

Approval of the Half-Yearly Report as at 30 June 2020

- Revenues at EUR 72.5 million, an increase by EUR 2.4 million as compared to the first half of 2019
- EBITDA of EUR 7.3 million as compared to the figure for the first half of 2019 (EUR 14.9 million) which was influenced by positive non-recurring items for EUR 12.9 million
- Net result of - EUR 16.4 million, as compared to the figure for the first half of 2019 (- EUR 3.7 million), which was influenced by non-recurring positive items for EUR 22.7 million
- Reduction in net financial indebtedness by approximately EUR 14 million as compared to the figures as at 31 December 2019
- Total customer portfolio at 677 thousand units, up by approximately 9 thousand units as compared to 31 December 2019

Cagliari, 29 September 2020

The Board of Directors of Tiscali S.p.A., which met today, approved all the items on the agenda and, in particular:

- The co-optation of a member of the Board of Directors and integration of the Appointments and Remuneration Committee.
- The approval of the half-yearly financial report as at 30 June 2020.

Renato Soru, Chief Executive Officer of the Group, commented as follows: *"In this half-year – despite the general situation of criticality and uncertainty caused by the health emergency linked to the COVID-29 pandemic – Tiscali continued its growth in the UltraBroadband services segment with a strong focus on service quality, as well as productivity recovery thanks to the reduction in operating costs. In fact, there was a strong growth in operating profitability net of non-recurring items and a further organic reduction in overall debt, thanks also to the efficiency of investments. Finally, as previously announced, the recently signed commercial agreements will allow Tiscali to project itself in the coming years as a Smart Telco and Digital Service Operator, focused exclusively on Fibre services and digital applications on optical and 5G technology."*

Condensed Figures

Income statement	1H 2020	1H 2019
<i>(EUR mln)</i>		
Revenue	72.5	70.2
Adjusted Gross Operating Result (EBITDA)	7.3	14.9
Operating Result (EBIT)	(12.1)	(8.1)
Result from held for sale and discontinued operations	0.0	0.0
Net Result	(16.4)	(3.7)
Statement of financial position	31 December 2019	31 December 2018
<i>(EUR mln)</i>		
Total assets (€)	177.8	181.2
Net Financial Debt	74.2	87.0
Net Financial Debt as per CONSOB	75.0	87.8
Shareholders' equity (€)	(67.2)	(56.0)
Investments	18.3	43.4
Operating figures	31 December 2019	31 December 2018
<i>(thousands)</i>		
Total number of Clients	677.2	668.2
Broadband Fixed	382.0	381.7
<i>of which Fibre</i>	198.6	163.7
Broadband Wireless	41.9	41.8
<i>of which LTE</i>	41.9	40.2
Mobile	253.3	244.7

Main events and results achieved during the first half of 2020

As thoroughly described in the Consolidated Financial Report as at 31 December 2019, during 2019, the Company completed the financial strengthening thanks to the restructuring agreements of the Senior Loan (March 2019) and the issue and subsequent conversion of the 2019-2020 Convertible Bond.

The agreements with the main network operators allow Tiscali to be the Italian telecommunications operator with the highest UltraBroadband coverage available.

In the first half of 2020, Fibre clients grew by 21%, from 164 thousand units as at 31 December 2019 to 198 thousand units as at 30 June 2020.

With reference to the FTTH technology, the market grew by about 10% in the 2020 1Q as compared to December 2019; Tiscali grew twice as much as the market in the same period, equal to about

20%. Tiscali's market share as at 31 March 2020 in this segment amounted to 5.1%, with a 0.5% growth as compared to December 2019 (source AGCOM, report as at 31 March 2020).

During the first half of the year, in addition to the development, marketing and sales of UltraBroadband and Mobile services, Tiscali has kept up with the implementation of a development model focused on excellence in customer management, efficiency in reducing fixed costs and improving industrial margins, and optimisation of investments through the sharing of other operators' networks, in line with the new model of a company with low fixed investment intensity adopted from the 2019 second half.

In terms of network coverage, in the first half of 2020 Tiscali expanded its UltraBroadband coverage in Sardinia, reaching a further 170 municipalities; this piles up with the progressive extension of coverage through Open Fibre in the so-called "C and D" market areas.

The Tiscali.it portal recorded significant growth in average monthly traffic in the first half of 2020, with over 210 million page views and around 16 million unique browsers, continuing the strategy of valorising the portal through new e-commerce services.

As far as market communication activities are concerned, after the rebranding process launched last year, in the first half of 2020 two advertising campaigns were carried out on Fibre services, in order to support the Brand and marketing objectives. The first campaign was carried out in February on the radio, on all the main national networks; the second in March, on the radio and the main SKY channels, a broadcaster with a high affinity with the Tiscali target; this campaign counted on a significant increase in the estimated audience due to the lockdown period. A further 3-week communication flight in May, aired on Sky, made it possible to have a constant presence on these media.

In line with this strategy, performance campaigns on the web, Google and all social channels have also continued on an ongoing basis.

To complete the actions in support of the Brand and with the aim of increasing the brand's reputation and value towards a younger and more evolved target, Marketing Influencer actions were carried out in June and July on the social channels YouTube, Facebook and Instagram.

From a financial-equity point of view, the conversion of the 2019-2020 Convertible Bond for a nominal value of EUR 5.3 million was completed.

Consolidated Income Statement	1H 2020	1H 2019
<i>(EUR mln)</i>		
Revenue	72.5	70.2
Other income	0.3	13.6
Purchase of external materials and services	51.7	51.0
Personnel costs	10.5	12.4
Other operating expense (income)	0.0	0.0
Write-downs accounts receivable from customers	3.4	5.5
Gross Operating Result (EBITDA)	7.3	14.9
Restructuring costs	0.0	2.2
Depreciations & amortizations	19.4	20.8
Operating result (EBIT)	(12.1)	(8.1)
Result from the investments evaluated at equity method	(0.0)	(0.3)
Financial Income	0.4	12.0
Financial Expenses	4.7	7.4
Income (loss) before tax	(16.4)	(3.7)
Taxation	0.0	0.0
Net result from operating activities (ongoing)	(16.4)	(3.7)
Result from held for sale and discontinued operations	0.0	0.0
Net result for the period	(16.4)	(3.7)
Minority interests	0.0	0.0
Group Net Result	(16.4)	(3.7)

Consolidated Statement of Equity and Liabilities	30 June 2020	31 December 2019
<i>(EUR mln)</i>		
Non-current assets	119.5	120.5
Current assets	58.4	60.7
Assets directly related to held for sales	0.0	0.0
Total Assets	177.8	181.2
Net equity of the Group	(67.2)	(56.0)
Net equity attributable to minority interests	0.0	0.0
Total net equity	(67.2)	(56.0)
Non-current liabilities	33.5	101.3
Current liabilities	211.5	135.9
Payables directly related to held for sale	(0.0)	(0.0)
Total Net equity and Liabilities	177.8	181.2

Financial Statements

The Tiscali Group's revenues in the first half of 2020 amounted to EUR 72.5 million, a 3.3% increase as compared to the first half of 2019, equal to EUR 70.2 million.

The EUR 2.3 million net change is mainly due to the following factors:

- Increase in BroadBand Access revenues of EUR 0.5 million (+0.8%) as compared to the first half of 2019, due to the following factors:

- Fixed BroadBand increase of EUR 1.4 million (+2.8%), attributable to an increase in average revenue per ARPU line, while the number of clients remained substantially stable (from 383 thousand in the first half of 2019 to 382 thousand in the first half of 2020).

The trend of the customer base in the first half of 2020 is in line with the forecasts of the 2020 - 2022 Plan.

The number of Fibre clients continued to increase significantly during the period, from around 121 thousand units as at 30 June 2019 to around 198 thousand units as at 30 June 2020, confirming the progressive shift in demand towards Fibre connections;

- A decrease in Fixed Wireless Broadband revenues of around EUR 0.9 million as compared to the first half of 2019, due to the decrease in the customer portfolio (from around 50 thousand units as at 30 June 2019 to around 42 thousand units as at 30 June 2020).

- Increase in Mobile revenues, equal to EUR 1.6 million (27%) as compared to the first half of 2019, from EUR 5.8 million in the first half of 2019 to EUR 7.4 million as at 30 June 2020.

The customer portfolio grew by 15% as compared to the first half of 2019, from about 220 thousand units as at 30 June 2019 to about 253 thousand units as at 30 June 2020. In terms of average number of customers during the period, there was an 18.9% increase in the number of clients (about 249 thousand average customers in the first half of 2020 as compared to about 209 thousand in the first half of 2019).

- A 10.4% increase in Revenues from Corporate Services and Wholesale, which amounted to EUR 3.5 million in the first half of 2020 as compared to EUR 3.2 million in the first half of 2019.
- A 45.3% decrease in Media Revenues, which amounted to EUR 1.1 million in the first half of 2020 as compared to EUR 2 million in the first half of 2019, due to the decline in the market for premiums on the traditional web segment, as well as to the revision of the contract with Sky. The segment suffered the effects of the COVID-19 emergency, which led to a contraction in advertising investments.
- Increase in Other Revenues by EUR 0.9 million, from EUR 2 million in the first half of 2019 to EUR 2.9 million in the first half of 2020.

Indirect operating costs in the first half of 2020 amounted to EUR 16.6 million, down by EUR 4.1 million as compared to the first half of 2019 (EUR 20.7 million).

Indirect operating costs include:

- Marketing Costs, which amount to approximately EUR 1.5 million, down by EUR 1 million as compared to the figure for the first half of 2019, equal to EUR 2.5 million. In the first half of 2019, this item in fact included higher investments in TV advertising;
- Personnel Costs, equal to EUR 10.5 million (i.e., 14.4% of the revenues), down as compared to the figure for the first half of 2019 (EUR 12.4 million, with an incidence of 17.6% of the revenues), due to the reduction in the workforce (from 505 FTEs as at 30 June 2019 to 484 FTEs as at 30 June 2020) and, to a lesser extent, to the recourse to partial CIG (wage guarantee fund) measures for some sectors in the April-June period;
- Other Indirect Costs, which amount to approximately EUR 4.6 million, down by EUR 1.2 million as compared to the figure for the first half of 2019.

Other income/(expenses)

Other (income)/expenses, amounting to a positive EUR 0.3 million, mainly include income from transactions on debt positions.

In the first half of 2019, this item, which amounted to EUR 13.6 million, mainly included income from the sale of the property in Sa Illetta, as well as income from transactions on debt positions and other contingent assets.

Other Items

The provision for doubtful accounts amounted to EUR 3.4 million in the first half of 2020, as compared to EUR 5.5 million in the first half of 2019.

Amortisation and depreciation for the period amounted to EUR 19.4 million, down by EUR 1.4 million as compared to EUR 20.8 million recorded in the first half of 2019.

In the first half of 2020, provisions for risks and charges amounted to EUR 49 thousand as compared to EUR 2.2 million recorded in the first half of 2019.

The operating result (EBIT), net of provisions, write-downs and restructuring costs, was a negative EUR 12.1 million, as compared to a negative EUR 8.1 million in the first half of 2019. The figure for the first half of 2019, as mentioned above, was affected by non-recurring items of EUR 10.7 million, while in the first half of 2020 non-recurring items were nil.

Net financial charges amounted to EUR 4.7 million as compared to EUR 7.4 million in the first half of 2019.

Financial income amounted to EUR 0.4 million and related to the release of the value of the put option, following the conversion of the Bond Loan realised in 2020. In the first half of 2019, financial income, amounting to EUR 12 million, was entirely related to non-recurring items, mainly consisting of the discounting income of the new senior Loan.

Net Financial Position	Note	30 June 2020	31 December 2019
<i>(EUR 000)</i>			
A. Cash and bank deposits		19.8	11.7
B. Cash equivalents			
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		19.8	11.7
E. Current financial receivables			
F. Non-current financial receivables			
G. Current bank payables		0.0	0.1
H. Current portion of bonds issued	(1)	0.0	5.2
I. Current part of long-term loans	(2)	67.3	0.2
J. Other current financial payables	(3)	7.2	6.8
K. Current financial indebtedness (G) + (H) + (I) + (J)		74.5	12.5
L. Net current financial indebtedness (K)-(D)-(E)-(F)		53.8	(0.1)
M. Non-current bank loans	(4)	3.5	67.9
N. Bonds issued			
O. Other non-current financial payables	(5)	16.8	19.1
P. Non-current financial indebtedness (M)+(N)+(O)		20.3	87.0
Q. Net financial indebtedness (L)+(P)		74.2	87.0

Notes:

- (1) *The item relating to the Convertible Bond is null and void, as the loan itself was fully converted in June 2020. The loan, whose nominal value as at 31 December 2019 amounted to EUR 5.3 million (fully owned by ICT Holding Limited) was converted as follows: i) on 22 June 2020, a tranche of EUR 2.6 million was converted; ii) on 30 June 2020, the remaining nominal value of EUR 2.7 million was converted*
- (2) *It includes the entire amount of the debt to Senior Lenders restructured on 28 March 2019, amounting to EUR 67.3 million for the reasons described in this paragraph;*
- (3) *It includes the following elements: i) the short-term portion of financial lease payables related to network infrastructure investments and lease contracts capitalised in application of IFRS 16 for a total of EUR 7.2 million (including the short-term portion of the Sa Illetta lease contract, in application of IFRS 16, for EUR 2.1 million), ii) the short-term portion of loans granted by the Ministry of University and Research and the Ministry of Production Activities for EUR 20.4 thousand. The notional financial debt for put options, amounting to EUR 0.4 million at 31 May 2020, was extinguished at the same time as the repayment of the bond itself (see Note 1).*
- (4) *It includes the long-term portion of other long-term bank loans for EUR 3.5 million.*
- (5) *It item includes the long-term portion of financial lease payables related to network infrastructure investments and lease contracts capitalised in application of IFRS 16 for a total of EUR 16.8 million (including the short-term portion of the Sa Illetta lease contract, in application of IFRS 16, for EUR 11.7 million).*

The Group's Net Loss amounted to EUR 16.4 million, as compared to the figure for the first half of 2019, a negative EUR 3.7 million. The worsening of the period, equal to EUR 12.7 million, is due to the combined effect of:

- An EUR 10 million improvement in the Net Result before non-recurring items;
- The absence of non-recurring items in the first half of 2020, as compared to a positive impact of non-recurring items on the net result as at 30 June 2019 of EUR 22.7 million.

Financial Situation of the Group

As at 30 June 2020, the Tiscali Group had cash and cash equivalents of EUR 19.8 million (EUR 11.7 million as at 31 December 2019), while its net financial position at the same date is a negative EUR 74.2 million (EUR 87 million as at 31 December 2019).

With reference to the accounting classification of the Senior Loan, provided by Intesa SanPaolo and Banco BPM (hereinafter referred to as the "Lending Institutions"), it should be noted that, as a result of negotiations started in May, on 28 September 2020, an amending agreement was signed on the Senior Loan, which provides, inter alia, that the financial covenants are not subject to verification as at 30 June 2020 (hereinafter referred to as the "Amendment Agreement"). Therefore, based on the provisions of IAS 1, since the Amendment Agreement was signed after the end of the first half of the year, the financial liability related to the Senior Loan was entered as a current liability.

	30 June 2020	31 December 2019
<i>(EUR mln)</i>		
Consolidated net financial debt	74.2	87.0
Non-current financial receivables	0.9	0.9
Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006	75.0	87.8

The table reported above includes guarantees deposits under "Other cash and cash equivalents" and under "Non-current financial receivables". For the purpose of providing complete information, the indication of the reconciliation of the financial position above with the financial position prepared in accordance with CONSOB communication No. DEM/6064293 dated 28 July 2006.

However, it is reiterated that, at the date of publication of this report, thanks to the provisions included in the Amendment Agreement, no cause of default had occurred with respect to 30 June 2020 and that, therefore, at the date of publication of this report, the Senior Loan is a non-current financial liability. Thus, as provided in the Senior Loan Agreement and as supplemented by the Amendment Agreement, at the date of this report the Senior Loan shall be repaid at the due date starting in 2022 and with a deadline for full repayment in 2024.

In addition, it should be noted that it was agreed with the Lending Institutions to update the Tiscali Group Business Plan to reflect the changed economic environment. This new Business Plan will be

subject to the assessment and in-depth analysis – also with the possible support of third parties – of the banks, also in order to verify its consistency with the provisions of the loan agreement.

Significant events during the first half of the year and subsequent events

Significant events during the first half of 2020 follow:

30 January 2020 – Extension of maturity of the Tiscali Conv 2019 -2020 bond loan

On 30 January 2020, the Board of Directors and the Bondholders 'Meeting, the latter meeting held in full, resolved to change the maturity of the Tiscali Conv 2019 - 2020 convertible bond issue, extending it from 31 January 2019 to 30 June 2020.

Merger by incorporation of Aria S.r.l. and Vevisible S.r.l. into Tiscali Italia Spa

On 31 January 2020, the subsidiaries Vevisible S.r.l. and Aria S.r.l. were merged by incorporation into Tiscali Italia Spa.

February 2020 - ongoing – COVID-19 pandemic

Please refer to the paragraph *"Assessment of the business as an ongoing concern"* for further considerations on the matter.

27 April 2020 – Approval of the 2019 Financial Statements and the 2020-2022 Business Plan by the Board of Directors

Please refer to the concerning Press Release.

28 May 2020 – Approval of 2019 Financial Statements by the Shareholders' Meeting

Please refer to the concerning Press Release.

23 June and 30 June 2020 – Full conversion of the Tiscali Bond Conv. 2019 -2020

On 23 June 2020, a total of 26 bonds referred to in the Tiscali Conv. 2019-2020 bond issue was converted by ICT Holding Ltd and 268,317,853 shares with no par value were issued with the same characteristics as those outstanding, subscribed and paid for an amount of EUR 2,600,000.

On June 30, 2020, a total of 27 bonds referred to in the Tiscali Conv. 2019-2020 bond issue were converted by ICT Holding Ltd. On 15 July 2020, 284,210,526 unlisted shares without par value with the same characteristics as those in circulation were converted, subscribed and paid for an

amount of EUR 2,700,000. These unlisted shares were subsequently admitted to listing in July and September.

27 August 2020 – Signature of a Memorandum of Understanding between Tiscali and TIM

On 27 August 2020, the Company signed a Memorandum of Understanding with TIM concerning the definition of a strategic partnership for the development of the Ultra-Broadband market through Tiscali's commercial participation in the FiberCop co-investment project, a newly established vehicle, in which the transfer of TIM's secondary network, the participation of the KKR Infrastructure fund, and the existing activities in FlashFiber, the joint-venture between TIM and Fastweb, are foreseen.

This new agreement will bring about a decisive transformation for Tiscali, which will tend to focus exclusively on Fibre services, positioning itself, the first in Italy, as Smart Telco and Digital Service Operator, focused on the provision of digital services and applications on optical and 5G technology.

For the Company, the advantages of this strategic change are extremely positive and significant:

- Strong reduction in connection and traffic management costs;
- Almost total elimination of network investments;
- Strong reduction in investments to connect new users and to migrate existing FTTC customers to Fibre technology;
- Acceleration of the Fibre migration process and consequent improvement in service quality and churn rate;
- Focus on and increased investment in customer service support and innovation, and offer of high value-added digital products and services;
- Optimisation of working capital.

In the assumption of the stipulation of binding agreements, some economic effects will take effect in the last quarter of 2020; therefore, it will be necessary to update the Business Plan to reflect the new hypotheses deriving from the above-described agreements.

September 2020 – Sponsorship agreements in the Italian Serie A Football League

In September, Tiscali signed two main football sponsorship contracts:

- a partnership with Cagliari Calcio as Back Jersey Sponsor
- a partnership agreement with AS Roma as Premium Partner

Assessment of the business as an ongoing concern

Uncertainties connected to the COVID-19 issue

As part of the risk management operations carried out by the Directors, they carried out a careful assessment of the situation and, despite the uncertainty inherent in the case, resulting primarily from the lack of knowledge of the COVID-19 virus within the scientific community, they highlighted, in the current scenario, the possible repercussions related to the spread of the COVID-19 and the measures taken by governments to slow down its spread

In particular, the impacts on the Group, which occurred during the first half of 2020 and assessed by management, although difficult to quantify in the medium-to-long term, can be classified as:

- *Financial impacts*, linked to the deterioration of the solvency of commercial counterparties and/or late collections, mainly by manual payment methods (bulletins). This impact, which can be quantified as a collection delay, amounts to approximately EUR 3 million on the Net Financial Position at the end of the period;
- *Operational impacts*, linked to the restrictions on operations resulting from the interdiction measures imposed by the relevant authorities, which have limited domestic movements and delayed some corporate processes (continuation of personnel-intensive activities such as call centres and service centres; installation of equipment at customers' premises; possibility of dealing with line failures and/or possibility of installing new equipment at third-party sites). In particular, the increased complexity linked to access for the installation of equipment at new customers' premises during the first half of 2020 led to delays in customer activation activities, with a consequent negative impact on the customer base growth. The Directors are unable to measure the financial, economic and equity effects of this slowdown, since the impact of the COVID-19 pandemic on this slowdown cannot be reliably measured;
- *Operating Impacts*, represented by the growth in network costs linked to the growth in data and voice traffic, which can be quantified, also considering some savings on general costs and lower income from advertising sales, in about EUR 1 million in the income statement for the period;
- *Market Impacts*, linked to the contraction of the national economy and, therefore, a reduction in the spending capacity of users, whose impact on fewer new contracts or lower revenues appears impossible to be reliably calculated. However, the Directors have increased the Provisions for Doubtful Accounts to reflect this risk and the further increase as compared to the provisions made in compliance with the policies is about EUR 0.5 million.

The Directors analysed these possible effects and prepared a management and response document concerning these risks. Although they have prepared these plans with extreme diligence, the above-mentioned effects may not be mitigated, or only partially mitigated, by the actions of the Directors since the multiple hypotheses considered are not under their control.

Assessment of the Board of Directors on the business as an ongoing concern

The Directors, in this 2020 Half-Year Consolidated Financial Report as at 30 June 2020, with regard to the recurrence of the assumption of going concern and the application of the accounting principles of a company in operation, point out that the Group:

- Recorded a negative consolidated operating result of EUR 16.4 million, which, although showing a worsening in absolute value as compared to the result of the first half of 2019, showed an improvement of EUR 10 million as compared to the result adjusted for the non-recurring effects related to that period;

- Recorded a consolidated EBITDA of EUR 7.3 million, an improvement by EUR 5.2 million as compared to the consolidated EBITDA recorded as at 30 June 2019 adjusted for the non-recurring effects recorded in that period;
- Recorded a negative consolidated net financial position as at 30 June 2020, equal to EUR 74.2 million, of which EUR 74.5 million current and EUR 20.3 million falling due beyond 12 months, in addition to cash and cash equivalents for EUR 19.7 million. This figure shows an improvement by EUR 12.8 million as compared to the figure as at 31 December 2019;
- Recorded, at consolidated level, current liabilities exceeding current (non-financial) assets for EUR 98.4 million, as compared to the amount as at 31 December 2019, and amounting to EUR 74.4 million.
- Recorded a consolidated equity deficit of EUR 67.2 million, worsening as compared to 31 December 2019 due to the combined effect of the negative result for the period and the conversion of the remaining part of the Bond Loan;
- Showed overdue net trade payables (net of payment plans agreed with suppliers, as well as assets and disputed items to the same suppliers) of EUR 26.1 million (EUR 14.3 million as at 31 December 2019), overdue financial payables (net of credit positions) of EUR 0.2 million (nil as at 31 December 2019), overdue tax and social security payables of EUR 31.2 million (EUR 28 million as at 31 December 2019);
- Obtained, in the first half of 2020, results substantially in line with those expected.

In this situation, the management reiterates that the achievement of a medium- and long-term equity, economic and financial equilibrium of the Group is in general always subject to i) the achievement of the results expected in the 2020-2022 Business Plan, which foresees the achievement of economic equilibrium in 2021 and ii) the realisation of the forecasts and assumptions contained therein in a market context characterised by strong competitive pressure, a macroeconomic context of difficulty linked to recent events linked to the diffusion in Italy of the COVID-19 pandemic, as well as iii) the Group's ability and possibility to raise the financial and equity resources necessary to pursue the 2020-2022 Business Plan.

In the face of these uncertainties, the Directors point out that the Group:

- a) Stabilised its Fixed Broadband customer base, which is substantially in line with the customer base at 31 December 2019 (approximately 382 thousand users), showing an improvement in the mix with significant growth in the number of Fibre clients, which increased by 21% from 164 thousand users as at 31 December 2019 to 198 thousand users as at 30 June 2020;
- b) Continued, in the first half of 2020, to implement the actions foreseen in the Business Plan, such as the improvement of service margins and cost efficiency;
- c) Generated cash flows from operating activities in the first half of 2020 before changes in working capital of EUR 9.8 million, in addition to positive changes in working capital of EUR 2.5 million;
- d) Signed the Amendment Agreement to the Senior Loan on 28 September 2020.

Furthermore, the Directors have drawn up a cash plan for a 12-month period from the date of approval of this document, which also takes into account the financial effects of obtaining extraordinary finance. On the basis of this cash flow plan, the Group, assuming compliance with the 2020-2022 Business Plan – for which the expected results are substantially in line with the current ones – and assuming that it obtains further extraordinary finance –for which there are some ongoing negotiations which are expected to be concluded by early 2021 – would be able to

meet its obligations while maintaining a level of past due payment substantially in line with the current one.

The Directors, therefore, think that the actions undertaken in the first half of 2020 allow the Group and the Company to continue along the virtuous path undertaken and are such as to suggest that – even in the presence of the aforementioned situations of uncertainty about the implementation of the 2020-2022 Business Plan over the next twelve months in the above-mentioned context, and about obtaining the extraordinary financial resources, linked to the existence of uncontrollable exogenous variables which may cause results to be worse than those forecast – the short-term financial and equity balance and the going concern connected with it is not at risk.

It is therefore on this basis that the Directors have a reasonable expectation that the Company will continue as a going concern over the next 12 months and that the Group will be able to use the accounting principles of a going concern in the preparation of this Report.

This determination is, of course, the result of a subjective opinion, which compared the degree of probability of their occurrence with the opposite situation to the events listed above.

It should be stressed that the prognostic judgement underlying the Board of Directors' determination could be contradicted by further developments. Precisely because it is aware of the intrinsic limits of its determination, the Board of Directors will maintain constant monitoring of the evolution of the factors taken into consideration (as well as of any further circumstances that may acquire importance), so that it can promptly take the necessary measures.

Business Outlook

Consistent with the above, and in line with the objectives of the Business Plan, in the coming months the Group's commitment will be focused on the full implementation of the plan itself, with particular focus on:

- The growth of the customer base, with a particular focus on the acquisition of new customers in Fibre, LTE and Mobile;
- The relaunch of the Tiscali brand through sponsorship campaigns;
- The development of the portal diversification activity;
- The improvement of service margins;
- The continuation of the operating cost efficiency plan.

Co-optation of a member of the Board of Directors and integration of the Appointments and Remuneration Committee

The Board of Directors of Tiscali also unanimously resolved today, after consulting the Appointments Committee, to co-opt Ms Cristiana Procopio and to appoint her as a member of the Appointments and Remuneration Committee. Ms Procopio does not hold any Tiscali shares. The co-optation follows the resignation of Director Sara Polatti, whom the Company thanks for the activities carried out in recent months in the Board and in the Appointments Committee.

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