

## **Communication to the market as per Art. 114 par. 5 Leg. Decree No. 58/98**

Cagliari, September 2, 2019

In compliance with Consob request sent to the Company on July 14, 2009, pursuant to article 114, paragraph 5 of the Law Decree No. 58/98, the Company hereby provides to the market the following information concerning the Tiscali Group as at July 31, 2019.

### **Premise**

This report at July 31, 2019, as already anticipated in the report as at June 30, 2019, includes the significant financial movements that have occurred in July 2019 following the collection of the second and final tranche of the sale to Fastweb of the 42 Mhz licence in the 3.5 Ghz band and of the Fixed Wireless Access business unit (as provided for in the Strategic Agreement with Fastweb signed on November 16, 2018), which had a significant impact on the Company's net financial position and past due debt positions.

Part of the proceeds from the sale were used by the Company to finance the following transactions:

- Repayment of the senior loan for a total amount of EUR 20 million, as provided for in the Debt Restructuring Agreements signed with the Lender Institutions on March 28, 2019. This amount was repaid on July 1, 2019;
- Payment of the residual debt relating to the sale of the property at the Sa Illetta headquarters for EUR 10 million (as provided for in the Sa Illetta Leasing Transaction Agreement signed on March 28, 2019);
- Repayment of overdue trade payables of approximately EUR 20 million.

### **NET FINANCIAL POSITION OF THE TISCALI GROUP AND OF TISCALI SPA, WITH SHORT-TERM COMPONENTS SHOWN SEPARATELY FROM MEDIUM/LONG-TERM COMPONENTS**

Following the significant transactions mentioned in the previous paragraph, the net financial position improved by approximately EUR 58.6 million, from EUR 144.1 million at June 30, 2019 to EUR 85.5 million at July 31, 2019.

Net of the impact of the application of IFRS 16 (applied by the Company with effect from June 30, 2019, with retroactive effect from January 1, 2019), the Net Financial Position amounted to Eur 65.6 million at July 31, 2019, down by Eur 58.7 million compared to Eur 124.3 million at June 30, 2019.

Finally, it should be noted that the net financial position reported in this report reflects the reduction in the convertible bond loan for a nominal value of 1,500,000, following the exercise by Sova Capital Limited of the conversion right on July 15 and 18, 2019. In particular, following the conversion exercise, 49,701,789 shares were issued to service the conversion of 5 bonds with a nominal value of Eur 500,000 on July 15, 2019 and 96,246,391 shares to service the conversion of 10 bonds with a nominal value of Eur 1,000,000 on July 18, 2019.

#### **Tiscali S.p.A.**

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Shareholders' Capital. 42.555.159,37 fully paid-up | VAT 02375280928 | R.E.A. 191784 | C.C.I.A.A. Cagliari | tiscali.com

**NET FINANCIAL POSITION**

<i>Eur (000)</i>	<b>Note</b>	<b>Tiscali Group July 31, 2019</b>	<b>Of Which: Tiscali S.p.A. July 31, 2019</b>
A. Cash and bank deposits		23,843	
B. Other Cash Equivalent			
C. Securities held for trading			
<b>D. Current Assets (A) + (B) + (C)</b>		<b>23,843</b>	
<b>E. Current financial receivables</b>			
<b>F. Non-current financial receivables</b>			
G. Current bank payables		118	
H. Current Portion of Issued Bonds	(1)	8,632	8,632
I. Current Portion of non-current debt	(2)	331	
J. Other current financial debt	(3)	11,856	434
<b>K. Current financial debt (G) + (H) + (I) + (J)</b>		<b>20,937</b>	<b>9,065</b>
<b>L. Net current financial debt (K) – (E) – (D) – (F)</b>		<b>(2,906)</b>	<b>9,065</b>
M. Non-current bank payables	(4)	68,668	
N. Issued Bonds			
O. Other non-current debts	(5)	19,711	
<b>P. Non-current financial debt (M) + (N) + (O)</b>		<b>88,380</b>	
<b>Q. Net financial debt (L) + (P)</b>		<b>85,473</b>	<b>9,065</b>
<b>Q. Net financial debt (L) + (P), Net of IFRS 16</b>		<b>65,577</b>	<b>9,065</b>

Notes:

- (1) *The item relates to the Convertible Bond Loan issued on January 31, 2019 for a nominal value of EUR 10.6 million subscribed on the same date for a value of EUR 10.1 million by ICT Holding Limited and Sova Disciplined Equity Fund SPC in equal shares. In July 2019, Sova Disciplined Equity Fund SPC requested the conversion of a nominal amount of EUR 1.5 million. The residual nominal value of the bond issue, equal to EUR 9.1 million, corresponds to a depreciated value of EUR 8.6 million. For more information, please refer to the Illustrative Report on the convertible bond loan published by the Company on January 10, 2019.*
- (2) *Includes the component of EUR 0.3 million due within the current financial year of the Senior Lenders loan restructured on March 28, 2019 (portions of principal and interest repayable within 12 months).*
- (3) *Includes the following items: i) the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 7.4 million, in addition to EUR 2.4 million recognised on lease contracts capitalised in accordance with IFRS 16; ii) the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.1 million. iii) as for EUR 0.4 million per Euro the value of the convertible bond loan option, as better described in the previous note 1), iv) the short-term portion of the debt relating to the Sa illetta lease agreement (recognised following the application of IFRS 16) for EUR 1.5 million.*
- (4) *Includes the following items: i) the component of EUR 65.2 million originally due beyond the current financial year of the Senior Lenders loan on March 28, 2019; ii) long-term portions of other long-term bank loans for EUR 3.5 million.*
- (5) *Includes the following items: i) the long-term portion of the debt relating to the Sa Illetta lease agreement (recorded following the application of IFRS 16) for EUR 13 million; ii) the long-term portion of financial lease payables related to investments for the network infrastructure for EUR 3.7 million in addition to a further EUR 3 million recorded on the lease agreements capitalised in application of IFRS 16.*

#### **OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT JULY 31, 2019**

As at July 31, 2019, net overdue trade payables amounted to EUR 20.6 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers). This amount represents a decrease of EUR 18.2 million compared to the end of June.

As indicated in the Introduction to this document, it should be noted that at the beginning of July 2019 the Company made repayments of trade payables due for EUR 20 million (of which EUR 11.6 million subject to an injunction).

As at July 31, 2019 overdue financial debts amounted to EUR 1.5 million (net of credit positions), an increase of EUR 0.3 million compared to the end of June.

There were also overdue tax debts for approximately EUR 8.5 million, with a decrease of EUR 15.2 million compared to the end of June. There were also overdue debts towards social security institutions amounting to EUR 0.5 million, a decrease of about EUR 1.5 million compared to the end of June.

#### **POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT JULY 31, 2019**

There have been no suspensions of relationships with suppliers capable of affecting the course of business.

As at July 31, 2019, the group received reminders for payment only within the ordinary course of business. As at that date, the total main injunctions for payment received amounted to EUR 11.8 million (EUR 19.5 million at the end of June), of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 8.4 million (EUR 16.9 million at the end of June).

**RELATIONSHIPS WITH TISCALI S.P.A. AND THE TISCALI GROUP RELATED PARTIES**

The Tiscali Group holds relationships with related parties on terms deemed as customary in the respective reference markets, taking into account the characteristics of the goods and services provided.

The table below summarizes the income statement and balance sheet for the Tiscali Group as at July 31, 2019, arising from transactions with related parties.

<b>INCOME STATEMENT</b> (EUR 000)	Notes	<b>TISCALI GROUP</b> July 31, 2019	<i>Of which:</i> <b>Tiscali S.p.A.</b> July 31, 2019
Monteverdi S.r.l.	1	(16.9)	
Istella	2	187.7	
Convertible bond	3	(147.4)	<b>(147.4)</b>
<b>TOTAL</b>		<b>10.8</b>	<b>(135.6)</b>
<b>BALANCE SHEET</b> (EUR 000)		<b>TISCALI GROUP</b> July 31, 2019	<i>Of which:</i> <b>Tiscali S.p.A.</b> July 31, 2019
Monteverdi S.r.l.	1	(48.4)	
Istella	2	307.5	
Convertible bond	3		
<b>TOTAL</b>		<b>(259.1)</b>	

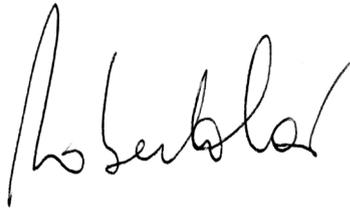
- (1) *Monteverdi S.r.l.: company participated by the Chief Executive Officer and reference shareholder Renato Soru. The relationship concerned refers to a leasing contract for a space used for the storage of business documentation.*
- (2) *Istella: company owned 64% by Chief Executive Officer and reference shareholder Renato Soru. The relationship concerned refers to supply, by Tiscali, of IT services (hosting of network equipment) from October 2018.*
- (3) *Convertible Bond Loan: issued on January 31, 2019 for a nominal value of EUR 10.6 million subscribed on the same date by ICT Holding Limited and Sova Disciplined Equity Fund SPC in equal shares. The share subscribed by ICT, equal to EUR 5.3 million of nominal value (EUR 4.8 million as amortized cost) is shown in the table above, due to the fact that ICT was a related party until it held its 20.79% stake in Tiscali. This investment was sold on May 16, 2019. From this date, ICT ceases to be a related party. For completeness of information, the table above includes the economic effect of the transaction up to the date of sale of the investment, while the debt is not represented in the balance sheet.*

*It shall be noted that the income statement and the balance sheet values reported in the table above do not include fees paid to Directors, Statutory Auditors and Top Managers tasked with strategic responsibilities.*

## STATEMENT OF THE EXECUTIVE IN CHARGE OF DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS

*I, the undersigned Roberto Lai, Executive in charge of drawing up the Company's accounting documents of Tiscali S.p.A., certify that, pursuant to Art. 154-bis, paragraph 2, of the Legislative Decree No. 58/98 and subsequent amendments, that the accounting information contained in this press release is consistent with the official documents, books and accounting records.*

Roberto Lai



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*Executive in charge of drawing up the Company's accounting documents*

### **Information on Tiscali**

*Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy and provides its private and business customers with a wide range of services: Broadband internet access through Wireless Fiber To The Home (WFTTH) and Fiber technology, as well as VoIP, MVNO, media and other technologically advanced products (mail, web streaming, security services etc). As at December 31, 2018, Tiscali recorded a customer portfolio of about 640,100 units. The Tiscali website may be accessed at [www.tiscali.it](http://www.tiscali.it)*