-**	**219**

Current financial assets amounted to € 1,480 thousand and increased by € 943 thousand as compared to the previous year (€ 537 thousand as of 31 December 2021) mainly due to the fair value of the derivative instrument (interest rate cap), amounting to € 938 thousand, relative to the hedging of the risk of an increase in Euribor rates (for further details see note 4 "Financial Risk Management") and classified as of 31 December 2021 under non-current financial assets.

Non-current financial assets show a balance of € 0 (€ 219 thousand as of 31 December 2021), mainly due to the elimination of accrued income and prepaid expenses and the reclassification of the fair value of the derivative instrument (interest rate cap) to current financial assets.

The following table sets out details of "Current financial liabilities" and "Non-current financial liabilities" at 31 December 2022 and 2021:

(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**

(in thousand of euro)	As at 31 December 2022			
	Within 12 months	**Between 1 and 5 years**	**Over 5 years**	**Total**
Payables to banks	101,374	-	-	101,374
Payables to other lenders	-	-	-	-
Other financial payables	170	-	-	170
Payables to Parent Company	-	-	-	-
Total	**101,544**	**-**	**-**	**101,544**

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, Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A. 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.

It should be noted that during the year, the Company drew € 32,000 thousand on the term credit line.

Drawings under the Revolving Credit Facility will be repaid on the due date of the relevant interest period.

It should be noted that the Company constantly monitors the financial markets, having ongoing discussions with the main financial institutions, also with a view to refinancing the existing loan agreement close to maturity.

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. 323821138 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 2022	As at 31 December 2021
A. Cash and cash equivalents	35,184	17,244
B. Cash equivalents	-	-
C. Other current financial assets	1,480	537
D. Cash and cash equivalents (A) + (B) + (C)	**36,664**	**17,781**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	18,095	15,154
F. Current portion of non-current financial debt	101,000	87
G. Current financial debt (E + F)	**119,095**	**15,241**
H. Net current financial debt (G - D)	**82,431**	**(2,540)**
I. Non-current financial debt (excluding current portion and debt instruments)	22,583	90,413
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	**22,583**	**90,413**
M. Total financial debt (H + L)	**105,014**	**87,873**
Excluding the effects of IFRS 16-Lease liabilities:	40,133	36,469
Q. ESMA net financial debt net of IFRS 16	**64,881**	**51,404**

Deferred tax assets and liabilities (note 21)

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 2022	As at 31 December 2021
Opening balance	**3,040**	**2,846**
Effect on the income statement	(749)	50
Effect on the comprehensive income statement	(527)	144
Effect from IFRS 15		
Balance at the end of the financial year	**1,764**	**3,040**
Of which:		
- deferred tax receivables	2,028	3,132
- deferred tax liabilities	(264)	(92)

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)	Provisions for risks and charges	Employee benefits	Other items	Total
Balance at 31 December 2021	**2,335**	**542**	**255**	**3,132**
Effect on the income statement	(634)	(129)	(25)	(788)
Effect on comprehensive income statement		(316)		(316)
Effect from IFRS 15				-
Balance at 31 December 2022	**1,701**	**97**	**230**	**2,028**

Changes in deferred tax liabilities may be analysed as follows:

Deferred tax liabilities

(in thousand of euro)	Other items
Balance at 31 December 2021	**(92)**
Effect on income statement	39
Effect on the comprehensive income statement	(211)
Balance at 31 December 2022	**(264)**

Other non-current assets (note 22)

The item "Other non-current assets" amounted to € 948 thousand at 31 December 2022 (€ 1,148 thousand at 31 December 2021) with a decrease of € 200 thousand compared to the previous year due to € 138 thousand reduction in security deposits envisaged by contracts for the supply of goods and services and the use, for € 62 thousand, of the instalment of the substitute tax resulting from the tax redemption 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 redemption 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 amounting to € 728 thousand.

Inventory (note 23)

This item may be analysed as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Work in progress	226	226
Raw materials and consumables	530	564
Total Inventory	**756**	**790**

Inventory amounted to € 756 thousand, down € 34 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 24)

The item breaks down as follows:

(in thousand of euro)	Financial year at 31 December	
	2022	2021
Receivables from Rai	58,194	57,024
Receivables from customers and other Group companies	11,026	13,589
Provision for bad and doubtful debts	(2,998)	(2,797)
Total Trade receivables	**66,222**	**67,816**

"Receivables from Rai" consist of the balances due to the Company from Rai under the Service Contract. The item shows an increase of € 1,170 thousand compared to the previous financial year. Further details may be found in the notes on "Revenues" and "Related party transactions".

"Receivables from customers" 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 a decrease of € 2,563 thousand compared to 31 December 2021.

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 2021	**(2,797)**
Utilisation	119
Provisions	(320)
Balance at 31 December 2022	**(2,998)**

Other current receivables and assets (note 25)

The item breaks down as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Receivable from the Parent Company for the tax consolidation	-	2,874
Receivables from the Parent Company for the Group's VAT	91	-
Other tax receivables	1,700	423
Accrued income and prepayments	272	239
Receivables from others	398	403
Total Other current receivables and assets	**2,461**	**3,939**

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. No. 633 of 26 October 1972, with the following transactions with the Parent Company showing a balance of € 91 thousand under the item "Receivables from Parent Company for Group VAT". The item in question had a balance in 2021 of € 0.

"Other tax receivables" amounted to € 1,700 thousand (€ 423 thousand at 31 December 2021) and include the tax credit on the energy component acquired and effectively used during the second half of the year for € 1,295 thousand, receivables relating to VAT reimbursements not included in the above-mentioned procedure for € 333 thousand and receivables from tax authorities for investments in instrumental assets pursuant to Law 160/2019 for € 70 thousand.

"Accruals and prepaid expenses" 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.

"Receivables from the Parent Company for the tax consolidation" at 31 December 2021 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. In the course of 2022, the Company recovered the claim in question.

Cash and cash equivalents (note 26)

The item in question has a balance of € 35,184 thousand (€ 17,244 thousand at 31 December 2021), with an increase compared to the previous year of € 17,940 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 27)

The item breaks down as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
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 2022, 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 28)

Share capital

At 31 December 2022, 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 2022	As at 31 December 2021	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 Cash Flow Hedge-Rates	668	-	
Reserve for purchase of treasury shares	(19,974)	(19,974)	
Stock option plan reserves	454	187	
Total Other reserves	**18,227**	**17,292**	

Legend:
1 for capital increase;
2 to cover losses;
3 for distribution to shareholders;
4 in case of utilisation different from covering losses, the amount must be subject to IRES (corporate income tax) and IRAP (regional production tax).

Earnings per Share (note 29)

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

(in thousand of euro, unless otherwise indicated)	As at 31 December 2022	As at 31 December 2021
Net profit	73,690	65,384
Number of ordinary shares outstanding	268,374,644	268,374,644
Earnings per share in Euro	**0.27**	**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 € 73,689,949.75, 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 profit for the 2022 financial year, equal to € 73,689,949.75, to the distribution to the Shareholders, by way of dividend, of a total of € 73,668,839.78 and to "Retained earnings", for the remaining € 21,109.97 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 € 0.2745 gross to each of the outstanding ordinary shares, to be paid from 31 May 2023, 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 30 May 2023 (the so-called "record date") and subject to dividend no. 9 at 29 May 2023".

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 30)

Lease liabilities, inclusive of the current part, amounted to € 40,133 thousand, as highlighted in the following table:

(in thousand of euro)	As at 31 December 2022			As at 31 December 2021		
	Non-current portion	current portion	Total	Non-current portion	current portion	Total
Lease liabilities	22,582	17,551	40,133	21,412	15,057	36,469

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 recognized through the income statement under the item costs for services and other costs.

The total value of financial cash outflows for leases amounted to € 8,994 thousand, in addition to interests for € 466 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 2022			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Current and non-current lease liabilities	17,551	15,994	6,588	40,133

Employee benefits (note 31)

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

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Balance at start of the financial year	**12,263**	**13,198**
Provisions	2,058	2,117
Interest on obligation	73	22
Utilisation	(1,002)	(1,536)
Transferred to other provisions/Other changes	(2,077)	(2,140)
Actuarial (profit)/loss	(1,314)	602
Balance at the end of the financial year	**10,001**	**12,263**

The item Actuarial (profit)/loss of € 1,314 thousand relates to the actuarial components for the valuation of defined benefit plans ascribed directly to shareholders' equity and the relative deferred taxes of € 315 thousand recorded in the comprehensive income statement.

This item may be analysed as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Severance indemnity	9,589	11,660
Other provisions	412	603
Total employees benefits	**10,001**	**12,263**

Compared to the previous year, the item shows a decrease of € 2,262 thousand.

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

(%;Years)	As at 31 December 2022	As at 31 December 2021
Discount rate (*)	3.50%	0.61%
Rate of inflation	2.30%	1.75%
Average annual percentage of personnel leaving	9.84%	8.97%
Annual probability of request of advance	1.50%	1.50%
Duration (in years)	7.7	7.9

(*) Derived as a weighted average of the Eur Composite AA 2022 curve rates for 31.12.2022 and Eur Composite AA 2022 curve rates for 31.12.2021

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 € 9,316 thousand and € 9,877 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 € 275 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 € 265 thousand and € 286 thousand respectively.

Provisions for risks and charges (note 32)

Changes in this item may be analysed as follows:

(in thousand of euro)	Balances at 01 January 2022	Provisions	Utilisation	Releases	Other changes	Balances at 31 December 2022
Civil and administrative disputes	782	16	(90)	-		707
Amounts accrued	3,794	1,884	(2,298)	(1,187)	-	2,193
Other provisions for risks and charges	1,760	-	(474)	(62)		1,224
Provision for decommissioning and restoration	10,901	150	(6)	(26)	(10)	11,010
Total provisions for risks and charges	**17,237**	**2,049**	**(2,868)**	**(1,275)**	**(10)**	**15,134**

The item shows a decrease of € 2,103 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 2023, 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. These liabilities have also been provided for after hearing the opinion of the external lawyers supporting the Company in ongoing litigation.

Please also 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 to be unlikely.

Trade payables (note 33)

The item breaks down as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Payables to suppliers	56,679	49,108
Payables to Parent Company	3,793	2,569
Payables due to other Rai Group Companies	-	12
Total Trade payables	**60,472**	**51,689**

The item "Payables to suppliers" amounted to € 56,679 thousand at 31 December 2022, an increase of € 7,571 thousand compared to 31 December 2021. The item "Payables to Parent Company" refers to trade payables to Rai and has a balance at 31 December 2022 of € 3,793 thousand with an increase of € 1,224 thousand compared to 31 December 2021. Further details about transactions with the Parent Company Rai may be found in the section "Related party transactions" (note 40).

Other current and non-current payables and liabilities (note 34)

The following table sets out details of "Other current assets and liabilities" and "Other non-current assets and liabilities":

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Payables to the Parent Company for the tax consolidation	22,749	21,260
Payables to Parent Company for Group's VAT	-	62
Other tax payables	1,525	1,510
Payables to social security institutions	2,852	2,684
Payables to personnel	7,065	7,222
Other payables	2,444	1,071
Other payables and accrued liabilities	1,820	1,397
Total Other current payables and liabilities	**38,455**	**35,206**
Non current trade payables	327	-
Total Other non-current payables and liabilities	**327**	**-**

Other current payables and liabilities amounted to € 38,455 thousand and increased by € 3,249 thousand compared to the previous year (€ 35,206 thousand as of 31 December 2021)

The item "Payables to the Parent Company for the tax consolidation" amount to € 22,749 thousand (€ 21,260 thousand at 31 December 2021) 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 40); tax payables that do not fall under the aforementioned procedures are shown in the following table (Direct taxes, IRAP).

"Payables to personnel" amounted to € 7,065 thousand, a decrease of € 157 thousand compared to the previous financial year, mainly due to lower payables for redundancy incentives.

Other non-current payables and liabilities amounted to € 327 thousand and consisted entirely of trade payables due beyond 12 months. As at 31 December 2021, the balance was 0.

Current income tax liabilities (note 35)

The item breaks down as follows:

(in thousand of euro)	As at 31 December 2022	As at 31 December 2021
Direct IRAP taxes	375	80
Total Current income taxes liabilities	**375**	**80**

Current income tax liabilities amounted to € 375 thousand at 31 December 2022, up by € 295 thousand compared to 31 December 2021 due to a greater liability to the tax authorities for IRAP (regional production tax).

Commitments and guarantees (note 36)

Commitments referring only to technical investments amount to € 42.1 million at 31 December 2022 (€ 35.5 million at 31 December 2021).

At 31 December 2022, guarantees amounted to € 88,280 thousand (€ 83,692 thousand at 31 December 2021) 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 37)

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 challenge of an award made under a public selection procedure pursuant to Arts. 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 specialised 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, since it considers it possible, but not 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 these 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 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 38)

The compensation payable to directors and statutory auditors, including travel expenses, is as follows:

(in thousand of euro)	12 months	
	2022	2021
Remuneration to Directors	638	634
Remuneration to Statutory Auditors	94	94
Total Directors and Statutory Auditors	**732**	**728**

Events subsequent to 31 December 2022 (note 39)

Please refer to the same paragraph in the Report on Operations.

Related party transactions (note 40)[7]

Details of the transactions the Company carried out with related parties in the years ended 31 December 2022 and 2021 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:

- 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.

7 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 2022 and 2021:

(in thousand of euro)	Parent Company	Senior Management	Other related parties	Total
Lease rights of use				
As at 31 December 2022	8,564		11	8,575
As at 31 December 2021	12,371			12,371
Non-current financial assets				
As at 31 December 2022	-		-	-
As at 31 December 2021				-
Current financial assets				
As at 31 December 2022	376		-	376
As at 31 December 2021	345			345
Current trade receivables				
As at 31 December 2022	58,194		104	58,298
As at 31 December 2021	57,024		306	57,330
Other current receivables and assets				
As at 31 December 2022	91		-	91
As at 31 December 2021	2,874		-	2,874
Non-current lease liabilities				
As at 31 December 2022	4,891		-	4,891
As at 31 December 2021	8,753			8,753
Current financial liabilities				
As at 31 December 2022	-		-	-
As at 31 December 2021	-		-	-
Current lease liabilities				
As at 31 December 2022	8,500		12	8,512
As at 31 December 2021	7,631			7,631
Trade payables				
As at 31 December 2022	3,793		-12	3,781
As at 31 December 2021	2,569		12	2,581
Other debt and current liabilities				
As at 31 December 2022	23,709	265	182	24,156
As at 31 December 2021	22,077	218	157	22,452
Employee benefits				
As at 31 December 2022	-	120	126	246
As at 31 December 2021	-	135	124	259

The following table sets out details of the Company's transactions with related parties in the years ended 31 December 2022 and 2021:

Related party transactions (Statement of financial position)

(in thousand of euro)	Parent Company	Senior Management	Other related parties	Total
Revenues (*)				
As at 31 December 2022	227,893		1,042	228,935
As at 31 December 2021	216,674		1,275	217,949
Other revenues and income				
As at 31 December 2022	-		-	-
As at 31 December 2021	5		-	5
Purchase of consumables				
As at 31 December 2022	-		-	-
As at 31 December 2021	-		-	-
Cost of services				
As at 31 December 2022	6,330	638	-	6,968
As at 31 December 2021	6,711	523	-	7,234
Personnel costs				
As at 31 December 2022	76	2,192	799	2,915
As at 31 December 2021	58	2,889	820	3,651
Other costs				
As at 31 December 2022	79		-	79
As at 31 December 2021	81		-	81
Right of use depreciation and amortisation				
As at 31 December 2022	3,806		13	3,819
As at 31 December 2021	3,806		10	3,816
Financial income				
As at 31 December 2022	2			2
As at 31 December 2021			466	466
Financial expenses				
As at 31 December 2022	130			130
As at 31 December 2021	175		490	665

(*) The amounts include the marginal costs towards the Parent Company for € 17,517 thousand (€ 17,866 thousand at 31/12/2021) and Other related parties for € 902 thousand (€ 902 thousand at 31/12/2021).

Parent Company

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

Please note that in the 2022 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 centralized treasury agreement the Company's financial management was 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.

With respect to the correspondence current account, the Company has noted:

- financial expenses with a zero balance for both 2022 and 2021;
- cost of services of € 376 thousand at 31 December 2022 (€ 345 thousand at 31 December 2021).

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 recognized 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 fees 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 € 6,434 thousand and € 7,234 thousand in 2022 and 2021 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 2022 and 3,806 at 31 December 2021;
- costs for financial charges on leasing liabilities of € 130 thousand and € 219 thousand at 31 December 2022 and 2021 respectively;
- trade payables of € 3,793 thousand and € 2,569 thousand at 31 December 2022 and 2021 respectively.
- current and non-current leasing liabilities of € 13,391 thousand and € 16,384 thousand at 31 December 2022 and 2021 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 fiscal years 2022, 2023 and 2024.

As a consequence of the tax consolidation the Company recognised "Other current payables and liabilities" of € 22,749 thousand and € 21,260 thousand at 31 December 2022 and 2021 respectively and "Other current receivables and assets" of € 0 at 31 December 2022 and € 2,874 thousand at 31 December 2021.

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 € 0 and € 62 thousand respectively at 31 December 2022 and at 31 December 2021.

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:

- service costs of € 638 thousand and € 523 thousand in at 31 December 2022 and 2021 respectively;
- personnel costs of € 2,192 thousand and € 2,889 thousand in at 31 December 2022 and 2021 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 41)

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 42)

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 assuring the correct management of sustainability topics, also through the support of external consulting companies specialising in environmental and climate change issues.

Through the Sustainability Plan, approved and published in 2021, Rai Way commits with 6 strategic directions, 20 qualitative objectives and 14 quantitative targets to achieve the Sustainable Development Goals (SDGs) promoted by the UN 2030 Agenda. Specifically for Goal 13 "Take urgent action to combat climate change and its impacts", Rai Way monitors direct and indirect emissions of climate-changing gases (Scope 1, 2 and 3). In particular, Rai Way has defined a carbon neutrality target to 2025 that envisages a pathway for quantifying, reducing and offsetting the CO_2 emissions generated by the Company's activities, and has set among the objectives of the long-term incentive plan for top management a 10% reduction in electricity consumption and emissions by 2023 (Scopes 1+2) compared to 2020 (with the same activities).

With this in mind, Rai Way confirmed also in 2022 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 2023-March 2024.

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 2022, Rai Way in fact confirmed the assessment of "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. 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.

Also for 2022, 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 2022 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.

Direct financial effects of the Russian-Ukrainian conflict (note 43)

The context of instability generated as a result of the conflict between Russia and Ukraine, which began on 24 February 2022 and is still ongoing, is now an event that has further aggravated the European economic scenario, already negatively affected by the consequences of the Covid-19 pandemic. In this context, it should be pointed out that the profound uncertainty associated with the duration of the conflict, as well as the resulting climate of mistrust in the financial markets and the numerous implications, makes it very complex to predict the effects on the macroeconomic scenario in the medium and long term. In general terms, the economic effects of the conflict may impact trade relations, energy supplies and the rise in inflation. This will require constant monitoring of the development of the situation, as has been done so far.

With this in mind, in relation to the business and relationships that the Company has in place for the conduct of its business activities, it should be noted that it has no relations with the counterparties involved in the aforementioned conflict and is not active on the Russian market.

With reference to the risk of further rises in interest rates and energy prices, it should be noted that the Company, having almost all its turnover indexed to inflation, benefits from a natural hedge against these risks. With reference to the possible rise in interest rates, it should be noted that Rai Way has a derivative financial instrument in place to hedge part of the loan.

Therefore, as far as the areas of possible effects related to the Russia-Ukraine conflict are concerned, including accounting effects, there are no critical issues to date, nor significant impacts on business continuity.

Rome, 16 March 2023

On behalf of the Board of Directors
The Chairman
Maurizio Rastrello

Declaration on the annual financial statements 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 2022.
- The assessment of the adequacy of the administrative and accounting procedures for the preparation of the annual report for the year ended 31 December 2022 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 2022:
    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. agree 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.

Rome, 16 March 2023

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 2022

"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 Report at 31 December 2022 prepared by the Board of Directors, which close with net income for the year of € 73,689,949.75;

resolves

to approve the annual report at 31 December 2022."

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 the 2022 financial year, equal to € 73,689,949.75, to the distribution to the Shareholders, by way of dividend, of a total of € 73,668,839.78 and to "Retained earnings", for the remaining € 21,109.97 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 € 0.2745 gross to each of the outstanding ordinary shares, to be paid from 31 May 2023, 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 30 May 2023 (the so-called "record date") and subject to dividend no. 9 at 29 May 2023".

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 2022, 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 2022, 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

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

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 2022* The item "Property, plant and equipment" of the financial statements of Rai Way SpA as of 31 December 2022 amounted to Euro 280.8 million representing 63 per cent of total assets as of 31 December 2022. 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 next 12 months 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 2022 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 2022, 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 2022 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 2022 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 2023

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 2022, in matter of supervisory activities performed during the year and/or any omissions and irregularities, as identified. The Board of Statutory Auditors is also called upon to to supervise compliance with the principles of proper administration, the adequacy of the organisational structure, the financial reporting process, the internal control and risk management system, and the Company's administrative-accounting system, including the latter's reliability in correctly representing management events. It is also required to make any necessary proposals regarding the Financial Statements and their approval, as well as other aspects under the Board's purview. During the year 2022, the Board of Statutory Auditors carried out its institutional duties in compliance with the Italian Civil Code and Consolidated Finance Act 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 (January 2020 edition), 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 December 2023, and is made up as follows: Silvia Muzi (Chairman), Barbara Zanardi (Standing Auditor) and Massimo Porfiri (Standing Auditor).

During FY 2022, 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 TUF;
- verified that the members complied with the office requirements, pursuant to Art. 144-*terdecies* of the Issuers’ Regulation. 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 2022 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 issuers with listed shares, as well as with the provisions of the Corporate Governance Code. The Annual Corporate Governance and Ownership Structure Report, drawn up pursuant to Art. 123-bis of the TUF, was approved by the Board of Directors on 16 March 2023. 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 25 January 2023, 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. Likewise, the Board of Statutory Auditors took note of the indications provided by the Corporate Governance Committee.

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, Risks and Sustainability 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. Within the scope of its audits, the Board also met with the Supervisory Board, the Head of the Audit Department, the Manager in charge of preparing the corporate accounting documents, the company appointed to audit the accounts PwC, the Chief Executive Officer and General Manager - also as Director in Charge of the Internal Control and Risk Management System - and the managers in charge of various corporate departments.

During 2022, the Board of Statutory Auditors met 12 times and attended 9 meetings of the Board of Directors and 1 Shareholders' Meeting. It also took part in 6 meetings of the Remuneration and Appointments Committee and 6 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, also thanks to 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 27 July 2022, the Board of Directors approved a further edition of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, supplemented both by the regulatory provisions that extended the scope of offences relative to Italian Legislative Decree no. 213/2001, and by the implementation of some of the safeguards provided for in the guidelines issued by Confindustria for the construction of organisation, management and control models for companies.

It should be noted that during FY 2022, the Supervisory Board held a total of 3 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 edition of the Organisation and Control Model that was 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. On 6 March 2023 , the Supervisory Boardissued the Supervisory Board Report for the second half of the FY 2022 - unqualified - which was forwarded to the Control, Risks and Sustainability Committee, the Board of Directors and the Board of Statutory Auditors.

As at today’s date, the Anti-Corruption Policy is in force, containing supplementary measures to its Organisation, Management and Control Model pursuant to ex Legislative Decree no. 231/2001 in relation to the offences covered by Law 190/2012, adopted since 2019 - on a voluntary basis by the 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 verifies the suitability and actual implementation of the anti-corruption measures taken.

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.

The Board of Statutory Auditors points out that there were no reports pursuant to Article 25 *octies* 25 *novies* of Legislative Decree No. 14 of 12 January 2019 (the "Corporate Crisis Code").

During the financial year, the Company did not receive any requests for information pursuant to the Consolidated Finance Act from Consob.

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 of listed companies.

The Board of Directors in office at the date of approval of the draft financial statements for FY 2022 consists of nine directors, six of whom qualify as independent. Its members were appointed by the Shareholders' Meeting of 24 June 2020, with the exception of the Chairman of the Board of Directors and a Director appointed by the Shareholders' Meeting of 27 April 2022 to replace two Directors (one of whom also held the office of Chairman) who resigned on the previous 25 March, as precisely indicated in the Report on Corporate Governance and Ownership Structure. 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, the Board of Directors set up two internal committees: the Remuneration and Appointments Committee and the Control, Risks and Sustainability Committee, 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, 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 2022.

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. The Board of Statutory Auditors acknowledged and examined the independence declarations issued by the directors and was involved in the self-assessment process.

During the year, 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 2022 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 the Consolidated Finance Act 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 16 March 2023. The First Section, which concerns the remuneration policy for the 2023 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 2022 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 long-term incentive plan aimed at aligning the interests of management and Shareholders with the requirements of implementation of the Industrial Plan approved by the Shareholders' Meeting on 27 April 2021.

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

In 2022, 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 Finance Act.

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 and, in particular, the Manager in charge of preparing the corporate documents and the Head of Internal Audit; 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 implementation 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.

Events subsequent to 31 December 2022

Following the termination, with 31 December 2022, of the transitional period provided for by Article 44-bis, paragraph 2, of Decree-Law No. 76 of 16 July 2020, i.e. the two financial years following FY 2020, the Company - pursuant to Article 2-ter of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999 ("Issuers' Regulation") - lost, as of 1 January 2023, the qualification of "SME" (Small and Medium Enterprise) pursuant to Article 1, paragraph 1, letter w-quater.1) of the TUF.

In this regard, the Board of Statutory Auditors noted that the actions resolved and implemented during 2022 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.

As is evident from the Annual Financial Report, the most important events for the Company during 2022 were:

- On 24 February 2022, Russia launched a military invasion of Ukraine (which is still ongoing), following which numerous countries, including those of the European Union, imposed the first economic and financial sanctions, 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 Company's continued operation as a going concern;
- on 17 March 2022, the Board of Directors resolved to convene the Shareholders' Meeting to approve the annual report at 31 December 2021, at a single call on 27 April 2022; it duly approved the draft annual report for 2021, which closed with a profit of approximately € 65.4 million, and a proposal to distribute a dividend of € 0.2436 per share.
- on 19 March 2022, the Decree of the President of the Council of Ministers of 17 February 2022 regarding the regulation of the possible reduction of RAI S.p.a.'s equity investment in RAI Way S.p.a. to the limit of 30%, was published in the Official Journal , General Series no. 66;
- on 25 March 2022, the Chairman of the Board of Directors, Giuseppe Pasciucco, and the Director, Stefano Ciccotti, both resigned, with effect from the same date and for personal reasons, from their office as Directors of the Company and, for the former, also from the office of Chairman of the Board of Directors.
- On 27 April 2022, the Shareholders' Meeting, among other things:
  - approved the Financial Statements of the Company as at 31 December 2021 and the distribution of a dividend as proposed by the Board of Directors;
  - approved the First Section (relating to the remuneration policy for 2022) and voted in favour of the second section (relating to compensation for 2021) of the Report on the remuneration policy and compensation paid, as prepared by the competent offices;

- updated, upon justified proposal of the Board of Statutory Auditors, the economic conditions of the audit mandate to PricewaterhouseCoopers S.p.A. for FYs 2021 and 2022, in consideration of additional activities to be carried out by virtue of such mandate due to new regulatory provisions and updating of the auditing standards;
- approved the proposal of the Board of Directors authorising the purchase and disposal of treasury shares, previously revoking the corresponding authorisation approved at the Meeting of 27 April 2021;
- following the proposal submitted by the majority Shareholder Rai - Radiotelevisione italiana Spa, appointed - as an integration of the Board of Directors and for a duration until the expiry of the latter (i.e. until the Shareholders' Meeting for the approval of the Annual Report at 31 December 2022) - Roberta Enni and Maurizio Rastrello as Directors of the Company, and, therefore, the latter as Chairman of the Board of Directors.

Related party transactions

In the Report on Operations and in the Explanatory Notes to the 2022 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 2022 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 regulations.

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. The third control level is guaranteed 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 FY 2022, the organisational function, 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 financial statements and report on operations.

With reference to the 2022 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 2022 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 2022 Financial Statements.

The Company declared that it has prepared the Financial Statements for the year 2022 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 2022. Furthermore, the Company’s 2022 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 2022 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 impairment 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 2022, 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 complied with the obligations provided for by Legislative Decree no. 254/2016 and has arranged to draw up a Declaration of non-financial nature 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. acted as the Committee for Internal Control and Audit, pursuant to Art. 19, paragraph 1, of Legislative Decree no. 39/2010, concerning specific information, monitoring, control and verification functions provided therein, fulfilling duties and tasks indicated in the aforementioned legislation. 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. also monitored (i) for the purposes of the preparation of the financial statements for the year ended 31 December 2022, compliance with the provisions of EU Regulation No. 2019/815 (ESEF Regulation) and, (ii) for the purposes of the preparation of the Individual Non-Financial Disclosure (NFD), referring to FY 2022, compliance with Regulation (EU) No. 2020/852 of 18 June 2020 and the related Delegated Regulations ("**Taxonomy Regulation**");

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 Corporate Governance and Ownership Structure Report.

The Board carried out these activities 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. 58/1998

During the year, the Board of Statutory Auditors met regularly with the managers of the appointed auditing firm PwC, in order to exchange relevant data and information pursuant to Art. 150, paragraph 3, of Legislative Decree no. 58/1998 and 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 2022, 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 the TUF, 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 5 April 2023,pursuant to Articles 14 of Legislative Decree no. 39/2010 and 10 of EU Regulation 537/2014, the Auditing Firm issued its Report certifying that:

a) the Financial Statements provide a true and accurate representation of the Company’s capital and financial position as of 31 December 2022, as well as 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 some specific information contained in the Corporate Governance and Ownership Structure Report, pursuant to Article 123-bis, paragraph 4, of Legislative Decree no. 58/1998, are consistent with the Financial Statements for the year that ended on 31 December 2022, and are prepared in accordance with the law;

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).

In April 2023, 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 disclosure relating to the year 2022 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 2022 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.

It is noted that, in reference to FY 2022, the auditing firm PwC and its network were paid the following fees for the audit:

- Audit activities and financial statements € 79,000
- Half-yearly financial statements € 21,000
- Individual non-financial disclosure € 31,000

It is further acknowledged that the Board of Statutory Auditors has monitored the single tender process at the RAI Group level carried out in order to formulate the proposal for the assignment of the legal audit assignment for the period 2023-2031, following, also through the corporate structures, as well as through the member appointed by Rai Way for the same tender commission, the process of formation and awarding of the assignment for the audit of the financial statements and the non-financial disclosure for all the companies of the RAI Group.

Specifically, please refer to the relevant reasoned proposal formulated for the Shareholders' Meeting.

It is further acknowledged that, by letter dated 16 February 2023, the Auditing Firm formulated a supplementary request to the fees previously agreed upon with the Company in consideration of the activity to be performed following the introduction of the auditing standard ISA 315 R with regard to the Financial Statements for FY 2022, as mentioned above, the last of the auditing mandate assigned to the same current Auditing Firm. This request was analysed by the Board of Statutory Auditors, which prepared, having regard to the provisions of Article 13, paragraph 1 of Legislative Decree no. 39/2010, a reasoned proposal to the Shareholders' Meeting in relation to an integration of PwC's compensation to which reference is 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 2022, 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 assignment related to the individual non-financial disclosure.

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 2022, which recorded a profit for the year of € 73.7 million, 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 2022 was 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 2021 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.

Individual non-financial disclosure

The Company prepared the Individual 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 with reference to 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 2022 Non-financial disclosure, approved by the Board of Directors on 16 March 2023, is accompanied, as specified above, by the limited assurance issued by PwC on 5 April 2023.

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

As at the date of drafting this report, the Board has not received any complaints pursuant to Article 2408.

Opinions issued

In FY 2022, 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 the period, 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 smart-working, which lasted for the whole of 2021 and partly for the year 2022, providing for the partial return in the presence of working unites, in accordance with the various provisions that followed on the subject during the year. In order to limit the risks of direct contact in the company, all measures recommended by the provisions of the authorities and reference bodies/institutions have been adopted, which are considered appropriate to safeguard the health of personnel, with a view to the safe continuation of the activity.

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.

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. The analyses conducted have not revealed, at this stage, any appreciable effects on the company's operations or any effects of a magnitude that would jeopardise the company's ability to continue as a going concern.

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.

Conclusions

On the basis of what is set forth and illustrated in this Report, considering the findings contained in the Independent Auditors' Report and also taking into account the information acquired by the Board of Statutory Auditors during the periodic supervision, the Board of Statutory Auditors does not find, for the profiles within its purview, any reason to oppose the approval of the financial statements for the year ended 31 December 2022, as prepared and approved by the Board of Directors on 16 March 2023, and the proposals formulated by the same to the Shareholders' Meeting regarding the allocation of the profit for the year and the distribution of the dividend.

Rome, 05 April 2023

For the Rai Way S.p.a. Board of Statutory Auditors

Silvia Muzi - Chair

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**