

Press Release

INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES THE FINANCIAL REPORT AT 30 JUNE 2021

- **REVENUES:** IN Q2 2021 THEY CAME TO 192.9 MILLION EUROS, SHOWING ORGANIC GROWTH OF +4.5% COMPARED TO THE SAME PERIOD OF 2020. IN H1 2021 THEY TOTALLED 383.1 MILLION EUROS, UP +2.2% COMPARED TO H1 2020, LIKE-FOR-LIKE.
- **EBITDA_{AdL}** (EBITDA – LEASING COSTS): THE COMPANY'S MAIN OPERATING MARGIN, IN Q2 2021 STOOD AT 127.2 MILLION EUROS, UP BY +6.9%. IN H1 2021 IT TOTALLED 251.1 MILLION EUROS, UP +7.6%, LIKE-FOR-LIKE.
- **NET PROFIT:** IN Q2 2021 IT TOTALLED 51.5 MILLION EUROS, UP BY +35.2% COMPARED TO THE SAME PERIOD OF 2020. DURING H1 2021, THIS CAME TO 95 MILLION EUROS.
- **RECURRING FREE CASH FLOW:** IN Q2 IT TOTALLED 91.3 MILLION EUROS, UP BY +14.9% COMPARED TO THE SAME PERIOD OF 2020. DURING H1 2021, THIS CAME TO 184.4 MILLION EUROS.
- IN Q2 THE BUSINESS CONTINUED TO GROW WITH 1,200 **NEW HOSTINGS** FOR MOBILE OPERATORS, FWA AND OTHERS. OVER 350 NEW REMOTE **DAS** (DISTRIBUTED ANTENNA SYSTEM) UNITS WERE INSTALLED FOR INDOOR MICRO COVERAGE.
- **NET DEBT:** CAME TO 4.1 BILLION EUROS, WITH FINANCIAL LEVERAGE AT 5.9X AS THE RESULT OF PAYMENT OF THE DIVIDEND, EQUAL TO 283.9 MILLION EUROS, AND THE ONE-OFF PAYMENT RELATING TO THE TAX BENEFITS ON GOODWILL, EQUAL TO 334 MILLION EUROS.
- **GUIDANCE 2021** CONFIRMED: REVENUES AND EBITDA IN THE LOWER PART OF THE RANGE, AS A RESULT OF THE TIME FOR DEVELOPING NEW HOSTINGS; EBITDA_{AdL} AND RFCF IN THE UPPER PART OF THE RANGE, THANKS TO THE EFFECTIVENESS OF THE ACTIONS TAKEN TO OPTIMISE LEASING COSTS AND NET WORKING CAPITAL.
- **AGREEMENT** APPROVED WITH VODAFONE ITALIA FOR THE COVERAGE OF MOTORWAY AND ROAD TUNNELS (APPROXIMATELY 1,000 KM).
- **FERIGO:** "ANOTHER QUARTER SHOWING GROWTH WITH AN INCREASE IN NEW HOSTINGS, THE BUILDING OF NEW SITES AND A ACCELERATION OF FINANCIAL INDICATORS. WE APPRECIATE THE RULES FOR SIMPLIFYING THE AUTHORISATION PROCEDURES INTRODUCED BY THE GOVERNMENT AND PARLIAMENT IN THE SIMPLIFICATIONS DECREE LAW. A GREAT DEAL OF PROGRESS HAS BEEN MADE IN THIS PERIOD, FOR AN INCREASINGLY SUSTAINABLE BUSINESS".

Rome, 29 July 2021 - The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), met today, chaired by Emanuele Tournon, and examined and approved the financial report as of 30 June 2021.

Q2 2021 main results

The results of the second quarter of 2021 confirm the growth of the main industrial KPIs, revenues and an improvement in the profitability and cash generation:

- **Revenues** came to 192.9 million euros with +4.5% organic growth in the second quarter of 2021 on the previous year, a consequence of the progressive impact of new hostings contracted in the previous quarters.
- **EBITDA** was 175.9 million euros, an increase of +2.5% on the same period of 2020. The EBITDA margin came in at 91% of revenues.
- This growth, together with greater **efficiency in leasing costs**, has led to expansion of the **EBITDAaL** margin, which came to 127.2 million euros (+6.9 %), accounting for a rise in revenues from 64% in Q2 2020 to 66%.
- **Net profit** totalled 51.5 million euros, up +35.2% compared to the same period of 2020.
- **Recurring Free Cash Flow** totalled 91.3 million euros, up by +14.9% compared to the same period of 2020.
- **Net financial debt** at 30 June 2021 amounted to 4.1 billion euros. The increase, in line with expectations, is due to the payment of the dividend, equal to 283.9 million euros and the one-off payment relating to tax benefits on goodwill, of 334 million euros. Financial leverage comes to 5.9X in line with expectations; it is also noted that the recent transactions on the bank and bond market have helped assure the progressive optimisation of debt in terms of the diversification of sources, cost and duration;
- The **industrial results** confirm the growth trend of the main indicators:
 - approximately 1,200 **new hostings** were contracted, essentially due to the contribution of the anchor customers, Tim and Vodafone, as well as other customers;
 - the **new site** development programme has been boosted, with the construction of approximately 130 towers;
 - the multi-operator **micro-cell coverage** plan continues in the locations with the highest concentration of users and traffic, deploying more than 350 new remote **DAS** units, as evidence of the constant market interest;
 - efficiency continued to improve, with the pursuit of the plan to renegotiate leasing contracts and purchase land.
- **2021 Guidance** has been confirmed: revenues and EBITDA in the lower part of the range, as a result of the time for developing new hostings; EBITDAaL and RFCF in the upper part, thanks to the effectiveness of the action taken to optimise leasing costs and net working capital.

Main results at 30 June 2021

In the first half of FY 2021 all main economic and financial indicators showed growth, also due to the merger with Vodafone Towers on 31 March 2020.

Revenues stood at 383.1 million euros, up +33.3% on the same period of 2020 (287.4 million euros). The periods in question include one-off revenues. On a like-for-like basis, revenues were up +2.2% on the half-year of 2020.

EBITDA was 348.9 million euros, up by +34.4% on the first half of 2020. EBITDAaL was 251.1 million euros, up by +42.7% compared to the same period of 2020. On a like-for-like basis, EBITDAaL was up +7.6% on the half-year of 2020. Net profit for the period totalled 95 million euros, up +32.6% compared to the same period of 2020. Recurring Free Cash Flow for H1 2021 was 184.4 million euros, up by +42.1% compared to the same period of 2020. Business investments for the period came to 54.4 million euros, up 20.7 million euros on H1 2020 (+61.6%) and were mainly allocated to the development of new sites, of indoor micro-cell coverage with DASs and the acquisition of land.

Loan agreement with the European Investment Bank (EIB).

INWIT has reached an agreement for a loan of 250 million euros from the European Investment Bank (EIB) in support of the company's investment plan, intended to develop the company's digital infrastructure in Italy. The loan, currently being completed, is in line with the INWIT Business Plan, which envisages investments in the construction of new towers for the distribution of 5G, the deployment of coverage of indoor and outdoor mobile networks with small cells and DAS (Distributed Antenna Systems) and to trial new innovative technologies in support of operators. This network infrastructure will also be available for hosting Fixed Wireless Access (FWA) equipment, to expand coverage of broadband in areas with low- population density.

Sustainability Plan progress

During the first half of the year, the transformation of the company into an increasingly sustainable business continued strongly, with the aim of generating long-term value and helping drive, improve and assure the social and economic development of the communities in which we operate. More specifically, in these first six months of 2021, we have:

- prepared our **first Integrated Report**, with the aim of providing our stakeholders with a complete overview of the strategy, operating model and governance, supplementing the financial information with non-financial information. The document has been prepared on the basis of the criteria of the <IR> Framework, which calls for an explanation of the process with which an organisation creates value over time, using a structure that mirrors the breakdown by capital, defined as variables that determine the creation of value.
- We have issued our **first sustainability-linked term loan** worth 500 million euros, linked to specific targets of our Sustainability Plan.

- We have organised our **first Stakeholder Forum**, aware that the creation of value must involve stakeholder relations as an integral part of responsible, sustainable business management, in line with the indications of the new Corporate Governance Code.
- We have continued to invest in the **workforce growth plan** and in strengthening our **skills**: at 30 June, INWIT numbered 238 employees, compared with 122 before the merger with Vodafone Towers. In particular, 43% of entrances this first half are women, who today account for 37% of the total workforce, up on the 34.9% at end 2020.
- The actions envisaged by our 2021-2023 Sustainability Plan also include having:
 - o defined the **Stakeholder Engagement Management Policy** and the **Diversity & Inclusion Policy**, both approved by the BoD and published on our website, to provide ever greater transparency of our commitments;
 - o defined a **climate strategy**, which allows us to achieve **carbon neutrality by 2025**. We have, in fact, identified a series of consistent initiatives, starting from the development of a climate change scenario analysis, to stimulate the company to develop a long-term strategic vision, which considers the risks and opportunities associated with climate change;
 - o developed, for our people, a **training plan** that has allowed us to deliver more than 11,000 training hours in the first half, involving all employees, with approximately 60 hours per capita.

All activities carried out for sustainability, in particular the new Plan and first Integrated Report, have made it possible to obtain **improvements in the ESG rating**: Sustainalytics has updated our ESG Risk Rating, taking it from Medium Risk (24.4/100) to Low Risk (19.4/100), while FTSE Russell has taken our ESG Rating from 2.2 to 2.9, on a scale of 1-5, with an improvement in the percentile rank of the sector, from 22 to 34.

*“Another growth quarter with new hostings, new sites, DASs for indoor micro-cell coverages developed and an acceleration of financial indicators - commented **Chief Executive Officer, Giovanni Ferigo**. – I am satisfied with the entrance into the segment of dedicated motorway and road tunnel coverage, which confirms the INWIT contribution to the digital development of the country in support of telecommunications operators. With a view to further speeding up our infrastructure development plans, we appreciate the rules for simplifying the authorisation procedures introduced by the government and parliament in the “Simplifications Decree Law”. INWIT plays an important role, the industrial value of which has also been recognised by the agreement with the EIB for the first loan of our investment plans. The progress made in this period for an increasingly sustainable business also make us very proud”.*

Corporate Governance Issues

Under the scope of the continuous alignment of corporate governance with the corporate governance rules, the Board of Directors has approved the **quantitative and qualitative criteria for the analysis of relations between INWIT and its directors in order to assess the independence requirements** in accordance with recommendation 7, first period, letters c) and d) under Article 2 of the Corporate Governance Code of listed companies.

The Board of Directors has also approved the **Environment, Health and Safety at Work Policy** to guarantee the continuous improvement of environmental and safety performance and processes, with a view to integrating sustainability and creating a business culture.

COVID-19 Information

The COVID-19 health emergency has brought about a decline in the economy, with potentially negative impacts on the Company's economic and financial position. The rapid spread of COVID-19, beginning in March 2020, and the ensuing health emergency, have produced great economic uncertainty both in Italy and across the globe.

The Company deems the situation to be medium risk as, despite the negative economic situation, INWIT's activity is essential for the provision of services to operators; at present, the Company has not recorded any significant impact on business performance associated with the health crisis.

The Company maps out COVID-19-related risks and assesses the possible onset of the events affected by such risks, which are considered unlikely, given that the relevant industrial sector is not particularly volatile, existing hostings have a cyclical nature and contracts are long-term.

At present, the economic results have suffered no significant negative impacts that could give rise to losses in economic/financial performance or delays in the company's strategic planning.

Lastly, it should be noted that the current pandemic has led to a general acceleration in the digitisation processes and a significant increase in data traffic on the networks of the Company's main customers, resulting in a positive impact on demand for the services offered.

Outlook for the 2021 financial year

Strengthened by a deep-rooted transformation, after the merger with Vodafone Towers, INWIT has become the largest operator in the Wireless Infrastructure sector in Italy, with the mission of supporting the TIM and Vodafone anchor tenants in creating the new network for the deployment of 5G, also ensuring access to its infrastructure for the entire market.

The results of the first half of 2021 recorded an increase for all main economic indicators compared to the same period of 2020, speeding up organic growth in the second quarter of 2021. Investments in the period for 54.4 million euros focused, as per the plan, on the creation of new sites (towers), the deployment of indoor and outdoor micro-coverage with DAS (Distributed Antenna System) and an increase in owned plots of land.

In November 2020, INWIT presented an update to the 2021-2023 industrial plan, whose forecasts, including those for FY 2021, are confirmed. During the first six months of 2021, INWIT recorded strong growth of new hostings, approximately 2,400 as compared with around 250 in 1H 2020. The time for developing new hostings, mitigated by action taken on other sources of revenue, lead the company to envisage Revenues and EBITDA for FY 2021 in the lower part of the guidance range, 785-795 million euros and 715-725 million euros, respectively. The continuous action to reduce leasing costs, together with the optimisation of net working capital, instead lead the company to forecast EBITDAaL and Recurring Free Cash Flow for FY 2021 in the upper part of the guidance range, 510-520 million euros and 355-365 million euros, respectively.

From an operative viewpoint, over the next quarters of 2021, the company will continue to focus on the construction of new sites, on the growth of hosting and on the development of revenues from new services. The objective of optimising leasing costs, a driver to expand the EBITDAaL margin and the growth of Recurring Free Cash Flow has also been confirmed.

In the wireless infrastructure market, the profound transformation process and increased demand for services from mobile operators and other radio network players is continuing. Mobile operators need to increase their service access points to expand their 4G coverage and deploy 5G. Fixed wireless access providers are also increasing their networks to expand coverage and improve the quality of service offered to customers.

It is also expected that business performance will benefit from the improved outlook for the digital, infrastructural and technological investment cycle in Italy: the major resources allocated by Next Generation EU can, both directly and indirectly, support INWIT's development, which is excellently positioned as an enabler of the digital transformation currently in motion.

The economic and financial results of INWIT at 30 June 2021 will be illustrated to the financial community during a conference call scheduled for 29 July 2021 at 6.30 p.m. (CET). Journalists may listen to the conference call, without asking questions, by calling: +39 02 8020927. The presentation to support the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

The executive responsible for preparing the corporate accounting documents, Diego Galli, declares, in accordance with subsection 2, Art. 154-bis of the Consolidated Law on Finance, that the accounting information given in this press release corresponds to the documentary evidence and the accounting books and records.

INWIT draws up and publishes Interim Reports on Operations for the first and third quarters of each year on a voluntary basis. The Half Year Report at 30 June 2021 includes the Interim Management Report and the Condensed Half-Yearly Financial Statements at 30 June 2021 prepared in accordance with IFRS accounting standards issued by IASB and endorsed by the EU. The Half-Year Condensed Financial Statements at 30 June 2021 have undergone a limited scope audit. Note, lastly, that the “Business Outlook for the 2021 financial year” chapter contains forward-looking statements about the Company’s intentions, beliefs and current expectations with regard to its financial results and other aspects of the Company’s operations and strategies. Readers of this press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Company’s control.

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ATTACHMENTS TO THE PRESS RELEASE

The Separate Income Statements, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of INWIT, herewith presented, are the same as those included in the financial statements of the Company for the period from January 1, 2021 to June 30, 2021.

SEPARATE INCOME STATEMENT

(thousands of euro)	1st Half 2021	1st Half 2020
Revenues	383'114	287'380
Acquisition of goods and services - Ordinary expenses	(22'050)	(12'380)
Acquisition of goods and services - Expenses related to extraordinary operations	-	(7'138)
Employee benefits expenses	(10'162)	(7'584)
Other operating expenses	(2'040)	(693)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	348'862	259'585
Amortization, gains/losses on disposals and impairment losses on non-current assets	(177'890)	(130'401)
Operating profit (loss) (EBIT)	170'972	129'184
Finance income	-	2
Finance expenses	(47'928)	(26'881)
Profit (loss) before tax	123'044	102'305
Income tax	(28'045)	(30'649)
Profit for the period	94'999	71'656
Basic and Diluted Earnings Per Share	0.099	0.092

STATEMENTS OF FINANCIAL POSITION

Assets

(thousands of euro)	6.30.2021	12.31.2020
Assets		
Non-current assets		
Intangible assets		
Goodwill	6,112,784	6,112,784
Intangible assets with a finite useful life	722,000	762,463
Tangible assets		
Property, plant and equipment	815,191	811,658
Right to use to third parties	1,071,776	1,140,401
Other non-current assets		
Non-current financial assets	1,484	1,495
Miscellaneous receivables and other non-current assets	326,736	431
Deferred tax assets	-	-
Total Non-current assets	9,049,972	8,829,232
Current assets		
Trade and miscellaneous receivables and other current assets	155,677	135,780
Financial receivables and other current financial assets	258	208
Income tax receivables	35,885	-
Cash and cash equivalents	25,398	120,207
Total Current assets	217,218	256,195
Total Assets	9,267,190	9,085,427

Equity and Liabilities

(thousands of euro)	6.30.2021	12.31.2020
Equity		
Share capital issued	600,000	600,000
<i>less: treasury shares</i>	(87)	(37)
Share capital	599,913	599,963
Share premium reserve	2,211,001	3,691,703
Legal reserve	120,000	120,000
Other reserves	1,361,460	(424)
Retained earnings (losses) including earnings (losses) for the period	95,009	169,239
Total Equity	4,387,383	4,580,481
Liabilities		
Non-current liabilities		
Employee benefits	2,507	2,643
Deferred tax liabilities	300,860	277,390
Provisions	222,947	220,961
Non-current financial liabilities	3,592,211	3,661,950
Miscellaneous payables and other non-current liabilities	15,403	1,511
Total Non-current liabilities	4,133,928	4,164,455
Current liabilities		
Current financial liabilities	585,845	171,670
Trade and miscellaneous payables and other current liabilities	159,584	155,787
Provisions for Risks and Charges	450	450
Income tax payables	-	12,584
Total current Liabilities	745,879	340,491
Total Liabilities	4,879,807	4,504,946
Total Equity and Liabilities	9,267,190	9,085,427

CASH FLOW STATEMENT

(thousands of euro)	1st Half 2021	1st Half 2020
Cash flows from operating activities:		
Profit for the period	94,099	71,656
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	177,890	130,401
Net change in deferred tax assets and liabilities	23,470	30,841
Change in provisions for employee benefits	(141)	(215)
Change in trade receivables	19,871	(14,166)
Change in trade payables	(9,854)	10,628
Net change in miscellaneous receivables/payables and other assets/liabilities	(381,628)	(66,814)
Other non-monetary changes	2,502	(1,906)
Cash flows from operating activities (a)	(72,891)	160,425
Cash flows from investing activities:		
Total purchase of intangible, tangible assets and right to use to third parties on an accrual basis	(129,139)	(171,204)
<i>Change in amounts due to fixed asset suppliers</i>	(9,946)	(2,027)
Total purchase of intangible, tangible assets right to use to third parties on a cash basis	(64,372)	(26,762)
Purchase of investments	-	(2,140,000)
Change in financial receivables and other financial assets	(39)	22,325
Other non-current changes	-	-
Cash flows used in investing activities (b)	(64,411)	(2,144,437)
Cash flows from financing activities:		
Change in current and non-current financial liabilities	326,855	2,647,244
Dividends paid	(283,844)	(696,558)
Purchase of treasury shares	(478)	-
Cash flows used in financing activities (c)	42,493	1,950,686
Aggregate cash flows (d=a+b+c)	(94,809)	(33,326)
Net cash and cash equivalents at beginning of the period (e)	120,207	66,569
Net cash and cash equivalents at end of the period (f=d+e)	25,398	33,243

NET FINANCIAL DEBT

(thousands of euro)

	6.30.2021	12.31.2020
A. Cash	-	-
B. Other cash equivalents	25,398	120.207
C. Securities held for trading	-	-
D Liquidity (A + B + C)	25,398	120.207
E. Current financial receivables	258	208
F. Current financial payables	-	-
G. Current portion of financial payables (medium/long-term)	(585,845)	(171.670)
H. Other current financial payables	-	-
I Current financial debt (F+G+H)	(585,845)	(171.670)
J Net current financial debt (I+D+E)	(560,189)	(51.255)
K. Medium/long term financial payables	(1,359,503)	(1.923.214)
L. Bonds issued	(2,232,708)	(1.738.736)
M. Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	(3,592,211)	(3.661.950)
O Net financial debt as recommended by ESMA (J+N)	(4,152,400)	(3.713.205)
Other financial receivables and other non-current financial assets (*)	1,484	1.495
INWIT Net financial debt	(4,150,916)	(3.711.710)