Press Release

RAI WAY APPROVES RESULTS FOR THE NINE MONTHS 2023

Double-digit growth of all economic indicators, with operating margin up 500 bps; recurring cash generation exceeding € 90m in the nine months; Adjusted EBITDA guidance for 2023 raised; diversification initiatives confirmed by the Board

- **Key results for the nine months ended 30 September 2023 (vs 30 September 2022):**
  - **Core revenues of € 204.1m (+10.7%);**
  - **Adjusted EBITDA[1] of € 138.4m (+19.6%);**
  - **Operating profit (EBIT) of € 100.5m (+25.9%);**
  - **Net income of € 69.8m (+24.1%);**
- **Capex of € 27.5m[2] (€ 41.9m at 30 September 2022)**
- **Net debt[3] of € 133.6m (compared to € 105.0m at 31 December 2022)**

Rome, 14 November 2023 – The Board of Directors of Rai Way S.p.A. (Rai Way), met today under the chairmanship of Giuseppe Pasciucco, examined and unanimously approved the Company's Interim Financial Report for the nine months ended 30 September 2023.

Roberto Cecatto, CEO of Rai Way stated: "*The third quarter performance confirmed the significant growth in financial results, fueled by indexation to inflation, contribution of growth initiatives such as the new regional networks, strict cost control and partial normalization of electricity prices.*

[1] The Company assesses performance also on the basis of certain measures not considered by IFRS. Set out below is a description of the components of the indicators that are important for the Company:
. EBITDA (earnings before interest, taxes, depreciation and amortization): this is calculated as profit before income taxes, depreciation, amortization, write-downs and financial income and expenses.
. Adjusted EBITDA: this is calculated as profit before income taxes, depreciation, amortization, write-downs, financial income and expenses and non-recurring expenses/income.
. Operating profit or EBIT (earnings before interest and taxes): this is calculated as profit before income taxes and before financial income and expenses.
. Net Debt: the format for the calculation of Net Debt is the one provided in paragraph 127 of CESR Recommendation 05-054b, which implements Regulation (EC) no. 809/2004.
[2] Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to € 3.8m. Investments in 9M2023 include € 2.8m related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statement
[3] Net Debt including the effect of the application of the IFRS-16 accounting standard

These results and the visibility on the last weeks of the year lead us to improve forecasts and, consequently, raise the Adjusted EBITDA guidance for 2023.
In September, the Board has completed its in-depth review of the ongoing corporate development projects, confirming full support to their progressive execution. A key milestone in the ambitious expansion process that - along with other initiatives - will be outlined in the new Industrial Plan currently under preparation.
Furthermore, the appreciation for these projects, together with the solidity of the business model and the growing recurring cash generation - which has substantially reached in 9 months the level recorded in the full year 2022 - have allowed us to successfully refinance our credit lines despite the challenging market conditions."

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Key results for the nine months 2023

As of 30 September 2023, Company's **core revenues** amount to € 204.1 million, an increase of 10.7% over € 184.4 million for the nine months 2022 (+11.9% excluding the one-off benefit of € 2.0 million recorded in Q3 2022). Revenues attributable to RAI rise to € 172.6 million. Revenues from third-party customers amount to € 31.5 million posting a 23.3% increase. These trends mainly reflect the indexation to inflation, the growing contribution of the new regional digital terrestrial networks and the positive dynamic of the hospitality business with fixed wireless and radio operators.

Adjusted EBITDA amounts to € 138.4 million, up 19.6% over € 115.7 million in the nine months 2022, as a result of higher revenues and lower costs following the significant drop in electricity tariffs (particularly compared to the third quarter of 2022), the lower energy consumption and the control over other expenses. The margin on revenues reached 67.8% (62,7% in the nine months 2022). Considering the impact of non-recurring expenses (€ 3.6 million in the nine months 2023 while absent in the nine months 2022), **EBITDA** amounts to € 134.8 million, representing an increase of 16.5% over € 115.7 million of the nine months 2022.

Operating profit (EBIT) amounts to € 100.5 million, rising 25.9% over € 79.8 million of the nine months 2022, also benefiting from the full depreciation of DVB-T transmission equipment which more than offset the effects of sustained investment activity.

Net income amounts to € 69.8 million, an increase of 24.1% compared to the figure for the nine months 2022, when it stood at € 56.3 million.

Capex[4] amount to € 27.5 million at 30 September 2023, of which € 19.7 million relate to development activities (€ 41.9 million in the nine months 2022, of which € 35.0 million of development activities). Development initiatives include lower refarming-related activities, now nearing completion, and increasing investment in infrastructure expansion projects.

Net invested capital[5] amounts to € 305.5 million, with **net debt** of € 133.6 million (including the impact from the application of the IFRS-16 accounting standard for € 38.4 million) compared to € 105.0 million at 31 December 2022, showing - net of dividend payments and development investments - a strong and rising recurring cash generation[6] (amounting to € 91.5 million compared to € 77.7 million in the nine months of 2022). In October 2023, considering the termination of the previous one, the Company finalized a new medium/long-term loan agreement (3 years) with a pool of financial institutions for a maximum amount of €185 million. The loan, divided into two separate term and revolving lines, allowed for the full repayment of the pre-existing financial debt, whose maturity date was 27 October 2023. The agreement will contribute to ensure the financial flexibility needed to support the Company's new development investments, in particular with reference to the construction of an edge data centres network and the creation of a national CDN (content delivery network).

Outlook: Adjusted EBITDA guidance for 2023 raised

Considering the results of the first nine months, the Company updates its targets for the financial year 2023. In particular, Rai Way expects:

- Adjusted EBITDA growth higher compared to the outlook communicated last July and now expected in the *high-teens* (based on current electricity price forecasts for 2023);

[4] Excluding investments related to the application of new IFRS 16 Accounting Standard. Investments in 9M2023 include € 2.8m related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statement
[5] Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets
[6] Recurring cash generation calculated as Adjusted EBITDA – Leases – Net Financial Charges (excluding lease component) – Normalised P&L Taxes – Maintenance Capex. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) and financial charges on leasing contracts

- maintenance investments in line with the previous year; development investments now expected below 2022 level with a different RAI-third parties mix.

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Rai Way announces that today, Tuesday 14 November 2023 at 5:30pm CET, the results of the nine months 2023 will be presented to the financial community via conference call.
The presentation supporting the conference call will be made available in advance on the Company's website www.raiway.it, in the Investor Relations section.
To take part in the conference call:
Italy: +39 02 8020911 - UK: +44 1 212818004 - USA: +1 718 7058796
Alternatively, please register here to receive the weblink to the event directly in your inbox and Outlook Calendar.
The replay of the conference call will be available after the end of the event in the Investor Relations - Events kit section of the website www.raiway.it.

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

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

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Rai Way S.p.A.

Rai Way manages and develops the terrestrial broadcast infrastructure which carries the television and radio signals of RAI, Italy's national public broadcasting company, and provides services to its business customers. Rai Way has an extensive experience and technological, engineering and organizational know-how in the Italian media and broadcast infrastructure market. Such a unique expertise, together with the skills and ongoing training of its around 600 employees, makes Rai Way an ideal partner for any companies and entities seeking for integrated solutions to develop their network and transmit their signals.
Rai Way operates throughout the national territory and can rely on its headquarters in Rome, 20 local network centers and more than 2,300 sites across Italy.

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Rai Way

Income Statement

(€m; %)	3Q22	3Q23	9M22	9M23
Core revenues	**63,2**	**68,2**	**184,4**	**204,1**
Other revenues and income [1]	1,5	0,1	1,8	1,6
Purchase of consumables	(0,4)	(0,3)	(1,0)	(0,9)
Cost of services	(16,5)	(9,6)	(35,7)	(30,4)
Personnel costs	(9,5)	(10,0)	(31,8)	(37,5)
Other costs	(0,6)	(0,7)	(1,9)	(2,1)
Opex	**(27,1)**	**(20,6)**	**(70,5)**	**(71,0)**
Depreciation, amortization and write-downs	(10,2)	(11,6)	(35,9)	(34,3)
Provisions	-	-	0,0	-
Operating profit (EBIT)	**27,3**	**36,0**	**79,8**	**100,5**
Net financial income (expenses)	(0,5)	(1,2)	(1,3)	(2,9)
Profit before income taxes	**26,9**	**34,8**	**78,5**	**97,6**
Income taxes	(7,6)	(9,9)	(22,2)	(27,8)
Net Income	**19,3**	**24,9**	**56,3**	**69,8**

EBITDA	**37,5**	**47,6**	**115,7**	**134,8**
EBITDA margin	*59,4%*	*69,9%*	*62,7%*	*66,0%*
Non recurring costs	-	-	-	(3,6)
Adjusted EBITDA	**37,5**	**47,6**	**115,7**	**138,4**
Adjusted EBITDA margin	*59,4%*	*69,9%*	*62,7%*	*67,8%*

1) Other Revenues and income include tax credits related to electricity expenses

Balance Sheet

(€m)	2022FY	9M2023
Non current assets		
Tangible assets	280,8	278,5
Rights of use for leasing	33,4	32,3
Intangible assets	19,5	20,6
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	1,8	2,1
Total non-current assets	**336,4**	**334,5**
Current assets		
Inventories	0,8	0,8
Trade receivables	66,2	80,2
Other current receivables and assets	2,5	3,8
Current financial assets	1,5	0,8
Cash and cash equivalents	35,2	10,7
Current tax receivables	0,1	0,1
Total current assets	**106,2**	**96,4**
TOTAL ASSETS	**442,6**	**430,9**
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	38,2	37,8
Retained earnings	73,7	69,9
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	**176,2**	**171,9**
Non-current liabilities		
Non-current leasing liabilities	22,6	21,0
Employee benefits	10,0	10,0
Provisions for risks and charges	15,1	14,1
Other non-current liabilities	0,3	0,3
Total non-current liabilities	**48,0**	**45,4**
Current liabilities		
Trade payables	60,5	36,8
Other debt and current liabilities	38,5	49,9
Current financial liabilities	101,5	106,7
Current leasing liabilities	17,6	17,4
Current tax payables	0,4	2,8
Total current liabilities	**218,4**	**213,6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**442,6**	**430,9**

Cash Flow Statement

(€m)	3Q2022	3Q2023	9M2022	9M2023
Profit before income taxes	**26,9**	**34,8**	**78,5**	**97,6**
Depreciation, amortization and write-downs	10,2	11,6	35,9	34,3
Provisions and (releases of) personnel and other funds	0,9	(0,8)	0,3	1,1
Net financial (income)/expenses	0,4	1,1	1,2	2,8
Other non-cash items	0,1	0,1	0,2	0,4
Net operating CF before change in WC	**38,4**	**47,0**	**116,1**	**136,1**
Change in inventories	0,0	-	0,0	0,0
Change in trade receivables	(9,1)	(5,0)	(9,6)	(14,3)
Change in trade payables	4,1	(8,1)	(8,1)	(23,7)
Change in other assets	(1,4)	(0,1)	0,4	(1,3)
Change in other liabilities	4,8	(15,8)	8,2	(11,9)
Use of funds	(0,1)	(0,3)	(0,9)	(0,6)
Payment of employee benefits	(0,6)	(0,4)	(2,3)	(1,7)
Change in tax receivables and payables	(0,1)	(0,0)	(0,1)	(2,2)
Taxes paid	(21,3)	-	(22,9)	-
Net cash flow generated by operating activities	**14,9**	**17,3**	**80,7**	**80,3**
Investment in tangible assets	(15,2)	(7,9)	(40,7)	(20,3)
Disposals of tangible assets	(0,0)	-	0,0	-
Investment in intangible assets	(0,5)	(1,6)	(1,2)	(4,3)
Disposals of intangible assets	(0,0)	-	(0,0)	-
Change in other non-current assets	0,0	0,0	0,0	0,0
Change in non-current financial assets	0,0	-	0,1	-
Net cash flow generated by investment activities	**(15,6)**	**(9,5)**	**(41,7)**	**(24,7)**
(Decrease)/increase in medium/long-term loans	-	-	32,0	-
(Decrease)/increase in current financial liabilities	0,1	(1,0)	0,3	3,7
(Decrease)/increase in IFRS 16 financial liabilities	(1,1)	(1,0)	(6,9)	(8,8)
Change in current financial assets	(0,1)	(0,4)	(0,3)	(0,4)
Net Interest paid	(0,2)	(0,1)	(0,7)	(1,0)
Dividends paid	(0,0)	-	(65,1)	(73,7)
Net cash flow generated by financing activities	**(1,3)**	**(2,4)**	**(40,7)**	**(80,1)**
Change in cash and cash equivalent	**(2,1)**	**5,4**	**(1,6)**	**(24,5)**
Cash and cash equivalent (beginning of period)	17,7	5,4	17,2	35,2
Cash and cash equivalent (end of period)	15,6	10,7	15,6	10,7