

## **Notes regarding the preliminary agreement signed with TIM on August 27th**

*Cagliari, September 04 2020*

The Board of Directors of Tiscali, which met yesterday, examined the content of the agreement with TIM announced to the market last August 27.

This agreement is among the first in Europe according to the principle of co-investment as defined by the European Commission.

The agreement has the purpose of defining the essential terms of the understanding reached with TIM and, therefore, the final contents will be regulated in binding contracts that the parties will negotiate and sign by October 31, 2020.

The agreement determines a huge transformation for Tiscali that is positioned, first in Italy, as a Smart Telco and Digital Service Operator, focused on providing digital services and applications on optical and 5G technology.

As regards Tiscali, the advantages of this strategic change are extremely positive and significant:

- Strong reduction in connectivity and traffic management costs
- Almost total cancellation of network investments
- Strong reduction of investments to connect new users and to migrate to fiber technology current copper customers
- 50% increase in the user base reachable directly with fiber technology
- Acceleration of the fiber migration process and consequent improvement of service quality and churn rate
- Focusing on investments to improve customer service and innovation and offering high value-added digital services and products
- Optimization of working capital

The assessment of the economic effects resulting from the improvements described highlights, on a same perimeter (and on the assumption that the binding contracts reflect the content of the agreement reached):

- an improvement in Ebitda starting already from the last quarter of 2020, and an increase when fully operational in 2022 of about € 12 million per year (due to the fact that the economic conditions provided for in the agreement will apply from 1 September 2020);
- an additional generation of cash flow, in the two-year period 2021-2022, of over € 35 million and, when fully operational from 2023, of about € 20 million. The additional financial resources will also be used to support activities aimed at increasing customer base.

Finally, as already announced last August 27, it is restated that the possible entry into the capital of FiberCop by Tiscali will be evaluated in good faith by the parties involved at a later stage.

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