Tiscali Group
Half-Year Consolidated Financial Report as at 30 June 2021

The Board of Directors of Tiscali S.p.A. authorised the publication of this document on 8 October 2021.

This report is available on the website www.tiscali.it

Tiscali Spa

Registered Office in Cagliari, Località Sa Illetta, SS195 Km 2.3

Share Capital EUR 63,655,159.37

Companies' Register of Cagliari and VAT No. 02375280928 R.E.A 191784

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1 Highlights

Income statement	1° semester 2021	1° semester 2020
(EUR mln)		
Revenue	72.9	72.5
Adjusted Gross Operating Result (EBITDA)	11.9	7.3
Operating Result (EBIT)	(8.6)	(12.1)
Result from held for sale and discontinued operations	0.0	0.0
Net Result	(12.5)	(16.4)
Statement of financial position	**30 June 2021**	**31 December 2020**
(EUR mln)		
Total assets	156.1	151.4
Net Financial Debt	88.8	92.1
Net Financial Debt as per Consob	97.1	101.0
Shareholders' equity	(82.5)	(73.0)
Investments	19.6	35.9
Operating figures	**30 June 2021**	**31 December 2020**
(thousands)		
Total number of Clients	648.3	672.7
Broadband Fixed	363.8	376.7
of which Fiber	249.7	223.2
Broadband Wireless	36.3	39.9
of which LTE	36.3	39.9
Mobile	248.2	256.2

2 Alternative Performance Indicators

In this report on operations, in addition to the conventional indicators provided for by IFRS, a number of alternative performance indicators are present (EBITDA) used by the management of Tiscali Group for monitoring and assessing the operational performance of the Group. This indicator, also present in the previous financial reports (annual and half-year), and whose method of determination has not changed as compared to the past, should not be considered a substitute for the profitability measures established by IFRS; in particular, since the composition of the EBITDA and is not regulated by reference accounting standards, the calculation criteria applied by the Tiscali Group might not be the same as that adopted by other operators and therefore this alternative performance indicator might not be comparable.

In line with the CONSOB communications on the matter, the criteria used to calculate the EBITDA indicator of the Tiscali Group follow. In particular, the EBITDA is formed as indicated below:

EBITDA determination table

(Thousands of Euros)	**1st semester 2021**	**1st semester 2020**
Result before taxes	**(12,492)**	**(16,424)**
+ Financial Expenses	3,711	4,684
- Financial Income	(0)	(437)
+ Result on Investments at equity method	161	30
Operating income	**(8,621)**	**(12,146)**
+ Restructuring costs	(147)	49
+ Depreciation and Amortization	20,684	19,380
Gross Operating Result (EBITDA) (*)	**11,916**	**7,282**

3 Directors and Statutory Auditors

Board of Directors

The Board of Directors was appointed by the Shareholders' Meeting held on 27 June 2019, and shall remain in office until the approval of the financial statements as at 31 December 2021:

Chairman: Alberto Trondoli (#)
Chief Executive Officer: Renato Soru (#)

Anna Belova (*) (3)
Federica Celoria (*) (1) (2) (3)
Paolo Fundarò (1) (4)
Cristiana Procopio (2) (4)
Patrizia Rutigliano (*) (1) (2) (3)

(*) Independent Directors
(#) The Chairman of the Board is the legal representative of the Company, the CEO has powers of ordinary and extraordinary administration, to be jointly or severely exercised, in compliance with the powers conferred by resolution of the Board of Directors dated 27 June 2019
(1) Control and Risks Committee
(2) Appointments and Remuneration Committee
(3) Related Party Transactions Committee
(4) Appointed by the Shareholders' Meeting of 24 June 2021

Board of Auditors

The Board of Auditors was appointed by the Shareholders' Meeting held on 24 June 2021, and shall remain in office until the approval of the financial statements as at 31 December 2023:

Chairman: Riccardo Zingales

Statutory Auditors: Gaetano Rebecchini
Rita Casu

Executive in charge of drafting the corporate financial documents

Silvia Marchesoli

The Executive in charge of drafting the corporate financial documents was appointed by the Board of Directors held on 28 July 2021, and shall remain in office until the approval of the financial statements as at 31 December 2021.

Auditing Company

Deloitte & Touche S.p.A.

The Auditing Company was appointed by the Shareholders' Meeting held on 30 May 2017, and shall remain in office for a 9-year period from FY 2017 to FY 2025.

Interim Management Report

4 Management Report

4.1 Tiscali's market positioning

Tiscali is one of the leading alternative telecommunications operators in Italy.

Through a network based on IP technology, Tiscali offers on the market a wide range of services: Internet access in mode Ultra Broadband Fixed, Broadband and Fixed Wireless, mobile services, digital value-added services, B2B services, media activities through the portal www.tiscali.it with the sale of space through external concessionaire and e-commerce activities.

Fixed Broadband Market Evolution

The Broadband and Ultra Broadband fixed market, the main market covered by Tiscali, in March 2021 (source: Italian Communications Authority – AGCOM, last available update), reached in Italy 18.37 million units, an increase of approximately 3.9% year-on-year.

This increase is still driven by Ultra Broadband accesses (developed on FTTH, FTTC and Fixed Wireless Access technologies) which reached in March 2021 about 13.5 million units, with a growth of 22.6% year-on-year, and represent 72.7% of the total. In the same period, the traditional DLS component has significantly decreased by 1.76 million units (-26%). The trend of technological change from DSL offers to Ultra Broadband offers, accelerated by the COVID-19 emergency, is therefore continuing.

Tiscali's market share stands at 2.4%, substantially stable on an annual basis. Market leader TIM is at 42.2% and loses 0.6 p.p. on an annual basis, followed by Vodafone (16.4%), Fastweb (15.1%) and Wind Tre (13.9%).

The evolution of the market by technology shows in the Ultra Broadband area a growth in FTTH access of 54.8% with a total of 2.11 million accesses, FTTC of 18.2% with 9.62 million and Fixed Wireless Access of 16.9% with 1.61 million total accesses.

In the FTTH segment, which has the highest growth rate, in March 2021 Tiscali's market share stood at 5%, substantially unchanged year-on-year.

The potential of the FTTH market is attracting new operators, which are pursuing a strategy of convergence. After SKY's entry in June 2020, it was the turn of Poste Italiane in May this year and Iliad's entry is now imminent.

Mobile Market

The mobile services market in March 2021 (source: AGCOM) shows an increase in the total number of lines of 1.25 million units year-on-year: 104.4 million sims in March 2021, compared to 103.1 million in

March 2020, of which 26.7 million units are “M2M” (Machine To Machine) sims accounting for 25.5% of the total, with growth of about 2 million year-on-year, and 77.6 million are “human” sims that carry “voice only” and “voice+data” traffic and are down by approximately 0.8 million units year-on-year.
With reference to overall sims, Tim is the market leader with a market share of 29%, followed by Vodafone with 28.7% and Wind Tre with 25.3%, while Iliad represents 7.2% of the market, with a 1.6 p.p. increase year-on-year. Considering only the “human” sim segment, i.e. excluding M2Ms, Iliad reaches 9.7%, and increases by 2.3 p.p. year-on-year, while Wind Tre, despite a share decreasing by 2 p.p. year-on-year, remains the main operator with 27.3%, followed by Tim with 26.3% and Vodafone with 23.6%.
Tiscali operates in the MVNO market, which has around 10.13 million SIM cards (9.7% of the total and 13% of the “human” market).

In the mobile market, Tiscali recorded a decrease in its customer base, which stood at around 248,000 as at 30 June 2021, a 2% decrease compared to 30 June 2020 (253,000 units).

Total data traffic in the market, as at March 2021, continues to grow significantly: +39.5% year-on-year. Sims with data traffic reached 72.4% of total “human” traffic with consumption of 11.62 GB/month (+40.2% year-on-year) driven by the consolidated use of video, streaming and on-demand applications.
Tiscali’s mobile offering is available in 7,750 Italian municipalities (TIM network), representing 99% of national coverage, the most extensive in Italy.

Online Advertising Market

The online advertising market recorded significant growth of 29.3% in the first half of 2021 compared to the same period in 2020.
Looking at the details by type of access device, it can be seen that, after the first two months of the year, which were still lagging behind 2020, all devices have shown double-digit month-on-month growth since March. In the first half of the year, this resulted in +25.8% for Desktop/Tablet and +35.4% for Smartphone. Going into detail about the use of advertising content, the growth in the semester through “App” (+49.4%) is also particularly significant, even if the use in “Browsing” mode is also growing significantly (+28.7%). In June, the majority of product sectors showed significant growth, with the following in particular growing in June: Apparel, Food, Automotive, Distribution and Finance/Insurance (source: FCP Monitoring Unit – Assointernet, June 2021).

In the first half of 2021, Tiscali continued to develop activities relating to transactional services. *Tiscali Shopping* increased the number of merchants participating in the platform (around 150) with a significant expansion of the product catalogue, and reached a peak audience in April with 800 thousand page views.

Tiscali Tagliacosti was also launched in May 2021, with which the company, in partnership with Cloud Care, entered the online comparison market. Tagliacosti allows visitors to compare energy tariffs (electricity and gas), identifying the most convenient supplier in relation to their needs and signing the relevant contract. Tagliacosti's users also have access to comparisons of third-party motor liability tariffs of leading insurance companies and offers for long-term car rental. In the second half of the year, Tagliacosti's offer will be further extended with the possibility for users to compare and subscribe to financial services (Mortgages and Loans). One month after its launch in June 2021, Tagliacosti recorded an audience of 55,000 visitors.

4.2 Regulatory Framework

The main regulatory actions taken during the reporting period are summarised below.

Electronic communication services on fixed networks

The regulatory instruments adopted in the last year have been aimed in particular at guiding the infrastructure markets towards increasingly competitive outcomes and, at the same time, at stimulating investment in new very high bandwidth networks, the so-called VHCN (Very High Capacity Networks), in line with the Authority's strategic objectives:

- ✓ With resolution No. 637/20/CONS, AGCOM initiated the preliminary procedure relating to the fifth cycle of coordinated analysis of the markets for fixed network access services and, at the same time, put out for public consultation the project for voluntary legal separation of TIM's fixed access network notified to the Authority on 2 September 2020. The project envisages the creation of the separate company FiberCop to which the incumbent will confer the passive infrastructures of the secondary copper and fibre access network, together with its own shareholding in the company Flash Fiber (a company whose purpose is to build a fibre network in the main 29 Italian cities, excluding Milan). With this analysis, the Authority intended to acquire the initial comments of the Operators on the unbundling project, and then submit for public consultation the outline of the coordinated analysis measure on the basis of which it will decide, depending on the updated competitive context, whether to maintain, modify or remove the regulatory obligations.

- ✓ With Resolution No. 110/21/CONS, the Authority initiated the preliminary investigation procedure and, at the same time, put out for consultation the commitment proposal submitted by TIM concerning co-investment in very high-capacity networks (in accordance with the procedure provided for in the new European Electronic Communications Code). The proposal envisages the deployment of a new very high-capacity fibre network to end-users' premises, or to the base station, through joint ownership or long-term risk sharing through co-financing or structural purchase agreements. The proceeding is of major regulatory relevance, as the possible acceptance of the project in its entirety will lead to the withdrawal of the obligations imposed on TIM and, consequently, to the loss of the protections currently in place for alternative operators on service prices (price control, accounting separation, non-discrimination, access and transparency) on VHC or Ultra Broadband (FTTH) services. Tiscali participated in the consultation with a contribution in which, while welcoming the co-investment offer as a whole, it highlighted the limitations and criticalities that prevent it from being fully recognised as a proposal for commitments under the new European Code.

- ✓ With reference to the market for high-quality wholesale access services at a fixed location, with resolution No. 333/20/CONS the Authority concluded the fourth cycle of analysis, identifying the Municipality of Milan as a relevant market separate from the rest of Italy and 24 so-called *contestable* Municipalities, in which the conditions of infrastructural competition allow the removal of the cost-orientation criterion; moreover, for the purposes of the creation of transmission access circuits with high-quality dedicated capacity, the resolution encourages the market to use Ethernet technology on optical fibre through the gradual removal of access obligations for disused technologies and the migration of those little used to the new technology by 2022.

- ✓ Also with a view to promoting pro-competitive market developments and fostering the deployment of Ultra Broadband networks, the Authority carried out numerous regulatory activities during the year, including the following:

  • The conclusion of the procedure concerning the definition of the minimum level of take-up of ultra-fast Broadband access services provided over very high-capacity networks, set by Resolution No; 12/21/CONS at 15% by June 2021. If reached, this objective will allow TIM to have a flexible pricing regime for VULA wholesale fibre access services in contestable municipalities;

  • The activities connected with the decommissioning plan for TIM's copper access network, which envisage the closure of over 6,000 local sites: in addition to approving the switch-off of TIM's first 62 sites (Resolution No. 34/21/CONS), the Authority has begun consultation on the procedures for implementing TIM's decommissioning plan (Resolution No. 99/21/CONS).

- ✓ With reference to the fixed network interconnection markets, as part of the identification and analysis procedure (fourth cycle), launched by AGCOM in 2019, the consultation (Resolution No.

151/21/CONS) has been launched whereby the Authority proposes to remove regulation in the hands of TIM in the collection market and to notify as SMPs 26 operators which provide fixed network termination services. In addition, it is proposed to confirm the current termination rates until the entry into force (from 1 July 2021) of the single European termination rate defined by the European Commission.

TIM Reference Offers

In June, the Authority launched the preliminary proceedings and public consultations concerning the approval for 2021 of the TIM Reference Offers relating to ULL, SLU, colocation and WLR (Resolution No. 72/21/CIR), copper Bitstream and NGA (Resolution No. 80/21/CIR) and Vula (Resolution No. 79/21/CIR) respectively. In the first two Offers, TIM has introduced, in the context of the one-off contributions for ULL and SLU activation on a non-active line (LNA), a cost component of EUR 2.15 for the Contact Policy, in addition to the previous costs; similarly, in the VULA Offer, TIM is proposing a 6.5% increase in the activation contribution for VULA FFTC LNA. Tiscali, in its contribution to the consultation, has contested both proposals; the final approval by AGCOM is needed to know if the increases will be confirmed or amended by the Authority.

Supervision of electronic communications services, numbering and universal service

✓ The management of numbering resources is governed, in terms of principles and tools, by the National Numbering Plan (PNN – governed by Resolution No. 8/15/CIR and subsequent amendments and additions). The most important measure in this area relates to the integration of the Plan in relation to the use of 455 codes for the provision of fundraising services for third sector entities (Resolution No. 330/20/CIR): the new rules, which are in the process of being approved, are intended to implement the provisions of Ministry of Economic Development Decree No. 73 of 5 February 2019 on the introduction of recurring donations on a monthly basis on permanent 455 code numbers.
  Tiscali has submitted its contribution to the consultation, in which it requests that the introduction of recurring campaigns be provided for in an exclusively optional form in view of the significant economic and technical burdens resulting from the proposed measures.

✓ On the subject of the Universal Service, AGCOM, by way of resolution No. 263/20/CIR, had initiated the preliminary procedure concerning the review of the analysis of the unfairness of the net cost of the universal service for the years 1999-2009.
  The central theme of the measure was the level of fixed-mobile substitutability that the Authority

had used as a basis for extending the allocation of the net cost of the universal service to mobile operators, which was deemed as "fallacious" by the Council of State in ruling No. 6881 of 8 October 2019. At the end of the proceedings, by Resolution No. 18/21/CIR, the Authority identified a new criterion for sharing the burden, i.e. another and different taxable amount, which led to the imposition of a new contribution on Tiscali.

However, in view of the appeals filed by a number of Operators, by way of precautionary application, the MiSE deemed it appropriate to suspend the relevant requests for payment of the universal service funding quotas until the conclusion of the proceedings.

Measures for disabled consumers

In December 2020, with Resolution No. 604/20/CONS, AGCOM put out for consultation a proposal to revise the current regulation on facilitations in favour of disabled consumers. In particular, the Authority proposes updating the regulation in light of the recent evolution of mobile network offers; extending the perimeter of beneficiaries to new categories; and adopting additional measures on transparency, customer assistance and replacement services, with the aim of ensuring that disabled consumers have equivalent access to electronic communication services. The proceedings have not yet been concluded.

Voucher plan for the Ultra Broadband connection

The Connectivity Voucher Plan is a measure introduced by the Ministry (Decree of 7 August 2020 – Voucher Plan for Low-Income Households) to promote and incentivise the diffusion of Ultra Broadband connectivity services in all areas of the country and, at the same time, support less well-off households in overcoming the current digital divide.

The Plan provides for the disbursement of a contribution of a maximum value of EUR 500 that includes both connectivity at least 30 Mbps and electronic devices (CPEs) and a tablet or personal computer provided by the Operator.

Resources will be allocated on a regional basis according to the availability of the Fund for Development and Cohesion (FDC) in the various areas of the country.

To access the voucher, citizens can apply directly to one of the accredited Operators which have submitted bids approved by Infratel Italia, which manages the measure on behalf of the Ministry of Economic Development (MiSE).

Tiscali was one of the first operators to make the voucher offer available on the date the measure was launched, i.e. 9 November 2020, offering a bundle of connectivity in FTTC and FTTH technology and a tablet both for new customers and for its customer base still in Broadband technology. As at 30 June 2021, the number of voucher offers closed with consumers is 9,552.

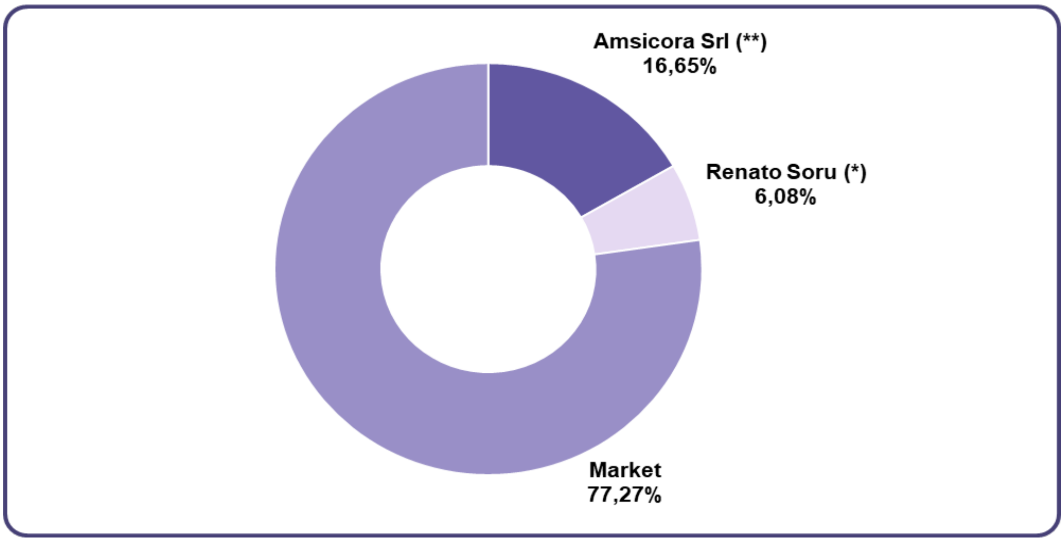
4.3 Tiscali Shares

Tiscali's shares have been listed on the Italian Stock Exchange (Milan: TIS) since October 1999. As at 30 June 2021, market capitalisation amounted to EUR 89,424,949, calculated on the value of EUR 0.0172 per share out of a total of 5,199,124,915 shares. At the date of approval by the Directors of this half-year report as at 30 June 2021, the value per share amounted to EUR 0.019, with a market capitalisation of EUR 98,783,373.

Shares Structure:

The share structure as at 30 June 2021 follows.

Fig. 1 Shares Structure: % ordinary share capital and of voting rights



Source: Tiscali

(*) Directly for 5.1%, and indirectly through the part-owned companies Monteverdi Srl (0.34%), Cuccureddus Srl (0.64%).

(**) of which 13.64% held directly and 3.01% lent in securities to Nice&Green SA

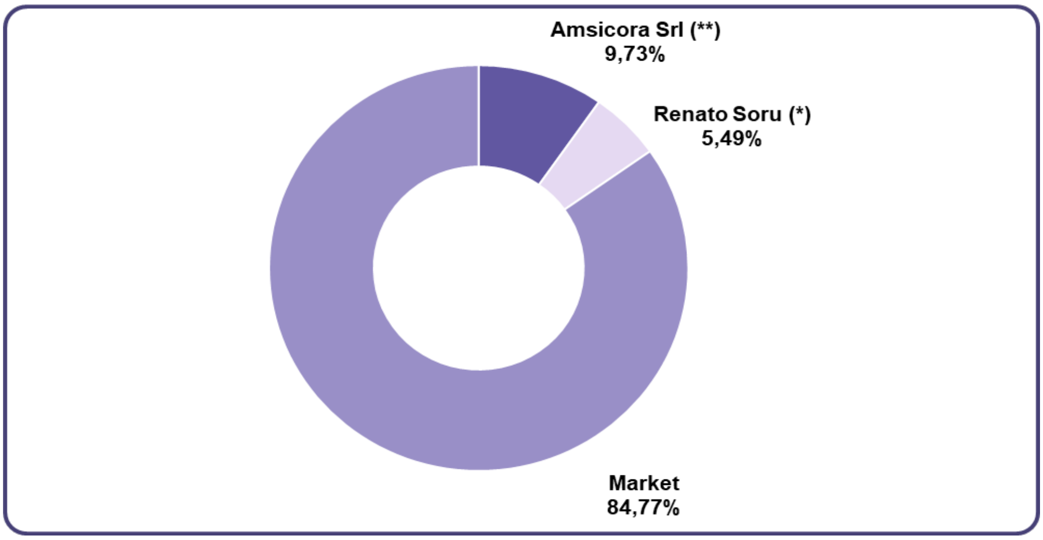
New Shares Structure of the Group as from 24 September 2021

Following the share capital increases on 31 May 2021, 7 July 2021, 30 July 2021 and 24 September 2021, amounting to EUR 3 million each and relating to the first four tranches of the bond loan subscribed by Nice & Green, the Issuer's share capital changed as follows:

SHARE CAPITAL STRUCTURE – as from 24 September 2021		
	No. of shares	**As % of share capital**
Ordinary shares	5,751,767,311	100%

Tiscali's current shares structure, as of 24 September 2021, is set out below:

Fig. 2 Shares Structure: *% ordinary share capital and voting rights – as of 24 September 2021:*



Source: Tiscali

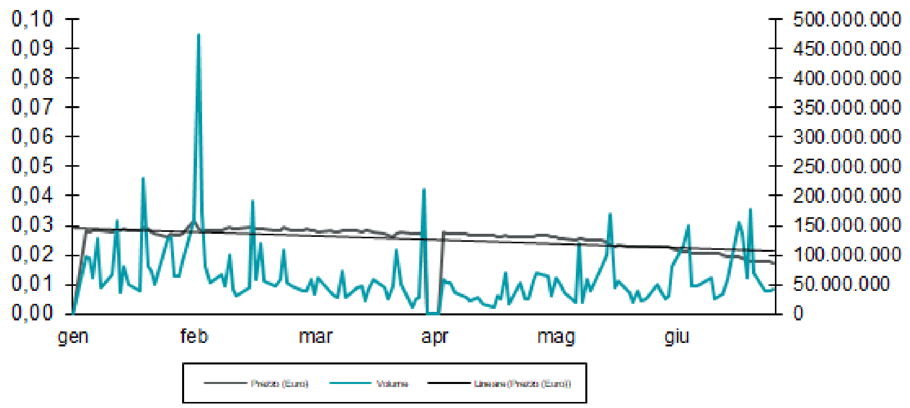
(*) Directly for 4.61%, and indirectly through the part-owned companies Monteverdi Srl (0.31%), Cuccureddus Srl (0.58%).

(**) of which 7.01% held directly and 2.72% lent in securities to Nice&Green SA

Tiscali's Shares Trend

The graph illustrated below shows the trend of Tiscali shares over the course of the H1 2021, characterized by significant trading volumes, in particular in the month of February, April and June.

Fig. 2 – Shares Trend during the first half of 2021



Source: Bloomberg data processing

The average monthly price in the first half of 2021 was EUR 0.0259. The maximum price in the period was of EUR 0.0319 and it was recorded on 1 February 2021, while the minimum price of EUR 0.0172 was recorded on 30 June 2021.

Trading volumes settled on a daily average of approximately 67 million shares for a corresponding daily average value of EUR 1.7 million.

Average trading of Tiscali shares on the Italian Stock Exchange over the first half of 2021		
	Price (EUR)	**Number of shares**
January	0.028	88,610,235
February	0.029	100,485,892
March	0.028	43,127,333
April	0.027	45,877,121
May	0.024	54,849,830
June	0.020	69,359,841
Average	**0.026**	**67,051,709**

Tiscali's average market capitalization, which for the first half of 2021 amounted to EUR 129.7 million (calculated on the average annual value per share of 0.0260 out of an average annual number of shares of 4,988,069,986), compares with net equity of the parent company of EUR 55.6 million and a consolidated equity deficit of EUR 82.5 million. The difference between average stock market capitalization and the value of consolidated equity, amounting to EUR 47.2 million, is representative of the Group's future profitability prospects, incorporated in the cash flows resulting from the Business

Plan approved on 17 September 2021 and concerning the 2021-2024 period (hereinafter referred to as the “2021-2024 Business Plan”). As at 30 June 2021, the market capitalisation amounted to EUR 89.4 million, while at the date of this Report it amounted to EUR 103.9 million.

4.4 Main activities carried out and results achieved during the first half of 2021

During the first half of 2021, Tiscali focused on the development of the fibre market, whose coverage across the country is constantly expanding. Tiscali, pursuing its mission of offering equal and free access to digital life for all, was among the first operators to choose to bring FTTH services to the homes of Italians living in the so-called extended digital divide areas, joining Open Fiber’s offer for areas “C” and “D” of the country, with coverage that increased from 866 municipalities at the end of 2020 to over 1,100 in June 2021. In addition, thanks to the NGA Bitstream network, Tiscali has further expanded its Ultra Broadband coverage in Sardinia, reaching a potential market of 2.9 million households as at 30 June 2021 with UBB FTTC (up to 200 Mbps) or FTTH (up to 1 Gigabit) technology.

The Company has expanded its FWA service offering, thanks to wholesale agreements with Linkem and Eolo, and has started the relaunch of business services, which guarantee high margins.

In 2021, thanks to the renewed MVNO agreements with TIM, mobile service performance has been increased with the maximum speed levels achievable by 4G technology and with offers that allow to compete even with low cost operators (70-100 GB).

With a view to enriching its offerings, and also with a view to reducing churn rates, in July 2021 Tiscali launched the fixed-mobile convergent service and the Fibra+Smart Home bundle in partnership with Enel X. This strategic collaboration aims to make the Smart Home increasingly accessible, allowing families to manage their homes remotely through a single device: the modem. Home automation is also a high-growth market and therefore an extremely interesting area of differentiation.

Also in July 2021, Tiscali received from Ookla, a world leader in mobile and broadband network intelligence and in the testing of related applications and technologies, the award as the fastest fixed network operator in Italy in 2021 (based on Speedtest Intelligence Ookla in the first half of 2021). This is an important recognition of the performance of Tiscali’s services, obtained at a time when the market is most demanding in terms of quality and reliability, also as a result of the new way of enjoying streaming football content.

In June 2021, Ultra Broadband customers (Fibre FTTH up to 1 Giga and FTTC up to 200 and 100 Mbps, Fixed Wireless up to 100 Mbps) recorded an overall growth of 26% compared to the previous year (250 thousand units as at 30 June 2021 compared to 199 thousand units as at 30 June 2020).

Mobile customers instead recorded a 2% decrease, from 253 thousand units as at 30 June 2020 to 248 thousand units as at 30 June 2021.

The Tiscali.it portal recorded significant growth in average monthly traffic with over 238 million pageviews (compared to 211 million as at 30 June 2020), continuing the strategy of enhancing the portal as a vehicle for e-commerce. Unique browsers stood at 10 million (12.7 million in the first half of 2020).

With regard to communication activities, in the first half of 2021, performance-based web campaigns and sports sponsorships continued for the 2020/2021 season, with Dinamo Basket of the Serie A basket league, Cagliari Calcio of the Serie A football league (as Back Jersey Sponsor) and Premium Sponsor of AS Roma the Serie A football league, as well as the main provider of connectivity services for the Roma Club, also with the proposition of *ad hoc* offers on both fibre services and the creation of customised SIM cards for fans.

During 2021, Tiscali also continued to implement the commercial agreements with TIM signed in November 2020.

A series of operational and commercial agreements have been signed aimed at rationalising Tiscali's network, which will make it possible to reduce investments in network infrastructure, cut connection and traffic management costs and accelerate the fibre migration process, resulting in improved quality of service and lower churn rates.

During the first half of the year, Tiscali carried out a number of actions aimed at significantly strengthening its financial and capital structure.

Agreement with Nice & Green_May 2021.

On 14 May 2021, Tiscali signed with Nice & Green S.A., professional investor based in Nyon, Switzerland, an agreement concerning a Tiscali financing programme through the issue of a convertible bond into Tiscali ordinary shares to be issued in maximum 7 tranches of EUR 3 million, consisting of convertible bonds with a nominal amount of EUR 100,000.00 each, for a total maximum amount of EUR 21,000,000.00 (with an option for the Company to extend the bonds for a further maximum amount of EUR 21,000,000.00) reserved for the Investor (hereinafter referred to as the "POC"). The Investment Agreement provides for a total issue period of the POC of 21 months, at the expiry of which all outstanding Bonds not yet converted will be irrevocably converted into Tiscali shares.

The Company shall have the right (and not the obligation) to request the subscription of each tranche of Bonds by submitting to the Investor an application for subscription. The Bonds will not be admitted to trading.

As at 30 June 2021, Tiscali issued two tranches of EUR 3,000,000 each, on 26 May 2021 and 10 June 2021 respectively. The first tranche was converted into Tiscali shares on 31 May 2021, while the second tranche was converted on 7 July 2021.
At the date of this report, Tiscali has issued a total of 4 tranches.

The 2021-2024 Business Plan

On 17 September 2021, the Board of Directors approved the 2021-2024 Business Plan, extending the projection of the previous Business Plan by one year and updating the assumptions on the basis of the changed economic and financial context and on the basis of the results obtained from the actions undertaken during 2021.
Further consolidating the approach, already adopted in recent years, aimed at developing and rationalising the Group with a view to a Smart Telco, the approved Plan pursues the implementation of corporate strategies according to precise guidelines aimed at:

- Budget profit in 2023;
- B2C: focus on converged Fibre - Mobile 4G offerings with increased margin and upselling of new value-added services;
- B2B: strengthening sales channels and proposing new offerings in line with digital transformation and including Iass and Saas cloud services, also thanks to the opportunities given by the Italian National Recovery and Resilience Plan;
- Enhancement of the customer base thanks to the acceleration of fibre migration with consequent improvement in service quality and reduction in churn rate, also supported by the improvement of the service mix and the growth of advanced digital caring;
- Brand repositioning on digital services, strengthening sales on digital channels and new sales network in the physical channel;
- Portal: new e-commerce services sales strategy and launch of a comparator;
- Minimisation of non-customer related investments and further reduction of network costs thanks to the agreement signed with Tim on fixed and MVNO access (the “TIM Agreement”).

From a financial point of view, the Plan includes:

- The new repayment plan for the Senior Loan and the exCR Umbria loan, as provided for in the Amendment Agreements signed on 7 October 2021, as described above;
- Issue of the POC (and consequent capital increase) for EUR 21 million;
- Other effects on cash flow deriving from the allocation/use of tax credits under the Bonus Sud and Industria 4.0 regulations, and commercial financing deriving from agreements with

OpenFiber and TIM.

Rescheduling of Senior Debt Financing Agreements _ October 2021

Following the failure to reach certain contractual *covenants* at the end of 2020, Tiscali initiated, and continued during 2021, a long and complex process of negotiation with the Lenders of the Senior Debt (Banca Intesa and Banco BPM), aimed at signing an agreement amending the agreements signed in March 2019 as subsequently integrated (hereinafter referred to as the "Senior Loan Amendment Agreements").

The Senior Loan Amendment Agreements were signed by BPM and Intesa on 7 October 2021. It should be noted that the Agreements also included the loan with Banca Intesa (formerly CR Umbria) of EUR 3.5 million with original maturity in 2024, which was rescheduled with maturity in 2026.

The Senior Loan Amendment Agreements provided for the following changes compared to the previous version of March 2019:

- Repayment Plan defined as follows:
    - Two-year grace period (2021 and 2022) on the principal due;
    - Repayment of EUR 5.75 million in 2023 in two equal six-monthly instalments (March and September respectively);
    - Repayment of EUR 13.75 million in 2024 in two equal six-monthly instalments (March and September respectively);
    - Repayment of EUR 17 million in 2025 in two equal six-monthly instalments (March and September respectively);
    - Repayment of the remaining debt of EUR 39.4 million on 31 March 2026.
- Interest rate unchanged from the March 2019 Agreements;
- Redefinition or elimination of certain contractual covenants to realign them with the changed forecasts of the Group's performance included in the 2021-2024 Business Plan;
- Amendment of certain contractual clauses:
    - *Business acquisitions*. The price limit for business acquisitions has been expanded, from EUR 2.5 million (provided for in the March 2019 Agreements) to EUR 10 million. Furthermore, the business being acquired can be different but complementary to Tiscali's (whereas in the previous Agreements the business had to be identical or similar to Tiscali's);
    - *Debt limit*. The limit of "collateral" debt with respect to the Senior Debt has been increased. In particular, the debt limit for leasing agreements for data centres has been extended to EUR 10 million (in the previous version of the agreements the limit was EUR 3.5 million) and the debt limit for telco operators has been extended from

EUR 10 million to EUR 20 million.

The implementation of the financial manoeuvre (remodulation of the Senior Loan and the capital increase deriving from the implementation of the POC) will allow the Company to find resources to satisfy the short- and medium-term liquidity needs, allowing a profitable management of the financial flows at the service of the business over the period of the plan (for further details on the new agreements with the Lending Institutions, reference should be made to *Note 24*).

Research and Development

No research and development activities were carried out during the first half of 2021.

4.5 Analysis of the economic, financial and assets situation of the Group

4.5.1 Economic Situation of the Group

Consolidated Income Statement	1st semester 2021	1st semester 2020
(EUR mln)		
Revenue	72.9	72.5
Other income	1.9	0.3
Purchase of external materials and services	51.5	51.7
Personnel costs	8.9	10.5
Other operating expense (income)	0.0	0.0
Write-downs accounts receivable from customers	2.5	3.4
Gross Operating Result (EBITDA)	**11.9**	**7.3**
Restructuring costs	(0.1)	0.0
Depreciations & amortizations	20.7	19.4
Operating result (EBIT)	**(8.6)**	**(12.1)**
Result from the investments evaluated at equity method	(0.2)	(0.0)
Financial Income	0.0	0.4
Financial Expenses	3.7	4.7
Income (loss) before tax	**(12.5)**	**(16.4)**
Taxation	0.0	0.0
Net result from operating activities (ongoing)	**(12.5)**	**(16.4)**
Result from held for sale and discontinued operations	0.0	0.0
Net result for the period	(12.5)	(16.4)
Minority interests	0.0	0.0
Group Net Result	**(12.5)**	**(16.4)**

Profit and Loss Statement of the Group	1st semester 2021	1st semester 2020
(EUR mln)		
Revenue	**72.9**	**72.5**
Access Broadband revenues	57.5	57.6
of which fixed Broadband	53.1	52.6
of which Broadband FWA	4.4	5.0
Revenues from MVNO	7.7	7.4
Business service revenues and Wholesale	3.9	3.5
of which business service	2.7	2.5
of which Wholesale	1.2	1.0
Media and value-added service revenues	1.5	1.1
Other revenues	2.4	2.9
Gross operating margin	**27.4**	**27.0**
Indirect operating costs	**14.9**	**16.6**
Marketing and sales	1.2	1.5
Personnel costs	8.9	10.5
Other indirect costs	4.8	4.6
Other (income) / expenses	**(1.8)**	**(0.3)**
Write-down of receivables	2.5	3.4
Gross Operating Result (EBITDA)	**11.9**	**7.3**
Restructuring costs	(0.1)	0.0
Depreciations & amortizations	20.7	19.4
Operating result (EBIT)	**(8.6)**	**(12.1)**
Net Result pertaining to the Group	**(12.5)**	**(16.4)**

In the comments below, *Non-Recurring Items* have been indicated with reference to the accounting effects of a non-ordinary nature pursuant to CONSOB Resolution No. 15519 of 27 July 2006 (the *Non-Recurring Items*). Details of these items are provided in the notes to the financial statements in the section *Non-Recurring Transactions*.

Income Trend for the Period

The gross operating result (EBITDA) for the half-year was EUR 11.9 million compared to EUR 7.3 million as at 30 June 2020, a 63.6% improvement compared to the figure for the first half of 2020.

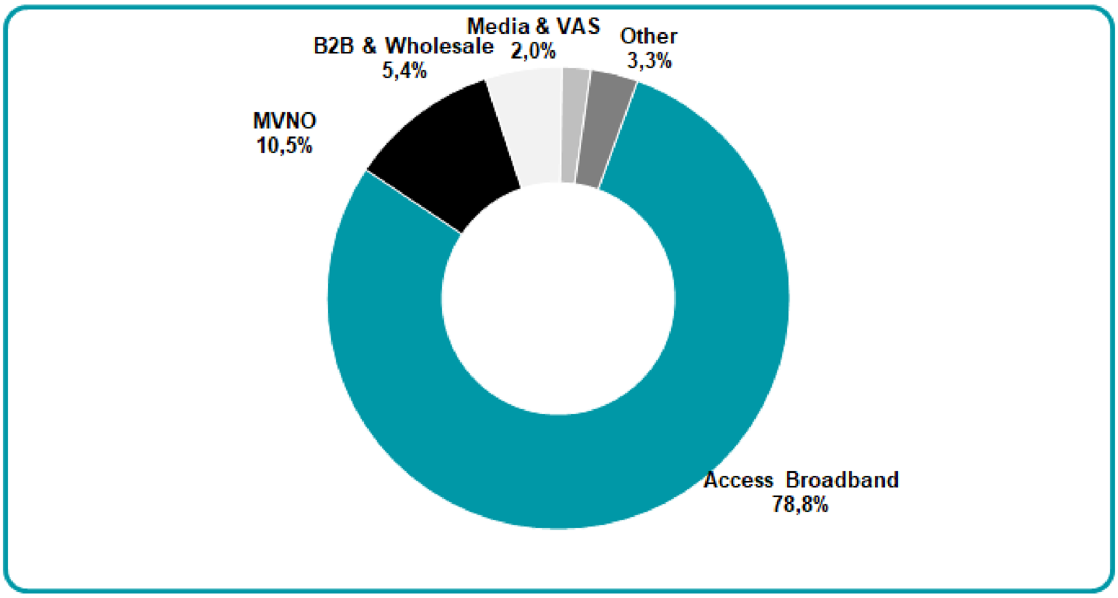
The operating result (EBIT), net of provisions, impairments and restructuring costs, was negative EUR 8.6 million, an improvement on the 30 June 2020 figure, which amounted to a negative EUR 12.1 million.

The Group's net loss amounted to EUR 12.5 million, an improvement of EUR 3.9 million compared to the half-year 2020 figure of negative EUR 16.4 million.

The impact of Non-Recurring Items on EBITDA, EBIT and net result is not significant (similar to the first half of 2020).

Revenues by Business Area

Breakdown of revenues by business line and access mode



Source: Tiscali

<u>Broadband Access</u>

This segment generated revenues of EUR 57.5 million in the first half of 2021 (EUR 53.1 million from “Fixed Access” and EUR 4.4 million from “Fixed Wireless Access”), a 0.2% decrease compared to the figure as at 30 June 2020 (EUR 57.6 million).

The change is attributable to the following elements:

- Slight increase in Fixed BroadBand of EUR 0.4 million (+0.8%), attributable to an increase in ARPU, against a decrease in the number of customers (from 382 thousand in the first half of 2020 to 364 thousand in the first half of 2021).

  The number of fibre customers increased significantly over the period, rising from approximately 199,000 as at 30 June 2020 to approximately 250,000 as at 30 June 2021, confirming the progressive shift in demand towards fibre connections;

- Broadband Fixed Wireless revenues decreased by approximately EUR 0.6 million compared to the first half of 2020, due to the decrease in the customer portfolio (from approximately 42 thousand units as at 30 June 2020 to approximately 36 thousand units as at 30 June 2021).

Evolution of the customer base (lines)

Active Customer Base (/000)		30/06/2021	31/12/2020	30/06/2020
Total Broadband Fixed		363,797	376,690	382,024
	o/w Fiber	249,740	223,186	198,556
Total Broadband Wireless		36,335	39,886	41,879
	o/w LTE	36,335	39,886	41,879
Mobile (6 months in-out)		248,167	256,161	253,282
Total Customer		**648,299**	**672,737**	**677,185**

MVNO

Mobile revenues of EUR 7.7 million as at 30 June 2021 show an increase of 3.7% compared to the first half of 2020 figure of EUR 7.4 million.

The active customer base shows a slight decrease of 2% compared to the first half of 2020, from approximately 253 thousand units as at 30 June 2020 to approximately 248 thousand units as at 30 June 2021. In terms of average number/month over the period, the increase in customers is 1.27% (average customers in the first half of 2021 approximately 252 thousand compared to approximately 249 thousand average customers in the first half of 2020).

Businesses and Wholesale Services

Revenues from business services (VPN services, housing, hosting, domains and leased lines) and from wholesale network infrastructure and services (IRU, resale of voice traffic) to other operators (which exclude those relating to access and/or voice products aimed at the same customer segment already included in the respective business lines) amounted to EUR 3.9 million in the first half of 2021, a 10.8% increase compared with EUR 3.5 million in the first half of 2020.

Media

As at 30 June 2021, revenues from the media segment (mainly relating to the sale of advertising space) amounted to approximately EUR 1.5 million and increased by EUR 0.3 million compared with the figure for the first half of 2020 (EUR 1.1 million) thanks to the growth in advertising sales and revenues generated by the launch of new transactional services (Tiscali Shopping and Tiscali Tagliacosti).

Other Revenues

Other revenues amounted to approximately EUR 2.4 million in the first half of 2021, a decrease of EUR 0.5 million compared to the equivalent figure for the first half of 2020 (EUR 2.9 million).

Cost Trend

Indirect operating costs in the first half of 2021 amounted to EUR 14.9 million, down by EUR 1.7 million compared to the first half of 2020 (EUR 16.6 million).

Within indirect operating costs,

- Marketing Costs amounted to approximately EUR 1.2 million, down EUR 0.3 million compared to the 2020 half-year figure of EUR 1.5 million;
- Personnel Costs amounted to EUR 8.9 million (12% of revenue), down on the half-year 2020 figure (EUR 10.5 million, 14% of revenue), due to the reduction in the workforce (from 484 FTEs as at 30 June 2020 to 472 FTEs as at 30 June 2021) and the use of social security cushions in the management of the COVID-19 pandemic;
- Other indirect costs amounted to approximately EUR 4.8 million and increased slightly by EUR 0.2 million compared to the first half of 2020.

Other Income/(Expenses)

Other income (net of other charges), amounting to EUR 1.8 million, mainly derives from the write-off of debt positions with suppliers.

Other Items

The provision for bad debts amounted to EUR 2.5 million in the first half of 2021, compared to EUR 3.4 million in the first half of 2020. The ratio of this item to revenues decreased significantly, from 4.7% as at 30 June 2020 to 3.4% as at 30 June 2021.

Depreciation and amortisation for the period amounted to EUR 20.7 million, an increase of EUR 1.3 million compared to EUR 19.4 million in the first half of 2020.

In the first half of 2021, accruals to provisions for risks and charges included EUR 0.2 million for charges related to the departure of certain employees, while utilisations included EUR 0.4 million of releases from the provision for personnel restructuring risks set aside in previous years as they were not used within the period of validity of the redundancy plan to which they referred.

The operating result (EBIT), net of provisions, write-downs and restructuring costs, was a loss of EUR 8.6 million, compared to a loss of EUR 12.1 million in the first half of 2020.

Net financial expenses amounted to EUR 3.7 million, compared to EUR 4.7 million in the first half of 2020.

Financial income amounted to zero compared to the figure for the first half of 2020 (EUR 0.4 million).

4.5.2 Equity and Financial Position of the Group

Consolidated Statement of Equity and Liabilities	30 June 2021	31 December 2020
(EUR mln)		
Non-current assets	112.6	114.0
Current assets	43.5	37.4
Total Assets	**156.1**	**151.4**
Net equity of the Group	(82.5)	(73.0)
Total net equity	**(82.5)**	**(73.0)**
Non-current liabilities	107.4	38.6
Current liabilities	131.1	185.8
Total Net equity and Liabilities	**156.1**	**151.4**

Assets

<u>Non-Current Assets</u>

Non-Current Assets as at 30 June 2021 amounted to EUR 112.6 million (EUR 114 million as at 31 December 2020) and included tangible and intangible fixed assets, rights of use and customer acquisition costs for a total of EUR 108 million (a decrease of EUR 1.4 million compared to 31 December 2020) and financial assets (including investments valued at equity) for EUR 4.5 million, in line with the figure as at 31 December 2020.

The EUR 1.4 million decrease in fixed assets can be broken down into the following macro factors:

- Investments of EUR 19.6 million, of which EUR 9.2 million in customer acquisition and service activation costs and EUR 10.4 million for network infrastructure and equipment;
- Amortisation and depreciation for the period of EUR 20.7 million;
- Disposals of intangible assets of EUR 0.3 million.

Current Assets

Current assets as at 30 June 2021 amounted to EUR 43.5 million (EUR 37.4 million as at 31 December 2020) and mainly include:

- *Trade receivables* of EUR 10.8 million, compared to EUR 9.6 million as at 31 December 2020;
- *Cash and cash equivalents* of EUR 10.7 million (EUR 4.4 million as at 31 December 2020);
- *Other current receivables and sundry assets* of EUR 21.6 million (EUR 22.9 million as at 31 December 2020). This item includes *(i)* tax credits allocated on investments in relation to the Bonus Sud and Industria 4.0 regulations for EUR 14.8 million; *(ii)* receivables from Fastweb, amounting to EUR 8 thousand as at 30 June 2021, compared to EUR 2.5 million as at 31 December 2020; *(iii)* prepayments related to the deferral of service costs of EUR 2.5 million, compared to EUR 2.4 million as at 31 December 2020; (iv) receivables from Infratel for voucher contributions of EUR 2.4 million; (vI) sundry receivables and advances to suppliers for the remaining amount of EUR 1.9 million, compared to EUR 1.7 million as at 31 December 2020);
- *Tax receivables* of EUR 5 thousand (EUR 0.5 million as at 31 December 2020);
- *Inventories* of EUR 0.3 million relating to tablets supplied to customers as part of the Ultrainternet Fibra Voucher offer.

Shareholders' Equity

Consolidated Shareholders' Equity was a negative EUR 82.5 million as at 30 June 2021, compared with EUR 73 million as at 31 December 2020. The change is attributable to the loss for the period of EUR 12.5 million and the conversion of the first tranche of the bond loan subscribed by Nice & Green SA for EUR 3 million.

Liabilities

Non-Current Liabilities

Non-current liabilities as at 30 June 2021 amounted to EUR 107.4 million compared to EUR 38.6 million as at 31 December 2020. The increase is attributable to:

- The reclassification of EUR 68.5 million related to the items concerning net financial indebtedness (for which reference should be made to the paragraph below on the Group's Financial Position);

- An increase of EUR 1 million in other non-current liabilities;
- A decrease in the provision for severance indemnities of EUR 29 thousand;
- A decrease in the provision for risks and charges of EUR 0.6 million.

Current Liabilities

Current liabilities amounted to EUR 131.1 million compared to EUR 185.8 million as at 31 December 2020.

The decrease of EUR 54.7 million compared to 30 June 2021 is determined by: *(i)* an increase of EUR 3 million for payables related to the convertible bond loan subscribed by Nice & Green SA, and related to the second tranche of shares subscribed and not yet converted as at 30 June 2021; *(ii)* a decrease of EUR 68.5 million mainly due to the reclassification of the long-term portion of the Senior Loan (for which reference should be made to the paragraph below on the Group's Financial Position); *(iii)* an increase of EUR 10.1 million in trade payables; *(iv)* a decrease in tax payables of EUR 3 thousand and *(iv)* an increase of EUR 0.8 million in other current liabilities.

The increase of EUR 0.8 million in *Other current liabilities* is due to the combined effect of: *(i)* a decrease of EUR 2.9 million related to the deferral of the long-term portion of the bonus tax credits Sud-Industria 4.0 tax credits for EUR 14.8 million recorded under current assets (see the description in the Note *Current assets*); *(ii)* a decrease in other deferred income of EUR 0.3 million; *(iii)* an increase in payables to tax authorities and social security institutions of EUR 2.7 million (of which EUR 0.9 million due to the increase in VAT payables); *(iv)* an increase in other short-term payables of EUR 1.3 million.

As at 30 June 2021, net trade payables past due (net of payment plans agreed with suppliers, accounts receivable and disputed items with the same suppliers) amounted to EUR 23.4 million (EUR 22.1 million as at 31 December 2020). At the same date, overdue current financial payables (net of credit positions) amounted to EUR 0.7 million (EUR 0.5 million as at 31 December 2020).

Overdue tax payables amounted to approximately EUR 17.7 million (EUR 10.5 million as at 31 December 2020) and overdue social security payables to employees amounted to EUR 0.1 million (EUR 0.1 million as at 31 December 2020).

As at 30 June 2021, payment reminders have been received in the ordinary course of business. At that date, the main payment injunctions received by the Company and not paid because they are under negotiation or opposition amounted to EUR 1 million (EUR 0.9 million as at 31 December 2020), while the total injunctions received amounted to EUR 2.7 million (EUR 2.8 million as at 31 December 2020)

4.5.3 Group's Financial Situation

As at 30 June 2021, the Tiscali Group had cash and cash equivalents of EUR 10.7 million (EUR 4.4 million as at 31 December 2020), while the Net Financial Debt at the same date was negative for EUR 88.8 million (EUR 92.1 million as at 31 December 2020).

With reference to the accounting classification of the Senior Loan as at 31 December 2020, it is specified that, not having fully complied with the covenants foreseen by the senior loan agreement at that date, the Company, on the basis of the provisions of the international accounting standard IAS 1, proceeded to classify the financial liability related to the Senior Loan among the current liabilities.

On 28 May 2021, following the negotiations begun at the end of 2020 and in the first months of 2021, an Agreement amending the Senior Loan (the "waiver" on the covenants) was signed with the Lenders, which provided, *inter alia*, that the failure to comply with the covenants would not give rise to an event of default and that the financial covenants would not be subject to review at 31 December 2020 and at 30 June 2021.

This waiver was subsequently superseded by the signing of the amended Senior Loan Agreements on 7 October 2021.

Net Financial Position	Note	30 June 20201	31 December 2020
(EUR 000)			
A. Cash and bank deposits		10.7	4.4
B. Cash equivalents			
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		***10.7***	***4.4***
E. Current financial receivables			
F. Non-current financial receivables		**0.8**	**0.8**
G. Current bank payables		0.1	1.5
H. Current portion of bonds issued	(1)	3.0	0.0
I. Current part of long-term loans	(2)	0.2	68.4
J. Other current financial payables	(3)	10.0	8.9
K. Current financial indebtedness (G) + (H) + (I) + (J)		***13.3***	***78.8***
L. Net current financial indebtedness *(K)-(D)-(E)-(F)*		**1.8**	**73.6**
M. Non-current bank loans	(4)	72.8	3.5
N. Bonds issued			
O. Other non-current financial payables	(5)	14.2	15.1
P. Non-current financial indebtedness *(M)+(N)+(O)*		**87.0**	**18.5**
Q. Net financial indebtedness *(L)+(P)*		**88.8**	**92.1**

Notes:

(1) *The item relating to the Convertible Bond refers to the issue of the second tranche of the "POC" converted into Tiscali ordinary shares on 7 July 2021;*
(2) *This item includes the current portion of the debt to the Senior Lenders;*
(3) *This item includes the following items: i) the short-term portion of financial lease payables related to network infrastructure investments and capitalised lease contracts in application of IFRS 16 for a total of EUR 9 million (including the short-term portion of the Sa Illetta lease contract in application of IFRS 16 for EUR 2.5 million), ii) payable to Sarda factoring for EUR 1 million;*
(4) *This item includes the long-term portion of the payable to Senior Lenders for EUR 69.3 million and other long-term bank loans for EUR 3.5 million;*
(5) *This item includes the long-term portion of payables for financial leases relating to investments in network infrastructure and capitalised lease contracts in application of IFRS 16 for a total of EUR 14.2 million (including the short-term portion of the Sa Illetta lease contract in application of IFRS 16 for EUR 10.3 million).*

The above table includes security deposits under *Other cash and cash equivalents* and under *Non-current financial receivables*. For the sake of completeness, we also provide a reconciliation of the net financial debt shown above with the net financial debt prepared in light of CONSOB Attention Notice No. 5/21 of 29 April 2021 and shown in the Explanatory Notes to the financial statements.

	30 June 2021	31 December 2020
(EUR mln)		
Consolidated net financial debt	**88.8**	**92.1**
Non-current financial receivables	0.8	0.8
Long-term trade payables and installment tax payables	7.5	8.1
Consolidated net financial debt prepared on the basis of Consob communication No. 5/21 dated 29 April 2021	**97.1**	**101.0**

It should also be noted that the amount of payables to suppliers and payables to other parties overdue by more than 12 months, as at 30 June 2021, amounted to EUR 12.9 million, against an amount of EUR 7.2 million as at 31 December 2020. It should also be noted that the company's severance indemnity fund amounts to EUR 2.7 million.

4.6 Events after the end of the first half of FY 2021

5 July 2021 – Presentation of the Ultrainternet Fibra + Smart 100 Offer

On that date, the new Fibre + Mobile convergent offer was presented for surfing and calling from home and on the move at a highly competitive price. The new package includes a Fibre connection with speeds of up to 1 Giga for surfing at maximum speed and a prepaid Sim with 100 GB, unlimited calls and 100 SMS at EUR 27.94 per month for the first 12 months. All this, with a single payment method and 30 GB free compared to the mobile offer purchased individually.

16 July 2021 – Ookla's Recognition

On that date, Tiscali received from *Ookla*, a global leader in mobile and broadband network intelligence and in the testing of related applications and technologies, the award as *the Fastest Fixed Network Operator in Italy in 2021*. The award was based on Ookla's analysis of Speedtest Intelligence data for the first half of 2021. To win this award, Tiscali achieved a Speed Score™ of 82.77, with maximum download speeds of 398.86 Mbps and maximum upload speeds of 262.38 Mbps. Speedtest, Ookla's flagship network testing platform, collects hundreds of millions of measurements every day on the performance and quality of networks around the world. Operators, businesses and government agencies rely on Ookla for unbiased and immediate information on the state of networks and online services. Its portfolio of business solutions also includes Downdetector, which provides real-time analysis of status conditions and outages in areas such as network services, finance and gaming. The Speedtest Awards, presented by Ookla, are reserved for a small selection of network operators who have delivered exceptional performance and internet coverage within a market. This award is a testament to Tiscali's exceptional performance in the first half of 2021, based on Ookla's rigorous analysis of consumer testing with Speedtest.

20 July 2021 – Launch of the Ultrainternet Fibra Smart Home Offer together with Enel X

On that date, the Ultrainternet Fibra Smart Home promotion was launched, the new offer that integrates Tiscali's ultra-fast fibre connection services up to 1 Giga and Enel X's Homix smart home service. The offer includes a subscription to the Fibre service for just EUR 22.95 per month for the first 12 months, instead of EUR 29.95 per month, and free use of the Smart Home service for the first 6 months, instead of EUR 2 per month. The collaboration between the two operators aims to make the Smart Home increasingly accessible, allowing families to manage their homes, from lighting to security, including energy consumption, simply from a remote location through a single, convenient device: the modem, eliminating any external hub.

28 July 2021 – Appointment of the Executive in Charge and approval of the new procedure for related party transactions

On this date, the Board of Directors of Tiscali S.p.A. met and appointed Mrs. Silvia Marchesoli as the Executive in Charge of preparing the company's financial reports pursuant to Article No. 154-*bis* of the Legislative Decree No. 58/1998. The appointment was made with the favourable opinion of the Board of Statutory Auditors and in compliance with the requirements of integrity and professionalism set forth in current legislation and the Articles of Association. Mrs. Silvia Marchesoli takes over from Mr. Roberto Lai, who, following a change in the internal corporate organisation, resigned from his position. The Board of Directors also approved the new procedure for transactions with related parties in compliance with the new provisions introduced by CONSOB with Resolution No. 21624/2020.

29 July 2021 – Cyber attack

In the broader context that affected numerous public and private institutions in 2021, intrusions into the Company's IT system were detected in July 2021, resulting in a cyber attack on 29 July, which mainly involved the infrastructure that provides services for Tiscali employees. The prompt reaction of the internal cyber security team, supported by expert consultants, allowed the containment of the malicious action before it could grant access to the infrastructure fundamental for the provision of services to customers or to their administrative and financial information. As a result, Tiscali did not experience any business interruption or blackmail requests.

A data breach was identified relating to the e-mail addresses of Tiscali employees, for which appropriate countermeasures were taken. No breaches of corporate mailboxes were detected. Finally, a further data breach of an archive of corporate documents was identified. A small number of documents dating from 2010 and 2011 may have been taken in the attack. The limited customer information contained in these documents cannot be used by hackers for further malicious actions (e.g. identity theft). The remediation and securing of the systems continues throughout the company.

7 July 2021 and 30 July 2021 – Conversion of the second and third tranches of the "POC"

On 31 May 2021, 137,899,333 new ordinary shares, without par value, were issued by virtue of the conversion requested by Nice&Green S.A. (hereinafter referred to as "N&G") of the first tranche consisting of 30 bonds of the convertible and converting bond subscribed by N&G on 27 May 2021.

On 7 July 2021, 181,488,203 new ordinary shares, with no par value, were issued pursuant to the conversion requested by N&G of the second tranche consisting of 30 bonds of the convertible and converting bond loan subscribed by N&G on 2 July 2021.

On 30 July 2021, 214,822,771 new ordinary shares, with no par value, were issued pursuant to the conversion requested by N&G of the third tranche consisting of 30 bonds of the convertible and converting bond loan subscribed by N&G on 29 July 2021.

9 September 2021 – Issuance of the fourth tranche of the "POC"

On that date, the fourth tranche of the convertible bond into Tiscali shares was issued to Nice & Green S.A., consisting of 7 tranches for a maximum total amount of EUR 21,000,000.00 (with an option for the Company to extend it for a further maximum of EUR 21,000,000.00), reserved for the Investor (the "POC"), as per the investment agreement signed between the Company and N&G on 14 May 2021. In particular, the subscription request concerns the fourth tranche of the POC consisting of 30 bonds convertible into Tiscali shares with a unit value of EUR 100,000 each, for a total amount of EUR 3,000,000.

17 September 2021 – Approval of the 2021-2024 Business Plan

On that date, Tiscali's Board of Directors approved the 2021-2024 Business Plan presented by Chief Executive Officer Renato Soru, as described above (see Section 4.4 *Main activities carried out and results achieved in the first half of 2021*).

4.7 Business Outlook

Consistent with the above and in line with the objectives of the 2021-2024 Business Plan, in the coming months the Company's commitment will be focused on the full implementation of the plan itself, with particular attention to:

- The growth of the customer base, with particular focus on the acquisition of new Fibre, LTE and Mobile customers;
- The relaunch of the B2B Business Unit;
- The rationalisation of the network infrastructure;
- The development of portal diversification activities;
- The improvement of service margins;
- The continuation of the plan to contain fixed costs.

4.8 Main risks and uncertainties to which Tiscali S.p.A. and the Group are exposed

Risks related to the general economic situation

Tiscali's economic and financial situation is influenced by the various factors that make up the macroeconomic framework, such as changes in GDP (Gross Domestic Product), savers' confidence in the economic system and interest rate trends. The progressive weakening of the economic system, combined with a contraction in household disposable income, has reduced the general level of consumption.

At present, it is not possible to estimate with a good degree of accuracy the impact that will be felt in 2021, despite the fact that the telecommunications sector has become one of the most important among the country’s production activities.

For further details, reference should be made to the Note *Assessment of the Business as an Ongoing Concern*.

Risks associated with highly competitive markets

Tiscali operates in the highly competitive fixed and mobile telecommunications services market.

Tiscali’s main competitors have a strong brand recognition supported with continuity by important investments in communication, a consolidated customer base and high financial resources that allow them to make significant investments in particular in research aimed at developing technologies and services.

With reference to the main market in which Tiscali operates, i.e. access services in Ultra Broadband technology, the FTTH (Fiber to the Home) technology segment is the one with the highest growth rates, around 55% on an annual basis according to the latest AGCOM data, updated in March 2021.

These opportunities have attracted the entry of new operators such as SKY which, pursuing a strategy of convergence between the content market and connectivity services, launched its fibre service in June 2020. The strategy of convergence between fixed and mobile in this market represents a further business opportunity with a view to increasing ARPU and customer loyalty: Poste Italiane, the leading operator in the MVNO (Mobile Virtual Network Operator) segment, entered the fibre market in May 2021 and the operator Iliad, which in the mobile market has reached almost 10% in the “human” segment, is preparing to launch Fibre access services shortly.

The market scenario is therefore in a state of flux, with operators pursuing strategies of convergence between fixed, mobile and content access services. TIM’s recent product exclusivity in the distribution of streaming football through its partnership with content provider DAZN also marks a major discontinuity.

on the provision of quality Internet access services, in particular ultra-high-capacity Ultra Broadband solutions, and on the development of the mobile market with increasingly high-performance offerings in terms of fixed-mobile convergence content.

Tiscali has also recently launched the bundled Fibre+SmartHome service in partnership with Enel X.

The Company’s inability to compete successfully in the sector in which it operates with respect to its current or future competitors could have a negative impact on its market position, resulting in a loss of customers and negative effects on the Company’s business, income statement, balance sheet and financial position, as well as on the short- and long-term outlook data used to assess the recoverability of assets and the value of investments through impairment testing.

Risks related to possible system interruptions, delays or breaches in security systems

The ability of Tiscali to attract and retain clients will continue to depend significantly on the operation of its network and its information systems and, in particular, its continuity and security as well as its servers, hardware and software.

Any electrical power failure or any interruption in telecommunications, security system violations and other similar unforeseeable negative events (such as the complete destruction of the data center) could cause interruptions or delays in the supply of services, with consequent negative effects on the activity and financial, economic and assets situation of the Company and prospective data. The Company has put in place all preventive measures to minimise this remote risk.

Tiscali, operating in a highly complex market from a technological point of view, is exposed to a high risk inherent in IT and ICT systems. As part of the management of risks related to the damage and malfunctioning of these systems, on which the management of the business is based, the Company invests adequate resources aimed at safeguarding all the IT tools and processes. The core business systems are all highly reliable, the data center, present in the Cagliari office, is equipped with security systems suitable to the risks to be addressed.

Cyber Risk

Considering that the proper functioning of the Company's IT infrastructure is critical to business continuity, technical and procedural solutions have been put in place to protect the data centre and systems. To improve its security infrastructure, Tiscali has purchased a Managed XDR service and a VDR service. The XDR platform is a cloud-based system capable of automatically collecting and correlating data across multiple layers of security (email, endpoint, server, cloud workload and network), so that threats can be detected more quickly and therefore improve investigation and response times. The VDR platform is a Vulnerability Detection system that identifies, correlates and prioritises any vulnerabilities found in IT systems, suggesting actions to be taken to eliminate or minimise risks.

In terms of quality of service, security of managed information, business continuity and attention to the environment, the Company obtained ISO 14001 certification in December 2019 and its renewal in January 2020. In January 2020, Tiscali obtained ISO 9001 service quality certification and ISO 27001 information security certification, for which it had carried out preparatory activities during 2019. The ISO 9001 certification was renewed on 23 February 2021. With a view to the continuous improvement of the services provided, the Company also obtained, in January 2020, ISO 22301 (Business Continuity Management System) and ISO 20000-1 (IT Service Management System) certification, for which it had carried out the preparatory activities during 2019. Both certifications were renewed on 17

March 2021. In October 2020, during the renewal of the ISO 27001 certification and with the aim of demonstrating the Provider's ability to ensure data protection, it obtained the ISO 27017 (guideline defining advanced controls for both providers and customers of Cloud services) and ISO 27018 (guideline for public Cloud service providers who want to improve the management of personal data) extensions.

Up to 30 June 2021, no breaches of Tiscali's information systems by third parties have been recorded.

Starting in July 2021, intrusions into the information system were detected, resulting in a cyber attack on 29 July, which mainly involved the infrastructure that provides services for Tiscali employees. The prompt reaction of the cyber security team, supported by expert consultants, allowed the malicious action to be contained before it could result in access to infrastructure that is fundamental to the provision of services to customers or to administrative and financial information. Tiscali has therefore not experienced any interruption of operations nor has it been subject to blackmail attempts.
Please refer to note 4.6 *Events after the end of the half year of FY 2021* for further information.

General Data protection

Tiscali guarantees a constant monitoring of issues relating to the protection of personal data, with reference to both company's staff and customers.

Starting from the operational model created as a result of the internal and external procedures to GDPR, General Data Protection Regulation, the new EU regulation No. 2016/679 on data protection, in 2021 Tiscali extended the necessary tools to ensure compliance with GDPR.
The Company's operational processes have been adapted according to the principle of privacy-bydesign, with particular attention to commercial, customer relations and technological processes, adopting the methods defined by the company regulations dedicated to the application of the GDPR and implementing the directives of the Italian Data Protection Authority.
The processing of personal data is subject to prior assessment in accordance with the indications of the European Data Protection Board (EDPB), is the subject of a census and the related responsibilities are assigned to the appropriate managerial level of the Company's organisation, as provided for by the Privacy Code in application of the accountability principle established by the GDPR.

During the first half of 2021, the appointments of System Administrators were reviewed and updated, as these are key individuals dedicated to the management and maintenance of the processing which personal data are processed with. Particular attention was paid to the editorial activities of the Tiscali portal, in order to comply with the instructions of the Supervisory Authority on the subject of balancing the right to privacy and the right to information.

As part of the COVID-19 emergency, the Privacy Authority has dictated provisions and clarifications regarding the processing of personal data of employees in the workplace.

In order to comply with the requirements of the Authority, Tiscali has drafted an *ad hoc* information on the processing of personal data collected during the detection of the temperature collected in real time addressed to employees and all those who have access to company premises in accordance with the provisions of the Decree of the President of the Council of Ministers of 26 April 2020.

Although Tiscali has adopted strict protocols to protect the data acquired in the course of its operations and operates in strict compliance with current legislation on data protection and privacy, it cannot be excluded that intrusions into its systems may occur in the future; in this context, it should be noted that the Company is making further investments in cyber security and has specific insurance policies in place to cover the damage that its infrastructures may suffer as a result of such events.

Nonetheless, should damaging events occur that are not covered by the insurance policies or, although covered, should such events cause damage exceeding the maximum insured amounts, or should the reputational damage suffered as a result of breaches of its systems lead to a loss of customers, such circumstances could have a significantly negative impact on the Company's business and on its economic and financial position and on the possibility of achieving the objectives of the 2021-2024 Business Plan.

Risks connected with technological development

The sector in which Tiscali operates is characterised by significant and sudden technological changes, high competition and the rapid obsolescence of products and services. The Company's success in the future will also depend on its ability to anticipate such technological changes and to adapt to them in a timely manner by developing products and services that are suitable for meeting client needs.

Any inability to adapt to new technologies and therefore to changes in customer needs could have negative effects on the activity and on the financial, economic and assets situation of the Company.

Risks related to regulatory development in the sector in which the Group operates

As mentioned in the previous paragraph *4.2 Regulatory framework*, the telecommunication sector in which Tiscali operates is a highly-regulated sector governed by extensive, stringent and articulated legislation and regulations, especially with regard to licensing, competition, frequency allocation, rate fixing, interconnection agreements and leased lines. Legislative, regulatory or political changes affecting the Group activities, as well as sanctions issued by AGCOM, could have negative effects on the activity and reputation and, consequently, on the financial, economic and assets situation of the Company and on the Business Plan.

In particular, these changes could lead to the introduction of additional burdens, both in terms of direct disbursements and additional adjustment costs, as well as new liability profiles and regulatory barriers to service supply. Any changes in the regulatory framework, as well as the adoption of measures by AGCOM, could also make it more difficult for Tiscali to obtain services from other operators at competitive rates or could restrict access to systems and services necessary for the performance of the Company's activity.

Moreover, considering the dependence of Tiscali on services of other operators, the Company could not be able to promptly implement and/or to adapt to any provisions modifying the current regulatory regime and/or regulations in force, with consequent negative effects on activities and on the financial, economic and assets situation of the Company and on the forecast data. Despite the situation of uncertainty indicated, at the moment the Company has reflected in its forecast data the impacts of the regulatory changes currently foreseeable.

<u>Risks associated with the high financial indebtedness</u>

The development of Tiscali's financial situation depends on various factors, in particular, the achievement of the objectives set out in the 2021-2024 Business Plan, general economic conditions, financial markets and sector in which the Company operates.

The Directors believe that this risk is mitigated by the fact that the financial debt mainly consists of the Senior Loan – whose repayment profile was redefined with the Amendment Agreements of the Senior Loan signed with the Bank Pool on 7 October 2021 – which is consistent with Tiscali's future financial plans, as defined in the 2021-2024 Business Plan, approved by the Board of Directors of Tiscali SpA on 17 September 2021.

In this regard, the issuance and subsequent conversion into capital of the POC, envisaged in the 2021-2024 Business Plan, for EUR 21 million, allows for a further improvement in the Company's capital structure and an inflow of financial resources to service business development.

<u>Risks relating with fluctuations in interest and exchange rates</u>

Tiscali essentially operates in Italy. Some supplies, even though for insignificant amounts, might be denominated in foreign currency; therefore, the risk of exchange rate fluctuations to which the Company is exposed is minimal.

With regard to the exposure to the risks associated with interest rate fluctuations, due to the fact that most of the financial debt is at fixed rates, the management considers the risk of fluctuations in interest rates and exchange rates to be not significant for the Company's assets and financial position.

Risks linked to relations with suppliers

The Tiscali's business depends on existing contracts with its strategic suppliers, on which depends the possibility of the Company to have access to its market.

Given the hypothesis that: *(i)* these contracts should not be renewed at the due date or should be renewed on terms and conditions that are less favourable with respect to those currently existing; or *(ii)* Tiscali does not succeed in concluding the new contracts necessary for the development of its business; or *(iii)* if a serious contractual breach should occur on the part of the Company or the above mentioned suppliers, these circumstances could have negative effects on the activity and the economic, equity and financial situation of the Company, with consequent impact on the possibility to carry on its business activities under appropriate conditions of business continuity on the medium term, considering such an eventuality remote with reference to the time horizon of the next 12 months.

The terms and conditions of such contracts are regulatory and there are no elements in the state that may suggest a non-renewal at maturity.

Net trade payables past due (net of payment plans agreed with suppliers, accounts receivable and in dispute with the same suppliers), amounted to EUR 23.4 million as at 30 June 2021 (EUR 22.1 million as at 31 December 2020).

As at 30 June 2021, payment reminders were received in the ordinary course of business. At that date, the main payment orders received by the Company amounted to a total of EUR 2.7 million, of which EUR 1 million had not yet been paid as they were being negotiated or opposed.

Risks related to the dependence from licenses, authorisations and the exercise of real rights

Tiscali conducts its business on the basis of licenses and authorisations – subject to periodic renewal, amendment, suspension or revocation by relevant authorities – and it has rights of access, usage rights and administrative permissions for the building and maintenance of telecommunications network. In order to be able to carry out its business, Tiscali must retain and maintain licenses and permissions, transfer and usage rights, as well as all other administrative authorisations.

The most important authorisations, in the absence of which the Company might not be able to carry out its business or part of it, with the resulting repercussions on business continuity, follow:

- General authorisation for the provision of the “data transmission” service: in case of loss of this authorisation – which in turn expires on 10 December 2027 – Tiscali would no longer be able to provide Internet access services. At present, Tiscali has all the necessary requirements for the renewal of that authorisation upon expiry, which to be obtained will need a new DIA (Declaration on the Commencement of the Activities) to be submitted;
- General authorisation (individual license) for “voice service accessible to the public on the national territory”, expiring on 31 December 2038: in case of loss of such authorisation, Tiscali would no longer be able to provide voice services which use geographical numbers; at present, Tiscali has all the necessary requirements for the automatic renewal of that authorisation upon expiry, which to be obtained will need a new DIA (Declaration on the Commencement of the Activities) to be submitted;
- General authorisation for “electronic communications networks and services”, expiring on 11 January 2032: in case of loss of such authorisation, Tiscali would no longer be able to realise network infrastructure and thus provide connectivity services on proprietary infrastructures.
- General authorisation for the provision of the “Enhanced Service Provider” mobile service: in case of loss of such authorisation – which is scheduled to expire on 31 December 2038 – Tiscali would no longer be able to provide services (both voice and data) of mobile type.

Risks related to the business as an ongoing concern

In this regard, reference should be made to paragraph 5.9 in the *Explanatory Notes to the Financial Statements*

Risk related to potential disputes and liabilities

For this purpose, please refer to paragraph 4.9 *Disputes, Contingent Liabilities and Commitments.*

4.9 Disputes, Contingent Liabilities and Commitments.

Please refer to paragraph *Disputes, Contingent Liabilities and Commitments* in the Explanatory Notes.

4.10 Non-Recurring Transactions

Please refer to paragraph *Non-Recurring Transactions* in the Explanatory Notes.

4.11 Atypical and/or unusual transactions

Pursuant to the CONSOB Communication of 28 July 2006, it should be noted that in the first half of 2021 the Group did not carry out any atypical and/or unusual transactions, as defined in the Communication.

4.12 Related Party Transactions

As regards economic and financial relations with related parties, please refer to the paragraph *Related party transactions* in the Explanatory Notes to the Consolidated Financial Report.

Please note that the document illustrating the procedure for regulating related parties is available at www.tiscali.com/procedure.

Cagliari, 8 October 2021

The Chief Executive Officer	**The Executive in Charge of Preparing the Company's Accounting Documents**
Renato Soru	**Silvia Marchesoli**

Half-year Consolidated Financial Statements as at 30 June 2021

5 Consolidated Financial Statements and Explanatory Notes

5.1 Income Statement

Consolidated income Statement	Notes	1st semester 2021	1st semester 2020
(Thousands of Euros)			
Revenues	*1*	72,947	72,546
Other incomes	*2*	1,891	345
Purchase of materials and external services	*3*	51,503	51,696
Personnel cost	*4*	8,874	10,478
Other operating charges (incomes)	*3*	41	17
Write-downs of receivables from customers	*5*	2,503	3,418
Restructuring costs	*6*	(147)	49
Depreciations & amortizations	*7-12-13-14-15*	20,684	19,380
Operating result		**(8,621)**	**(12,146)**
Result from the investments evaluated at equity method		(161)	(30)
Financial Income	*8*	0	437
Financial Expenses	*8*	3,711	4,684
Income (loss) before tax		**(12,492)**	**(16,424)**
Taxation	*9*	0	0
Net result	*10*	**(12,492)**	**(16,424)**
To be attributed to:			
- Result pertaining the Parent Company		**(12,492)**	**(16,424)**
- Result pertaining Third Parties		-	-
Profit (loss) per share			
Profit per share from current and transferred activities:			
- Base		(0.002)	(0.004)
- Diluted		(0.002)	(0.004)
Profit per share from current activities:			
- Base		(0.002)	(0.004)
- Diluted		(0.002)	(0.004)

5.2 Comprehensive Income Statement

Comprehensive Income Statement	1st semester 2021	1st semester 2020
(Thousands of Euros)		
Result for the period	**(12,492)**	**(16,424)**
Other elements for the comprehensive Income Statement:		
Other elements of the comprehensive income statement that later will be reclassified in the profit/(loss) for the fiscal year	0	0
Other elements of the comprehensive income statement that later will not be reclassified in the profit/(loss) for the fiscal year	0	0
(Loss)/profit from revaluation on plans with defined benefits	0	0
Total of other elements for the comprehensive Income Statement:	**0**	**0**
Total result of the comprehensive Income Statement	**(12,492)**	**(16,424)**
To be attributed to:		
Shareholders of the Parent Company	**(12,492)**	**(16,424)**
Minority Shareholders	-	-
Total	**(12,492)**	**(16,424)**

5.3 Statement of Assets and Liabilities

Statement of Assets and Liabilities	Notes	30 June 2021	31 December 2020
(Thousands of Euros)			
Non-current assets			
Intangible assets	12	52,687	51,431
Leased contracts rights of use	13	18,511	17,971
Customer acquisition costs	14	9,441	10,186
Property, plants and machinery	15	27,403	29,898
Investments evaluated at equity method	16	3,719	3,719
Other financial assets	17	808	807
		112,568	**114,011**
Current assets			
Inventories	18	341	
Trade receivables	19	10,811	9,584
Tax receivables	20	5	466
Other receivables and other current assets	21	21,647	22,908
Cash and cash equivalents	22	10,688	4,434
		43,492	**37,393**
Total assets		**156,060**	**151,403**
Capital and reserves			
Share Capital		54,655	51,655
Stock option reserve		51	51
Results from previous fiscal years and other reserves		(124,687)	(102,476)
Results for the fiscal year pertaining to the Group		(12,492)	(22,201)
Shareholders' equity_ Group	23	**(82,473)**	**(72,971)**
Shareholders' equity_ third parties		**0**	**0**
Shareholders' equity_ third parties	24	**0**	**0**
Total Shareholders' equity		**(82,473)**	**(72,971)**
Non-current liabilities			
Bank loans and other fin. Inst.	25	72,756	3,483
Obligation under finance leases	25	14,236	15,059
Other non-current liabilities	26	12,915	11,902
Employee severance indemnities	27	2,679	2,708
Provisions for liabilities and charges	28	4,826	5,448
		107,413	**38,599**
Current Liabilities			
Convertible bond	25	3,000	0
Banks overdrafts and loans	25	1,303	70,853
Obligation under finance leases	25	8,986	7,950
Trade payables	29	68,123	58,034
Tax payables	30	53	56
Other current liabilities	31	49,655	48,882
		131,120	**185,775**
Total Shareholders' equity and Liabilities		**156,060**	**151,403**

5.4 Cash Flow Statement

(Thousands of Euro)	30 June 2021	30 June 2020
OPERATING ACTIVITIES		
RESULT OF OPERATING ACTIVITIES	**(12,492)**	**(16,424)**
Adjustments for:		
Amortization	20,684	19,380
Income from tax receivables ex Bonus Sud & Industria 4.0	(244)	0
Provision for write-downs accounts receivables from customers	2,503	3,418
Changes in provision for risks	(312)	76
Payables/ receivables and other credits write-offs	(2,101)	(1,476)
Other changes	701	563
Fastweb Voucher utilization	2,334	0
Financial charges / income	3,711	4,247
Cash flows from operating activities before changes in working capital	***14,784***	***9,784***
Changes in receivables	(2,391)	(1,966)
Change in inventories	(341)	0
Changes in payables to suppliers	419	3,529
Change in payables to long-term suppliers	(2,617)	(3,350)
Net change in provisions for risks and charges	(292)	(519)
Net change in provisions for TFR	(76)	(46)
Changes in other liabilities	2,229	(1,683)
Changes in other assets	(1,972)	6,557
Changes in working capital	**(5,042)**	**2,522**
AVAILABILITY CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**9,742**	**12,305**
INVESTMENT ACTIVITY		
Change in other financial assets	(1)	24
Acquisitions of Fixed Tangible Assets	(2,603)	(4,542)
Acquisitions of Leased contract right of use	(3,504)	0
Acquisitions of Customers acquisition costs	(2,322)	(3,762)
Acquisitions of Intangible assets	(11,141)	(10,037)
o/w due to voucher utilization (no cash effect)	128	2,356
Change in payables related to acquisitions of Assets	13,573	15,180
AVAILABILITY OF CASH AND CASH EQUIVALENTS FOR INVESTMENT ACTIVITIES	**(5,870)**	**(782)**
FINANCIAL ASSETS		
Changes in payables to banks	(2,788)	(1,099)
of which:		
Repayment of share capital and interest Senior debt	(448)	(451)
Increase/Decrease in current accounts overdrafts	(2,340)	(649)
Changes in bond	2,740	0
Repayment/acceptance of financial leasing	(559)	(2,316)
Exchange rate effect	(0)	(2)
Changes in Net Equity	2,990	(0)
AVAILABILITY CASH ARISING FROM/ (USED IN) FINANCIAL ACTIVITIES	**2,383**	**(3,418)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD	**6,255**	**8,106**
AVAILABILITY CASH ARISING FROM ASSETS SOLD/ HELD FOR SALE	0	0
AVAILABILITY CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,434**	**11,653**
CASH AND CASH EQUIVALENTS AT YEAR-END	**10,688**	**19,758**

It should be noted that changes in items relating to transactions with related parties have not been presented in the Cash Flow Statement as their amount is not significant.

5.5 Statement of Changes in the Shareholders' Equity

(Thousands of Euros)	Capital	Legal reserve	Reserve for shares premium	Stock option reserve	Reserve for employees benefits	Accumulated losses and other reserves	Net Equity pertaining to the Group	Minority Interests	Total
Balance as of January 1, 2021	**51,655**	**1,929**	**-**	**51**	**(1,664)**	**(124,942)**	**(72,971)**	**-**	**(72,971)**
Bond conversion	3,000						**3,000**		**3,000**
Bond set up fees						(10)	**(10)**		**(10)**
Reclassification of Stock Option Reserve to Other Reserves		82				(82)			
Figurative charges Stock Option Statement						(12,492)	**(12,492)**		**(12,492)**
Balance as of June 30th, 2021	**54,655**	**2,011**	**-**	**51**	**(1,664)**	**(137,526)**	**(82,473)**	**-**	**(82,473)**

(Thousands of Euros)	Capital	Legal reserve	Reserve for shares premium	Stock option reserve	Reserve for employees benefits	Accumulated losses and other reserves	Net Equity pertaining to the Group	Minority Interests	Total
Balance as of January 1, 2020	**46,355**	**1,929**		**96**	**(1,635)**	**(102,750)**	**(56,005)**		**(56,005)**
Bond conversion	2,600					2,700	**5,300**		**5,300**
Bond set up fees						(47)	**(47)**		**(47)**
Total result of the comprehensive Income Statem						(16,424)	**(16,424)**		**(16,424)**
Balance as of June 30th, 2020	**48,955**	**1,929**		**96**	**(1,635)**	**(116,521)**	**(67,176)**		**(67,176)**

(Thousands of Euros)	Capital	Legal reserve	Reserve for shares premium	Stock option reserve	Reserve for employees benefits	Accumulated losses and other reserves	Net Equity pertaining to the Group	Minority Interests	Total
Balance as of July 1st, 2020	**48,955**	**1,929**		**96**	**(1,635)**	**(116,521)**	**(67,176)**	0	**(67,176)**
Bond conversion	2,700					(2,700)			
Bond set up fees									
Reclassification of Stock Option Reserve to Other Reserves				(56)		56			
Figurative charges Stock Option				11			**11**		**11**
Total result of the comprehensive Income Statement					(29)	(5,777)	**(5,806)**		**(5,806)**
Balance as of December 31st, 2020	**51,655**	**1,929**	**-**	**51**	**(1,664)**	**(124,942)**	**(72,971)**	**-**	**(72,971)**

5.6 Income Statement pursuant to CONSOB Resolution No. 15519 dated 27 July 2006

Consolidated income Statement	Notes	1st semester 2021	of which related parties	1st semester 2020	of which related parties
(Thousands of Euros)					
Revenues	*1*	72,947		72,546	21
Other incomes	*2*	1,891		345	
Purchase of materials and external services	*3*	51,503	1,009	51,696	451
Personnel cost	*4*	8,874	265	10,478	302
Other operating charges (incomes)	*3*	41		17	
Write-downs of receivables from customers	*5*	2,503		3,418	
Restructuring costs	*6*	(147)		49	
Depreciations & amortizations	*7-12-13-14-15*	20,684		19,380	
Operating result		**(8,621)**	**(1,274)**	**(12,146)**	**(733)**
Result from the investments evaluated at equity method		(161)		(30)	
Financial Income	*8*	0		437	
Financial Expenses	*8*	3,711		4,684	
Income (loss) before tax		**(12,492)**	**(1,274)**	**(16,424)**	**(733)**
Taxation	*9*	0		0	
Net result	*10*	**(12,492)**	**(1,274)**	**(16,424)**	**(733)**
To be attributed to:					
- Result pertaining the Parent Company		**(12,492)**		**(16,424)**	
- Result pertaining Third Parties		-		-	
Profit (loss) per share					
Profit per share from current and transferred activities:					
- Base		(0.002)		(0.004)	
- Diluted		(0.002)		(0.004)	
Profit per share from current activities:					
- Base		(0.002)		(0.004)	
- Diluted		(0.002)		(0.004)	

5.7 Statement of Assets and Liabilities pursuant to CONSOB Resolution No. 15519 dated 27 July 2006

Statement of Assets and Liabilities	Notes	30 June 2021	of which related parties	31 December 2020	of which related parties
(Thousands of Euros)					
Non-current assets					
Intangible assets	12	52,687		51,431	
Leased contracts rights of use	13	18,511		17,971	
Customer acquisition costs	14	9,441		10,186	
Property, plants and machinery	15	27,403		29,898	
Investments evaluated at equity method	16	3,719		3,719	
Other financial assets	17	808		807	
		112,568		**114,011**	
Current assets					
Inventories	18	341			
Trade receivables	19	10,811	447	9,584	637
Tax receivables	20	5		466	
Other receivables and other current assets	21	21,647	61	22,908	61
Cash and cash equivalents	22	10,688		4,434	
		43,492	**508**	**37,393**	**698**
Total assets		**156,060**	**508**	**151,403**	**698**
Capital and reserves					
Share Capital		54,655		51,655	
Stock option reserve		51	51	51	51
Results from previous fiscal years and other reserves		(124,687)		(102,476)	
Results for the fiscal year pertaining to the Group		(12,492)		(22,201)	
Shareholders' equity_ Group	23	**(82,473)**	**51**	**(72,971)**	**51**
Shareholders' equity_ third parties		**0**		**0**	
Shareholders' equity_ third parties	24	**0**		**0**	
Total Shareholders' equity		**(82,473)**		**(72,971)**	
Non-current liabilities					
Bank loans and other fin. Inst.	25	72,756		3,483	
Obligation under finance leases	25	14,236		15,059	
Other non-current liabilities	26	12,915		11,902	
Employee severance indemnities	27	2,679		2,708	
Provisions for liabilities and charges	28	4,826		5,448	
		107,413		**38,599**	
Current Liabilities					
Convertible bond	25	3,000		0	
Banks overdrafts and loans	25	1,303		70,853	
Obligation under finance leases	25	8,986		7,950	
Trade payables	29	68,123	937	58,034	388
Tax payables	30	53		56	
Other current liabilities	31	49,655		48,882	
		131,120	**937**	**185,775**	**388**
Total Shareholders' equity and Liabilities		**156,060**	**480**	**151,403**	**(259)**

5.8 Explanatory Notes

These Consolidated Financial Statements (hereinafter referred to as the "Financial Statements") have been prepared using the Euro (EUR) as the accounting currency, as this is the currency used to conduct most of the Group's operations; all values are rounded off to thousands of Euro (EUR 000), unless otherwise stated. Foreign activities are included in the consolidated financial statements in accordance with the principles described in the following Notes.

In preparing these Financial Statements, management has made the existence of the going concern assumption, as more fully explained in section 5.9 below, therefore the Financial Statements has been drafted using the principles and criteria applicable to companies in operation.

5.9 Assessment on the business as an ongoing concern

Group performance in the first half of 2021

The Directors point out that in the first half of 2021 the Group:

- Showed a negative result for the year, amounting to a loss of EUR 12.5 million;
- Has a consolidated equity deficit of EUR 82.5 million, compared to a value of EUR 73 million as at 31 December 2020, despite the capital increase resulting from the conversion of the first tranche of the Nice & Green SA POC for EUR 3 million;
- Has Current Liabilities at consolidated level which exceed (non-financial) Current Assets by EUR 85 million, compared to an amount of EUR 74 million as of 31 December 2020, thus showing an increase of EUR 11 million;
- Has net trade payables past due (net of payment plans agreed with suppliers, as well as accounts receivable and in dispute with the same suppliers) amounting to EUR 23.4 million (EUR 22.1 million as at 31 December 2020), financial payables past due (net of credit positions) amounting to EUR 0.7 million (EUR 0.5 million as at 31 December 2020), tax and social security payables past due amounting to EUR 17.8 million (worsening compared to EUR 10.6 million as at 31 December 2020). Overall, therefore, the overdue amounts in question amounted to EUR 41.9 million, compared to total overdue amounts of EUR 33.2 million in the previous year, an increase of EUR 8.7 million;
- Generated a flow from operations of EUR 9.7 million, lower than the flow of EUR 12.3

million generated in the first half of 2020;

- Recorded a decrease in the Fixed Broadband customer base (approximately 364 thousand users as at 30 June 2021, compared to 382 thousand users as at 30 June 2020).

In view of the economic, financial and management results described above, the Group has implemented the following actions aimed at strengthening its capital and financial structure:

- It approved a Business Plan for the 2021-2024 period (hereinafter referred to as the “2021-2024 Business Plan”), sworn under Article 67 of the Finance Act, which provides for a number of management strategies aimed at increasing revenues in the explicit period, so as to guarantee the Group the achievement of break-even by 2023 and the ability to generate sufficient cash to ensure the development of the business and the repayment of corporate obligations;

- It signed, on 14 May 2021, an agreement with N&G (International Investment Fund) for the issue of a Convertible Bond for a maximum amount of EUR 21 million, with an option for the Company to extend it for a further EUR 21 million, issuable in several tranches at the Group’s discretion. At the date of approval of the half-year report, four tranches for a total amount of EUR 12 million had been issued and converted. These financial resources have been put at the service of business development;

- It signed, on 7 October 2021, the Senior Loan Amendment Agreements, which provide for the rescheduling of the loan repayment schedule, thus enabling Tiscali to obtain a two-year grace period (2021-2022) and to reschedule the repayment instalments progressively in the years 2023-2026, so as to make them compatible with the cash flows expected by the Group and included in the forecasts of the 2021-2024 Business Plan.

In addition to these actions, the Directors highlight the existence of many positive signs linked to both the performance for the period and the forecasts for future performance. In particular, it should be noted that the Group:

- Has a result for the year, although negative, which improved by EUR 4 million compared to the first half of 2020, and that in the same period the Group's EBITDA increased from EUR 7.3 million in the comparison period to EUR 11.9 million in the first half of 2021;

- Has a total net financial indebtedness value improved by EUR 3.3 million compared to 31 December 2020, with a more sustainable debt structure thanks to the reclassification of the Senior Loan from current to non-current);

- Has cash and cash equivalents of EUR 10.7 million;

- Showed an improvement in the mix of the customer base with a significant growth in the number of fibre customers, which increased by 25.8% from 199 thousand units as at 30 June 2020 to 250 thousand units as at 30 June 2021. This objective was also achieved thanks to the significant increase in network coverage in FTTH mode, with coverage reaching 1100 municipalities as at 30 June 2021 compared to the 886 municipalities reached at the end of 2020. In addition, thanks to the NGA Bitstream network, Tiscali further expanded its Ultra Broadband coverage in Sardinia, reaching a potential market of 2.9 million households as at 30 June 2021 with UBB FTTC (up to 200 Mbps) or FTTH (up to 1 Gigabit) technology.

In the situation described above, the Directors reiterate that the Group's achievement of medium- and long-term balance sheet, income statement and financial equilibrium is still subject to *(i)* the achievement of the results envisaged in the 2021-2024 Business Plan, which envisages achieving economic equilibrium in 2023, and *(ii)* the realisation of the forecasts and assumptions contained therein in a market context characterised by strong competitive pressure and a difficult macroeconomic context linked to the recent events linked to the spread of the COVID-19 pandemic in Italy.

Conclusions on the business as an ongoing concern

Under the above-described circumstances, the Directors believe, after analysing the uncertainties and results of the period, assuming compliance with the 2021-2024 Business Plan approved by the Board of Directors on 17 September 2021, considering the injection of liquidity deriving from the Bond Loan, as well as considering the effects of the Senior Loan Modification Agreement signed on 7 October 2021, that the Group will be able to meet its obligations while maintaining a level of past due amounts substantially in line with the current one.

It is on this basis, therefore, that the Directors have a reasonable expectation that going concern over the next 12 months will be recurring and that the Group will be able to use the accounting principles of a going concern.

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

It must be emphasised that the prognostic judgement underlying the Board of Directors' determination is liable to be contradicted by developments in the facts. Precisely because it is aware of the intrinsic limits of its own determination, the Board of Directors will maintain constant monitoring of the evolution of the factors taken into consideration (as well as of any further circumstance that may acquire importance), so as to be able to promptly take the necessary measures.

5.10 Accounting Standards

This Half-Year Consolidated Financial Report have been prepared according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and harmonised by the European Union. The IFRS include also all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as Standing Interpretations Committee ("SIC").
The form and content comply with the disclosure requirements of International Accounting Standard No. 34 *Interim Financial Reporting* (IAS 34), in accordance with Article 154-*ter* of the Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act or "TUF") and subsequent amendments and additions, also taking into account other relevant CONSOB communications and resolutions.
The notes have been prepared in an abridged form, applying the option provided by IAS 34, and therefore do not include all the information required for an annual report prepared in accordance with IFRS. This is because the purpose of these interim financial statements in accordance with IAS 34 is to provide an update of the financial position and results of operations with respect to the consolidated financial statements as at 31 December 2020; they should therefore be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2020.

The Abridged Half-Year Consolidated Financial Report, as required by the relevant regulations, have been prepared on a consolidated basis and are subject to a limited audit by Deloitte & Touche S.p.A.

Except as indicated below with reference to the accounting standards applied for the first time from 1 January 2021, the accounting policies and consolidation criteria adopted in these condensed interim consolidated financial statements are consistent with those used in preparing the consolidated financial statements for the year 2020 – to which reference should be made for a detailed explanation – and with those adopted in preparing the Condensed Half-Year Consolidated Financial Report as at 30 June 2020.

The preparation of the Condensed Half-Year Financial Report and related Notes, in accordance with the IFRS, requires the Directors to make certain estimates and, in certain cases, to make assumptions in applying the accounting policies. The areas of the financial statements that, in the circumstances, require the adoption of assumptions and those that are more likely to involve the use of estimates are described in the note *Major Decisions in Applying Accounting Policies and Use of Estimates* below.

5.11 Major Decisions in Applying Accounting Policies and Use of Estimates

<u>ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS EFFECTIVE FROM 1 JANUARY 2021</u>

The following accounting standards, amendments and IFRS interpretations have been applied for the first time by the Group starting from 1 January 2021:

- On 28 May 2020, the IASB published the amendment ***COVID-19 Related Rent Concessions (Amendment to IFRS 16)***. The document provides lessees with the option to account for COVID-19 related rent reductions without having to assess, through contract analysis, whether the definition of lease modification in IFRS 16 is met. Therefore, lessees that apply this option will be able to account for the effects of rent reductions directly in the income statement at the effective date of the reduction. This amendment applies to financial statements beginning on or after 1 June 2020. The introduction of the new amendment had no material effect on the Group's Consolidated Financial Statements.

- On 28 May 2020, the IASB published the amendment entitled ***Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)***. The amendments allow the extension of the temporary exemption from applying IFRS 9 until 1 January 2023 for insurance. These amendments became effective on 1 January 2021. The introduction of the new amendment had no material effect on the Group's Consolidated Financial Statements.

- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as IBOR, the document ***Interest Rate Benchmark Reform — Phase 2***, which contains amendments to the following standards:
  - IFRS 9 *Financial Instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - IFRS 7 *Financial Instruments: Disclosures*;
  - IFRS 4 *Insurance Contracts*; and
  - IFRS 16 *Leases*.

  All amendments became effective on 1 January 2021. The introduction of the new amendment had no material effect on the Group's Consolidated Financial Statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS IFRS AND IFRIC APPROVED BY THE EUROPEAN UNION, NOT YET APPLICABLE ON A COMPULSORY BASIS AND NOT EARLY ADOPTED BY THE GROUP AS AT 30 JUNE 2021

- On 14 May 2020, the IASB published the following amendments entitled:

- ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the provisions of IFRS 3.
- ***Amendments to IAS 16 Property, Plant and Equipment***: the amendments are intended to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recognised in the profit or loss statement.
- ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in estimating whether a contract is onerous, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (e.g., the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g., the portion of personnel costs and depreciation of machinery used to perform the contract).
- ***2018-2020 Annual Improvements***: Amendments were made to IFRS 1 — *First-time Adoption of International Financial Reporting Standards*, IFRS 9 — *Financial Instruments*, IAS 41 — *Agriculture* and the *Illustrative Examples* of IFRS 16 — *Leases*.

All amendments will become effective on 1 January 2022. The Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

- <u>ACCOUNTING PRINCIPLES, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION</u>

At the date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below:

- On 18 May 2017, the IASB published ***IFRS 17 — Insurance Contracts*** which is intended to replace *IFRS 4 — Insurance Contracts*.

  The objective of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts, that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability among entities in this industry.

The new standard measures an insurance contract on the basis of a *General Model* or a simplified version of it, called the *Premium Allocation Approach* (or “PAA”).

The main features of the *General Model* follow:

- Estimates and assumptions of future cash flows are always current;
- The measurement reflects the time value of money;
- Estimates include extensive use of observable market information;
- There is a current and explicit measurement of risk;
- The expected profit is deferred and aggregated into groups of insurance contracts at initial recognition; and
- The expected profit is recognised over the period of contractual cover taking into account adjustments for changes in cash flow assumptions for each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at initial recognition, the entity expects that the liability is a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim arose.

An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a *Discretionary Participation Feature* (or “DPF”).

The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 — *Financial Instruments* and IFRS 15 — *Revenue from Contracts with Customers*. The Directors do not expect a material effect on the Group’s Consolidated Financial Statements from the adoption of this standard.

- On 23 January 2020, the IASB published the document Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The document aims to clarify how to classify payables and other short-term or long-term liabilities. The amendments are effective as of 1 January 2023; however, earlier application is permitted. The

Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of this standard.

- On 12 February 2021, the IASB published two amendments entitled ***Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*** and ***Definition of Accounting Estimates – Amendments to IAS 8***. The amendments are intended to improve the disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but earlier application is permitted. The Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

- On 31 March 2021, the IASB issued an amendment entitled ***COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16*** by which it grants a one-year extension of the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting for facilities granted, due to COVID-19, to lessees. The amendments will apply from 1 April 2021, but earlier adoption is permitted. The Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

- On 7 May 2021, the IASB published an amendment entitled ***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***. The document clarifies how to account for deferred taxes on certain transactions that may give rise to assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but earlier application is permitted. The Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

- On 30 January 2014, the IASB published ***IFRS 14 — Regulatory Deferral Accounts***, which allows only first-time adopters of IFRS to continue to recognise amounts relating to rate-regulated activities under their previous accounting policies. As the Company/Group is not a first-time adopter, this standard is not applicable.

SIGNIFICANT JUDGMENTS AND USE OF ESTIMATES

Significant Judgments

The Half-Year Consolidated Financial Report as at 30 June 2021 include EUR 14.8 million of Tax Credits for the *Bonus Sud* and *Industria 4.0* regulations, referring to tax incentives linked to certain investments made by the Group. These tax incentives are mainly related to three types of incentives: *i)* An incentive linked to investments made in specific territories in southern Italy (the so-called “Bonus Sud”), and *ii)* An incentive linked to so-called “Industry 4.0” investments. With reference to these incentives, the tax rules also allow the incentive for assets acquired through financial leasing. In identifying which assets could benefit from these tax incentives, the Group interpreted the tax definition of “Finance Lease” in accordance with the definition of finance lease in IFRS 16. This approach is a *Significant Judgment* taken by the Directors.

Use of Estimates

The preparation of the Consolidated Half-Year Financial Statements and the Explanatory Notes to the Financial Statements involved the use of estimates and assumptions to determine certain assets and liabilities and to measure contingent liabilities. Although the estimation process did not involve issues during 2021 which were different from in the past, the results that will result from the occurrence of expected and/or foreseeable events could differ from those assumed. The estimates and assumptions considered are therefore reviewed on an ongoing basis and the effects of any changes are recognised in the Financial Statements.

The use of estimates is particularly relevant for the following issues:

1. Estimates relating to financial statement items recorded in compliance with the IFRS 16 standard;
2. Estimates relating to the assumptions underlying the valuations included in the impairment test, for which reference should be made to Note 11 *Impairment test*;
3. Estimates of provisions for risks and charges. Although as at 30 June 2021 the company was not involved in litigation of a significant amount, the estimate of possible impacts — based on the most recent information available — is based on a complex estimation process involving the internal legal department and its legal advisors;
4. Estimate relating to the recognition of revenues on the basis of IFRS 15. For the Group, the estimation process relates to the presence of certain contracts that could contain various performance obligations.

5.12 Explanatory Notes

Revenues (Note 1)

Revenues	1st semester 2021	1st semester 2020
(EUR 000)		
Revenues	72,947	72,546
Total	**72,947**	**72,546**

Revenues in the first half of 2021 increased by EUR 0.4 million as compared to 30 June 2020. For further details on the decrease in revenues and their composition, please refer to the Management's Report.

The item in question includes other revenues on a portion of the "Sa Illetta" property held under finance lease by the Group for EUR 0.7 million.

There were no ordinary transactions during the period with a counter-party which alone accounted for more than 10% of the Group's revenues.

Other Income (Note 2)

Other Income	1st semester 2021	1st semester 2020
(EUR 000)		
Other Income	1,891	345
Total	**1,891**	**345**

Other income, amounting to EUR 1.9 million, primarily includes the write-off of accounts payable to suppliers and the alignment of overdue customer accounts for EUR 1.6 million. This item also includes EUR 0.2 million mainly due to the combined effect of: *(i)* the adjustment of income for tax credits allocated in 2020 for negative EUR 1.3 million; *(ii)* the release of the 2021 portion of deferrals related to the aforementioned tax credits for EUR 1.5 million; *(iii)* an income of EUR 0.1 million from the allocation of tax credits as at 30 June 2021.

Purchase of materials and outsourced services, payroll and other operating cost (income) (Note 3)

Purchase of materials and outsourced services, payroll and other operating costs (income)	1st semester 2021	1st semester 2020
(EUR 000)		
Line/traffic rental and interconnection costs	37,714	36,545
Costs for use of third party assets	1,253	3,192
Portal services costs	215	207
Marketing costs	1,212	1,509
Other services	11,109	10,244
Other operating costs (income)	41	17
Totale	**51,544**	**51,714**

The item *Line rental/traffic and interconnection costs* mainly includes the costs of voice traffic and fees for fixed and fixed wireless Broadband and Ultra Broadband services, and Mobile services referred to non-divisible units, and is in line with the figure for the previous half-year.

The item *Costs for use of third party assets* includes the cost of leases and rentals of capital goods. The decrease compared to the 2020 half-year amounts to EUR 1.9 million and is mainly attributable to the combined effect of: *(i)* A EUR 2.3 million reduction in the cost of leasing certain technical sites, in particular arising from the application of the network restructuring agreement with TIM, which anticipates the benefits of rent reductions for colocation sites that we will obtain at the end of the project in December 2022, against the migration of customers and emptying of sites with predetermined volumes and deadlines; *(ii)* A EUR 0.4 million increase in Wireless leases compared with the previous half-year, which was affected by a greater positive effect arising from write-offs and settlements on debt positions.

The item *Costs for Portal service*, amounting to EUR 0.2 million, are in line with the figures for the previous half-year.

The item *Marketing costs* decreased by EUR 0.3 million, mainly as a result of lower advertising investments.

The item *Other services* includes costs for the maintenance and operation of industrial sites, administrative offices, rents, consultancy and professional fees, billing costs, postal expenses, travel expenses, and other general costs. The EUR 0.9 million increase compared to 30 June 2020 is mainly attributable to the following factors:

- Increase in outsourced IT services costs, net of capitalisations, of EUR 77 thousand;
- Increase in maintenance and utilities of industrial sites for about EUR 0.5 million;
- Increase in professional fees of about EUR 0.7 million:
- Decrease in costs for fines and penalties from the tax authorities and the public administration of EUR 0.2 million:
- Decrease in customer care outsourcing costs for EUR 0.2 million;
- Increase in travel expenses and other general services for EUR 62 thousand.

Staffing Cost (Note 4)

Staffing cost	1st semester 2021	1st semester 2020
(EUR 000)		
Wages and salaries	5,633	6,715
Other staffing costs	3,241	3,763
Total	**8,874**	**10,478**

As anticipated in the Management Report, the decrease in *Personnel Costs* is mainly attributable to the effects of the use of social security cushions in the management of the COVID-19 pandemic, as well as to the actions aimed at the reorganisation and reduction of the workforce following a redundancy incentive plan prepared by the Company and included in the 2021-2024 Business Plan.

The number of FTEs (Full Time Equivalents) decreased by 12 compared to 30 June 2020, as shown in the table below:

Number of Units (FTE)

	30 June 2021	30 June 2020
Managers	11	12
Middle Managers	31	35
Employee	429	436
Workers	1	1
External	0	0
Totale	**472**	**484**

Write-down of receivables from Customers (Note 5)

Write-downs of receivables from customers	1st semester 2021	1st semester 2020
(EUR 000)		
Provisions for bad debts	2,503	3,418
Total	**2,503**	**3,418**

The item *Provisions for bad debts* amounts to EUR 2.5 million (3.4% of revenues), a decrease as compared to EUR 3.4 million as at 30 June 2020 (4.7% of revenues).

Restructuring Costs (Note 6)

Restructuring costs	1st semester 2021	1st semester 2020
(EUR 000)		
Restructuring costs	(147)	49
Total	**(147)**	**49**

The item *Restructuring Costs* as at 30 June 2021 includes the following items:

- Provision for severance pay charges for resigning personnel of EUR 0.2 million;
- Release of previous provisions relating to charges for disputes with employees and to the provision for personnel restructuring charges set up in previous years for EUR 0.4 million.

Depreciation and Amortisation (Note 7)

Depreciation	**1st semester 2021**	**1st semester 2020**
(EUR 000)		
Depreciation	20,684	19,380
Total	**20,684**	**19,380**

Depreciation and Amortisation amounted to EUR 20.7 million, an increase of EUR 1.3 million compared to EUR 19.3 million in the previous half-year.

For further details on depreciation of assets, see also Notes 12-13-14-15.

Net financial income (charges) (Note 8)

A breakdown of *Net financial income (charges)* for the half-year is provided below, with a negative balance of EUR 3.7 million.

Net financial income (charges)	**1st semester 2021**	**1st semester 2020**
(Thousands of EUR)		
Financial income		
Other financial income	0	437
Total	**0**	**437**
Financial charges		
Interest and other charges due to banks	1,933	3,097
Other financial charges	1,778	1,587
Total	**3,711**	**4,684**
Net financial income (charges)	**(3,711)**	**(4,247)**

The item *Financial Income* as at 30 June 2021 is nil, while in the previous half-year it included a gain of EUR 0.4 million, attributable to the release of the notional financial debt arising in connection with the put option related to the convertible bond issued on 31 January 2019 and converted on 30 June 2020.

The item *Financial Charges* of EUR 3.7 million includes the following items:

- Interest expenses, related to the financing towards Senior Lenders amounting to EUR 1.6 million (EUR 3 million in the 2020 half-year);

- Interest on late payments of EUR 0.2 million (EUR 0.2 million in the 2020 half-year);
- Interest expenses on finance leases and IRUs of approximately EUR 0.7 million (EUR 0.9 million in in the 2020 half-year);
- Bank charges of EUR 0.8 million (EUR 0.5 million in the 2020 half-year);
- EUR 0.3 million for financial charges relating to the bond loan converted into Tiscali ordinary shares, subscribed by Nice & Green through the exercise of 2 tranches, each consisting of 30 bonds converted into Tiscali shares with a unit value of EUR 100,000 each, for a total amount of EUR 6,000,000.
- Interest expense on bank accounts of EUR 90 thousand (EUR 14 thousand in the 2020 half-year).

Income Taxes (Note 9)

Current Taxes are nil.

Earning (Loss) per Share (Note 10)

The earnings per share of “operating assets” is negative and amounted to EUR 0.002 and was calculated by dividing the net loss for the 2021 half-year attributable to the ordinary shareholders of the Parent Company, amounting to EUR 12.5 million, by the weighted average number of ordinary shares in circulation during the 2021 half-year, totalling 5,266,331,903.

The diluted earnings per share of “operating assets” is negative and amounted to EUR 0.002 and was calculated by dividing the net loss for the period attributable to the ordinary shareholders of the Parent Company, equal to Euro 12.5 million, by the weighted average number of potential shares in circulation during the year, equal to 5,278,682,893.

The number of potential shares deriving from the potential exercise of the outstanding Stock Option plans (number of options equal to 12,350,990), as well as the number of shares relating to the second tranche of the POC, amounting to 181,488,203, were considered for the calculation of the weighted number of potential shares.

Assessment of possible reduction in the value of assets – “Impairment Test” (Note 11)

In the absence of impairment indicators, the Directors did not carry out an *Impairment Test* on assets as at 30 June 2021.

It should be noted that on 17 September 2021, the Company’s Board of Directors approved the 2021-

2024 Business Plan. The Plan was subject to an Independent Business Review by an independent expert (EY), which gave a positive opinion on the reasonableness of the Plan's assumptions. The Plan was also certified pursuant to Article 67, Paragraph 3, letter d) of the Finance Act.

The asseveration report confirms the positive opinion on the reliability and feasibility of the Plan.

Intangible Assets (Note 12)

Intangible assets (EUR 000)	Computers, software and development costs	Concessions and similar rights	Broadband service activation costs	Other intangible assets	Intangible assets under development and advances	Total
HISTORICAL COST						
1 January 2021	**4,641**	**70,023**	**34,180**	**10,252**	**465**	**119,560**
Increases		2,477	6,912	1,597	155	**11,141**
Disposal		3,245			(506)	**2,739**
Reclassifications			113		(54)	**59**
30 June 2021	**4,641**	**75,745**	**41,205**	**11,849**	**59**	**133,499**
ACCUMULATED AMORTIZATION						
1 January 2021	**4,641**	**39,622**	**19,529**	**4,337**		**68,129**
Increases in amortization		3,710	4,660	1,132		**9,503**
Disposal		3,068				**3,068**
Reclassifications			113			**113**
30 June 2021	**4,641**	**46,400**	**24,303**	**5,469**		**80,813**
NET BOOK VALUE						
1 January 2021	**-**	**30,401**	**14,651**	**5,915**	**465**	**51,431**
30 June 2021		**29,345**	**16,902**	**6,380**	**59**	**52,687**

The movements of *Intangible Assets* during the 2021 half-year follow:

The item *Development Costs* includes the development costs for personalised application software for the exclusive use of the Group. They have been fully amortised.

The balance of the item *Concessions and Similar Rights* equals to EUR 29.3 million, and mainly includes:

- EUR 10.6 million for licenses and software, including costs related to remote activation and management of the equipment installed at the customer's premises, the costs related to the licenses for the use of the VOIP platform and software for managing customers (billing, customer care);
- EUR 17 million for fees and costs associated with the purchase of transmission capacity on a multi-annual basis, in the form of concession contracts for transmission capacity (IRU – Indefeasible Right of Use), relating to IRU and accounted for by the Tiscali Italia subsidiary, whose main suppliers are Telecom Italia, Interoute, Fastweb, Infracom;
- EUR 1,7 million for patent and industrial property rights.

The increase in 2021, amounting to EUR 2.5 million, is attributable to software licenses for EUR 2 million, to costs incurred for the purchase of multi-annual rights for the use of the fiber optic network (IRU — Indefeasible Right of Use) for EUR 0.2 million and to patent purchase for EUR 0.3 million. Depreciation for the period, calculated according to the criteria highlighted in the annual financial report, amounted to EUR 3.7 million.

Furthermore, this item includes disposals of assets that have completed their depreciation cycle for EUR 3.2 million of historical value.

Broadband service activation costs amount to EUR 16.9 million. The increase in 2021 is EUR 6.9 million and relates to customer acquisition and activation costs for fixed broadband services.

Amortisation for the period, calculated according to the criteria set out in the annual report, amounted to EUR 4.7 million.

Other intangible assets amounted to EUR 6.4 million. The increase in the period amounts to EUR 1.6 million. *Amortisation* for the period, calculated in accordance with the criteria set out in the annual report, amounted to EUR 1.1 million.

Intangible assets in progress and advances amount to EUR 59 thousand. In addition, this item includes the derecognition of assets that have completed their amortisation cycle for EUR 0.5 million of historical value.

Leased Contracts Rights of Use (Note 13)

Leased contracts rights of use (EUR 000)	Property rights of use	Network equipment rights of use	Total
HISTORICAL COST			
1 January 2021	**18,051**	**126,406**	**144,457**
Increases	189	3,315	**3,504**
Disposal		(47)	**(47)**
Reclassifications			
30 June 2021	**18,240**	**129,673**	**147,914**
ACCUMULATED AMORTIZATION			
1 January 2021	**4,052**	**122,434**	**126,486**
Increases	1,153	774	**1,926**
Disposal		(47)	**(47)**
Reclassifications		1,038	**1,038**
30 June 2021	**5,205**	***124,198***	**129,403**
NET BOOK VALUE			
1 January 2021	**13,999**	**3,972**	**17,971**
30 June 2021	**13,036**	**5,475**	**18,511**

The item *Property Rights of Use* includes the capitalisation of the lease agreement for the Sa Illetta headquarters (effective from 28 March 2019) and other leases of industrial sites.

This item includes increases in the period of EUR 0.2 million. Depreciation for the period amounted to EUR 1.2 million.

The item *Rights to use network equipment*, which includes operating leases, capitalised as of 1 January 2019, amounts to EUR 5.5 million.

This item includes increases in the period of EUR 3.3 million and disposals of EUR 47 thousand of historical value (against EUR 47 thousand of accumulated depreciation). Depreciation for the period amounted to EUR 0.8 million.

Customer acquisition costs (Note 14)

Other Non Current Assets (EUR 000)	Customers Acquisition costs
HISTORICAL COST	
1 January 2021	**29,320**
Increases	2,322
Disposal	
Reclassifications	
30 June 2021	**31,642**
ACCUMULATED AMORTIZATION	
1 January 2021	**19,134**
Increases in amortization	3,066
Disposal	
Reclassifications	
30 June 2021	**22,201**
NET BOOK VALUE	
1 January 2021	**10,186**
30 June 2021	**9,441**

This item includes costs relating to fees paid to dealers and commercial intermediaries for the acquisition of customers.

Increases for the period amounted to EUR 2.3 million, while depreciation for the period amounted to EUR 3 million.

Property, Plant and Equipment (Note 15)

Movements in the first half of 2021 are shown in the table below:

Tangible assets (EUR 000)	Plant & machinery	Other tangible assets	Tangible assets under construction	Total
HISTORICAL COST				
1 January 2021	**156,491**	**5,626**	**1,612**	**165,695**
Increases	**2,286**	32	285	**2,603**
Disposal	**(6,433)**	(26)		**(6,459)**
Other Changes				
Reclassifications	**843**		(789)	**54**
30 June 2021	***153,187***	**5,632**	**1,108**	**161,893**
ACCUMULATED DEPRECIATION				
1 January 2021	**129,118**	**4,713**		**135,797**
Depreciation network equipment in leasing	**6,154**	35		**6,189**
Disposal	**(6,433)**	(26)		**(6,459)**
Reclassifications	**(1,038)**			**(1,038)**
30 June 2021	***127,802***	**4,722**		**134,490**
NET BOOK VALUE				
1 January 2021	***27,373***	***912***	**1,612**	**29,898**
30 June 2021	***25,385***	***909***	**1,108**	**27,403**

The item *Plant and Equipment* includes specific network equipment such as routers, DSLAMs, servers and transmission equipment installed at ULL sites for EUR 25.4 million.

The item *Investments for the period* include investments of EUR 2.3 million.

This item includes the effects of the derecognition of assets that have completed their amortisation cycle for a historical value of EUR 6.4 million (against a depreciation provision of the same amount).

In addition, reclassifications for a historical value of EUR 0.8 million (and accumulated amortisation of EUR 1 million), related to assets transferred from *Intangible assets in progress and advances* to *Plant and machinery* in connection with investments that have been amortised in the period.

Depreciation for the period amounted to EUR 6.2 million.

Other tangible assets, whose balance amounts to EUR 0.9 million, include furniture and fittings, electronic and electromechanical office equipment and motor vehicles. Investments in the period amounted to EUR 32 thousand.

Property, plant and equipment in progress and advances, whose balance amounted to EUR 1.1 million, mainly included investments in network infrastructure.

This item includes reclassifications for a negative EUR 0.8 million attributable to assets transferred from *Property, plant and equipment in progress* to *Plant and machinery* for assets that began their depreciation cycle in the period.

Equity Investments evaluated at Equity Method (Note 16)

Investments evaluated at equity method	30 June 2021	31 December 2020
(EUR 000)		
Investments evaluated at equity method	3,719	3,719
Total	**3,719**	**3,719**

This item includes the value of the subsidiary Janna, S.c.p.a., (EUR 3.7 million), a consortium company over which the Group has a significant influence by virtue of certain agreements between the shareholders and which has as its object the management of a submarine fibre optic cable laid between Sardinia and the peninsula and between Sardinia and Sicily.

Other non-current financial assets (Note 17)

Other non-current financial assets	30 June 2021	31 December 2020
(EUR 000)		
Guarantee deposits	798	799
Other receivables	10	8
Total	**808**	**807**

Security deposits are deposits paid in the context of carrying out activities on contracts of several years' duration.

Inventories (Note 18)

Inventories amount to EUR 0.3 million and relate to tablets or personal computers supplied by Tiscali as part of the Ultrainternet Fibra Voucher offer.

Trade Receivables (Note 19)

Trade receivables	30 June 2021	31 December 2020
(EUR 000)		
Trade receivables	21,071	22,456
Write-down provision	(10,261)	(12,872)
Total	**10,811**	**9,584**

Trade Receivables as at 30 June 2021, amounting to EUR 10.8 million, net of write-downs totalling EUR 10.3 million, originate from sales of Fixed Broadband and Fixed Wireless and Mobile services, and advertising sales.

The analysis of the recoverability of receivables is carried out periodically, adopting a specific policy for the determination of the allowance for doubtful accounts based on experience and historical trends. The Group does not have a particular concentration of credit risk, as its credit exposure is spread over a very large customer base. In particular, it should be noted that the estimate of the credit risk is already made when the receivables are recorded, taking into account the generic risk of uncollectability of receivables not past due at the reference date, which can be inferred from historical experience.

As described in the section *Assessment of the Business as on Ongoing Concern*, the COVID-19 emergency resulted in a contraction of the domestic economy and the spending power of customers. The estimate of the allowance for doubtful accounts reflects the additional considerations made to reflect this risk.

The variations in the bad debts allowance during the respective years follow:

Bad debt allowance variations	30 June 2021	31 December 2020
(EUR 000)		
Bad debt allowance BoP	**(12,872)**	**(20,498)**
Provision	(2,503)	(6,158)
Utilizations	5,114	13,784
Bad debt allowance Eop	**(10,261)**	**(12,872)**

The total provision for the period amounted to EUR 2.5 million.

The item *Utilisations* includes the write-off of credit positions no longer recoverable.

Tax Receivables (Note 20)

Tax receivables	30 June 2021	31 December 2020
Tax receivables	5	466
Total	**5**	**466**

This item includes receivables for IRES (Corporate Income Tax) and IRAP (Regional Tax on Manufacturing Activities).

Other Receivables and Other Current Assets (Note 21)

Other Receivables and other Current Assets	30 June 2021	31 December 2020
EUR 000		
Other receivables	19,102	20,505
Accrued income		
Prepaid expenses	2,544	2,403
Total	**21,647**	**22,908**

The item *Other Receivables* also includes the following items:

- Tax credits allocated on investments in relation to the Bonus Sud, Industria 4.0 regulations for EUR 14.8 million;
- Receivables from tax authorities and other social security institutions of EUR 1 million;
- Receivables from Infratel for voucher contributions of EUR 2.4 million;
- Advances to suppliers and other receivables of EUR 0.9 million.

With reference to the Fastweb service voucher, whose balance is essentially zero with respect to the balance of EUR 2.5 million as at 31 December 2020, it should be noted that it was fully utilised in the first few months of 2021.

The item *Prepaid Expenses*, whose balance is EUR 2.5 million, includes costs already incurred and pertaining to subsequent years, mainly related to long-term line rental contracts, hardware and software maintenance costs, insurance and advertising.

Liquid Assets (Note 22)

As at 30 June 2021, liquid assets amounted to EUR 10.7 million and include the Tiscali Group’s liquid resources, essentially held in bank current accounts. There is no secured deposit.

Shareholders' Equity (Note 23)

Shareholders' equity	**30 June 2021**	**31 December 2020**
EUR 000		
Share capital	54,655	51,655
Legal Reserve	2,011	1,929
Stock Options Reserve	51	51
Reserve for employees benefits	(1,664)	(1,664)
Accumulated losses and other reserves	(125,034)	(102,741)
Profit/(loss) for the year	(12,492)	(22,201)
Total Shareholders' equity	**(82,473)**	**(72,971)**

Changes in the *Shareholders' Equity* items are shown in the relevant table. As at 30 June 2021, *Share Capital* amounted to EUR 54.7 million, corresponding to 5,199,124,915 shares with no par value.

The increase in Share Capital compared to 31 December 2020, equal to EUR 3 million, is due to the conversion of the first tranche of the bond loan subscribed by Nice & Green SA on 31 May 2021.

Minority Interest (Note 24)

As at 30 June 2021, the balance of *Minority interests* is nil (nil also as at 31 December 2020).

Current and Non-Current Financial Liabilities (Note 25)

<u>Introduction</u>

Following the realisation of certain default conditions at the end of 2020 and the breach of certain covenants in the Senior Loan financing agreement, on 28 May 2021 the Company requested and obtained from the Lenders an exemption from the calculation of the covenants at 31 December 2020 and at 30 June 2021 (hereinafter referred to as "covenant waiver") as well as a waiver to request the default condition following the breach of the covenants described above.

During 2021, Tiscali carried out lengthy and complex negotiations with the Lenders of the Senior Debt (Banca Intesa and Banco BPM), aimed at reshaping the Agreements signed on 28 March 2019.

These negotiations were concluded on 7 October 2021 with the signing of the Amended Senior Loan Agreements. It should be noted that the Agreements also included the loan with Banca Intesa (formerly CR Umbria) of EUR 3.5 million with original maturity in 2024 was rescheduled with maturity in 2026.

The Amendment Agreements of the Senior Loan provide for the following changes compared to the previous version of March 2019:

- Repayment Plan defined as follows:
  - Two-year grace period (2021 and 2022) on the principal due;
  - Repayment of EUR 5.75 million in 2023 in two equal six-monthly instalments (March and September respectively);
  - Repayment of EUR 13.75 million in 2024 in two equal six-monthly instalments (March and September respectively);
  - Repayment of EUR 17 million in 2025 in two equal six-monthly instalments (March and September respectively);
  - Repayment of the remaining debt of EUR 39.4 million on 31 March 2026.
- Interest rate unchanged from the March 2019 Agreements;
- Redefinition or elimination of certain contractual covenants to realign them with the changed forecasts of the Group's performance included in the 2021-2024 Business Plan;
- Amendment of certain contractual clauses:
  - *Business acquisitions*. The price limit for business acquisitions has been expanded, from EUR 2.5 million (provided for in the March 2019 Agreements) to EUR 10 million. Furthermore, the business being acquired can be different but complementary to Tiscali's (whereas in the previous Agreements the business had to be identical or similar to Tiscali's);
  - *Debt limit*. The limit of "collateral" debt with respect to the Senior Debt has been increased. In particular, the debt limit for leasing agreements for data centres has been extended to EUR 10 million (in the previous version of the agreements the limit was EUR 3.5 million) and the debt limit for telco operators has been extended from EUR 10 million to EUR 20 million.

By virtue of the waiver on covenants obtained on 28 May 2021, the Company reclassified the long-term component of the Senior loan among non-current liabilities at 30 June 2021, while at 31 December 2020, this component was classified among current liabilities, in accordance with IAS 1.

Current financial liabilities	30 June 2021	31 December 2020
(EUR 000)		
Convertible bond	3,000	
Payables to banks and other financing parties	1,303	70,853
Payables for finance leases (short term)	8,986	7,950
Total	**13,289**	**78,803**

Current Financial Liabilities

Bond Loan

The item relating to the Convertible Bond equal to EUR 3 million refers to the issue of the second tranche of the bond reserved for Nice & Green S.A., consisting of 30 bonds with a unit value of EUR 100,000 each, for a total amount of EUR 3,000,000 and converted into Tiscali ordinary shares on 7 July 2021.

Payables to banks and other lenders – Current portion

The item *Payables to Banks*, amounting to approximately EUR 1.3 million, includes the following items:

- The short-term Senior Loan component for EUR 0.2 million;
- Bank debts for EUR 74 thousand compared to the 31 December 2020 figure of EUR 1.5 million;
- A loan with the company Sarda Factoring for EUR 0.9 million.

Lease payables – Current portion

This item amounts to EUR 9 million and includes the following elements:

- Short-term portion of payables to leasing companies for financial leases for EUR 3.3 million;
- The short-term portion of payables for operating leases for EUR 5.6 million. In particular, this amount includes the short-term portion of the capitalisation of the lease contract of the Sa Illetta headquarters for EUR 2.5 million and the short-term portion of the capitalisation of operating leases of network equipment for EUR 1 million.

Non-current Financial Liabilities

Non Current financial liabilities	30 June 2021	31 December 2020
(EUR 000)		
Payables to banks and other financing parties	72,756	3,483
Payables for finance leases (long term)	14,236	15,059
Total	**86,993**	**18,542**

Payables to banks and other lenders

This item includes the long-term portion of the debt towards Senior Lenders for EUR 69.3 million and the long-term portion of the Banca Intesa Sanpaolo (former Cassa di Risparmio dell'Umbria) loan restructured on 28 March 2019 for EUR 3.5 million.

Payables for Financial Leases – long-term portion

This item includes the long-term portion of payables for operating leases for EUR 14.2 million. In particular, this amount includes the long-term portion representing the right of use of the Sa Illetta headquarters for EUR 10.3 million and the long-term portion representing the right of use of certain network equipment for EUR 3.9 million.

Net Financial Position

The Group's net financial position is shown in the following table:

Net Financial Position	**30 June 2021**	**31 December 2020**
(EUR 000)		
A. Cash and bank deposits	10,688	4,434
B. Cash equivalents		
C. Securities held for trading		
D. Cash and cash equivalents (A) + (B) + (C)	***10,688***	***4,434***
E. Current financial debt	***13,051***	***10,417***
F. Current portion of non-current financial debt	***238***	68,386
G. Current financial indebtedness (E + F)	***13,289***	***78,803***
H. Net current financial indebtedness *(G - D)*	**2,600**	**74,369**
I. Non-current financial debt	86,993	***18,542***
J. Debt instruments		
K. Trade and other non-current payables	7,480	8,103
L. Non-current financial indebtedness *(I +J +K)*	**94,473**	**26,644**
M. Net financial indebtedness *(H + L)*	**97,073**	**101,014**

The table above is prepared in accordance with CONSOB Attention Notice No. 5/21 of 29 April 2021.

The table below shows the reconciliation between the Net Financial Position drawn up on the basis of the CONSOB communication and the Net Financial Position as show in the Management Report.

	30 June 2021	31 December 2020
(EUR mln)		
Consolidated net financial debt	**88.8**	**92.1**
Non-current financial receivables	0.8	0.8
Long-term trade payables and installment tax payables	7.5	8.1
Consolidated net financial debt prepared on the basis of Consob communication No. 5/21 dated 29 April 2021	**97.1**	**101.0**

It should also be noted that the amount of payables to suppliers and payables to other parties overdue by more than 12 months, as at 30 June 2021, was EUR 12.9 million, compared to EUR 7.2 million as at 31 December 2020. It should also be noted that the company's severance indemnity fund amounts to EUR 2.7 million.

The gross financial debt (current and non-current) identified above, amounting to EUR 107.8 million, is mainly composed of the items shown in the table below:

Breakdown of current and non current debt	30 June 2021	Current portion	Non-current portion
(EUR 000)			
Senior debt	69,497	224	69,273
Bonds issued	3,000	3,000	
Bank payables	3,571	88	3,483
Total Senior debts and other bank payables	**76,069**	**3,313**	**72,756**
Payables to leasing companies	23,223	8,986	14,236
Other financial payables (incl factoring)	990	990	-
Trade payables and other non-current payables	7,480	0	7,480
Total payables to leasing companies and other financial payables	**31,693**	**9,976**	**21,717**
Total indebtedness	**107,762**	**13,289**	**94,473**

The main items shown in the above table are as follows:

- Senior debt under the Refinancing Agreement signed on 28 March 2019 with Intesa San Paolo and Banco BPM for EUR 69.5 million;
- Issue of the second tranche of the bond reserved for Nice & Green S.A. and converted into Tiscali ordinary shares on 7 July 2021 for EUR 3 million;
- Intesa Sanpaolo (former Cassa di Risparmio dell'Umbria) loan restructured on 28 March 2019, for EUR 3.5 million;
- Payables for financial leasing contracts for EUR 3.3 million;
- Payables for operating leases of EUR 19.9 million. This amount includes the operating lease agreement for the Sa Illetta headquarters expired on 28 March 2019, for EUR 12.8 million. The remaining amount relates to operating leases for network equipment;

- Other financial payables (Sarda Factoring) for EUR 1 million;
- The long-term component of trade payables and tax payables accrued in instalments for EUR 7.5 million.

The table below shows the monetary and non-monetary variations of the financial liabilities recorded in the 2021 first-half:

Cash and no cash variations of Financial liabilities	31 December 2020	Cash movements (repayments/ new debt)	Accrued Interests	No Cash movements _Bond Put Option release	Bond Conversion to Capital Increase	30 June 2021
(EUR 000)						
Senior debt	68,374	(448)	1,572			69,497
Bonds issued		5,730	270		(3,000)	3,000
Bank payables	4,972	(1,415)	14			3,571
Leasing	23,008	(559)	773			23,223
Other finance liabilities_Sarda Factoring	990		()			990
Trade payables and other non-current payables	8,103	(623)				7,480
Financial liabilities	**105,447**	**2,685**	**2,629**		**(3,000)**	**107,762**

<u>Event of default</u>

As is customary in structured finance contracts, the financial documents concerning the Senior Loan provides for a number of "events of default" upon the occurrence of specific events, such as: *(i)* failure to fulfil payment obligations; *(ii)* failure to fulfil the commitments contractually agreed upon; *(iii)* failure to comply with the financial covenants; *(iv)* false statements; *(v)* failure to execute or violation of guarantee documents; *(vi)* significant cross-default events; *(vii)* significant "warnings" or "qualifications" by the auditing company; *(viii)* insolvency, liquidation and winding up of significant group companies; *(ix)* initiation of insolvency proceedings; *(x)* initiation of payment enforcing procedures against the Group; *(xi)* loss of significant disputes; *(xii)* termination of significant activities of Group companies; *(xiii)* occurrence of an event that has a negative effect on the Group's business.

The following table summarises the main elements of the loan as at 30 June 2021 (nominal values as at 30 June 2021):

Loan	Amount	Due date	Senior Lenders	Contractor	Guarantors
First facility - Tranche A	15.0	31-mar-24	Banco BPM	Tiscali Italia S.p.A.	Tiscali S.p.A Tiscali International BV Tiscali Financial Services SA
First facility - Tranche B	8.3	30-sep-24	Banco BPM		

Loan	Amount	Due date	Senior Lenders	Contractor	Guarantors
Second facility - Tranche A	10.0	31-mar-24	Intesa San Paolo S.p.A.	Tiscali Italia S.p.A.	Tiscali S.p.A Tiscali International BV Tiscali Financial Services SA
Second facility - Tranche B	42.6	30-sep-24	Intesa San Paolo S.p.A.		

Other Non-Current Liabilities (Note 26)

Other non-current liabilities	30 June 2021	31 December 2020
(EUR 000)		
Trade payables	3,446	2,779
Other payables	9,469	9,123
Total	**12,915**	**11,902**

The item *Trade Payables* refers to the long-term component of payables to suppliers. These payables are recorded at amortised cost.

The item *Other Payables*, of EUR 9.5 million, basically includes:

- The long-term component of the deferral of tax credits amounted to EUR 3.8 million (compared to EUR 14.8 million recorded under *Current Assets*);
- EUR 4 million for tax payables for files to be settled in the long term;
- EUR 1 million of payables to Engineering relating to the severance indemnity of employees, deriving from the rental of the business branch to the same Engineering;
- EUR 0.3 million for guarantee deposits to customers;
- EUR 0.4 million due to Janna S.c.p.a. (which is involved in the management of an underwater fiber optics cable between Sardinia and the mainland and between Sardinia and Sicily).

Liabilities for staff severance indemnities (Note 27)

The table below shows the changes during the period:

EUR/000	31 december 2020	Accruals	Utilization	Payment to Funds (*)	Actuarial (profit)/loss	30 June 2021
	2,708	540	(76)	(493)	-	2,679
Totale	**2,708**	**540**	**(76)**	**(493)**	**-**	**2,679**

(*) These are payments made to the treasury funds and other supplementary pension funds

The provision for severance indemnities, which includes indemnities accrued mainly in favour of employees, refers to the Parent Company and subsidiaries operating in Italy and amounts to EUR 2.7 million as at 30 June 2021. Given the insignificance of the adjustment to the actuarial estimates of the provision for severance indemnity, the valuation process of assets/liabilities related to defined benefit plan obligations is carried out only at year-end, unless there are indicators that lead to believe that an update of the estimate is necessary during the year.

Provisions for Risks and Charges (Note 28)

	31 December 2020	Increases in provision	Utilisations - Cash out	Utilisations - Release to PL	Other variations (Reclass)	30 June 2021
(EUR 000)						
Tax Fund	69					69
Provision for restructuring charges	859		(183)	(300)		376
Provision for network infrastructure restructuring	1,873					1,873
Customers Supplementary Indemnity Fund	652	9				661
Employee disputes risk fund	1,191	69	(65)	(117)	2	1,080
Other provisions for risks and charges	803	28	(45)		(19)	767
Total	**5,448**	**106**	**(292)**	**(417)**	**(18)**	**4,826**

As at 30 June 2021, the provision for risks and charges amounted to EUR 4.8 million, and mainly includes:

- EUR 1.9 million for provisions against charges to be incurred for the rationalisation of the network infrastructure;
- EUR 1 million relating to provisions for legal disputes;
- EUR 0.4 million provision for restructuring charges relating to the redundancy incentive plan;
- EUR 0.8 million for other provisions for risks and charges;
- EUR 0.7 million for provision for agents' termination indemnity.

Provisions made in the period amounted to EUR 0.1 million and can be broken down as follows:

- Provisions for legal disputes for EUR 69 thousand;
- Provisions for supplementary customer indemnity for EUR 9 thousand;

- Provisions to other risk funds for EUR 28 thousand.

Utilisations during the period, amounting to EUR 0.3 million, are mainly attributable to the liquidation of redundancy incentives as part of the personnel restructuring and reorganisation plan implemented.

In addition, EUR 0.4 million was released to the income statement relating to past provisions for employee litigation costs.

Reference should be made to the following note *Litigation, Contingent Liabilities and Commitments* to update the status of disputes against which it is believed that the provision for risks set aside represents the best estimate of the risk of liabilities for the Group based on available knowledge.

Trade Payables (Note 29)

Trade payables	**30 June 2021**	**31 December 2020**
(EUR 000)		
Trade payables	68,123	58,034
Total	**68,123**	**58,034**

The item *Trade Payables* refer to trade payables for the supply of telephony traffic, data traffic, the supply of materials and technologies and services, as well as the provision of long-term investments (mainly LTE network infrastructures).

As at 30 June 2021, *Net Trade Payables* due (net of payment plans agreed with suppliers, accounts receivable and in dispute with the same suppliers) amounted to EUR 23.4 million (EUR 22.1 million as at 31 December 2020).

Tax Payables (Note 30)

Tax payables	**30 June 2021**	**31 December 2020**
EUR 000		
Tax payables	53	56
Total	**53**	**56**

The item in question includes the liability for IRAP — Regional Tax on Production Activities (net of any receivables) — recorded in the financial statements of Group companies.

Other Current Liabilities (Note 31)

Other current liabilities	30 June 2021	31 December 2020
(EUR 000)		
Accrued expenses	1,267	646
Deferred income	18,833	22,094
Other payables	29,555	26,142
Total	**49,655**	**48,882**

Accrued Expenses mainly relate to personnel costs.

Deferred Income of EUR 18.8 million mainly relate to:

- The short-term portion of the deferral of tax credits for the Bonus Sud and Industria 4.0 in the amount of EUR 2.9 million (compared to EUR 14.8 million recognised under current assets);
- The deferral of revenues for the activation of Fixed and Fixed Wireless Broadband and Voice services, for the portion not accruing for approximately EUR 10.6 million (EUR 10.6 million as at 31 December 2020);
- The deferral of revenues from the sale of transmission capacity (IRU), pertaining to future years, for approximately EUR 5.3 million (EUR 5.6 million as at 31 December 2020).

The item other payables, amounting to EUR 29.6 million, mainly includes:

- VAT payables for EUR 5.8 million (EUR 4.9 million as at 31 December 2020);
- Tax payables and amounts due to social security institutions for approximately EUR 11.9 million (EUR 10 million as at 31 December 2020);
- Payables to personnel for EUR 1.6 million (EUR 1.3 million as at 31 December 2020);
- Other payables for EUR 10.2 million (EUR 9.9 million as at 31 December 2020) mainly composed of payables to other public institutions.

Stock Options

As at 30 June 2021, the stock option reserve recognised in equity amounted to EUR 51 thousand. No new stock option plans were granted during the period. For information on existing plans, please refer to the Group's Consolidated Financial Statements as at 31 December 2020.

Disputes, contingent liabilities and commitments

During the normal course of its business, the Tiscali Group is involved in certain legal and arbitration proceedings, as well as being subject to tax audit.

The following is a summary of the main proceedings in which the Group is involved.

<u>Civil and administrative proceedings</u>

Opposition to Qualta injunction

On 7 February 2019, Qualta S.p.A. served an order for payment on Tiscali Italia S.p.A. for the maintenance of computer systems. The Company filed an appeal with the Court of Rome asking the judge to rule on the non-existence of the conditions for granting provisional enforceability. In addition, Tiscali Italia S.p.A. believes that the payment order is inadmissible and illegitimate, as well as manifestly unfounded in fact and in law, depending on the breaches committed by Qualta, which must be ascertained and quantified during the course of the proceedings. The amount of the liability is recorded under payables to service providers.

The Court of Rome found that it lacked territorial jurisdiction and consequently declared null and void the injunction obtained by Qualta, which resumed proceedings in May 2021 before the Court of Cagliari.

Italian Revenue Agency — Provincial Directorate of Cagliari

In December 2019 and in February 2020, the Italian Revenue Agency notified a payment slip containing two registration forms issued by the territorial office of Cagliari 1, both resulting from the automated control pursuant to articles 36-*bis* the Decree of the President of the Republic No. 600/73 and 54-*bis* of the Decree of the President of the Republic No. 633/72, and relating to the VAT model year 2010 and year 2012 and the second (February 2020) to the VAT form for FY 2011. The payment demands refer exclusively to penalties, interest and collection charges for a total of EUR 4,259 thousand. The Company filed an appeal against these files with the competent Tax Commission, contesting both the illegality and erroneousness of the registration and the criteria for determining the penalties, and the illegality of the claim made with the registration as contrary, inter alia, to the principles set out in the Statute of Taxpayers' Rights.

As at 31 December 2020, the Management, considering this risk not probable, did not allocate a provision for risks on this position. As at 30 June 2021, there are no further changes from the status described at 31 December 2020 regarding the risk assessment.

Fair Value

In order to provide the classification of financial instruments at fair value as required by IFRS 13, determined on the basis of the quality of the sources of inputs used in the assessment, the fair value measurements of the Group's financial instruments have been classified in the 3 levels established by IFRS 7. In particular, the hierarchy of fair value consists of the following levels:

- Level 1: corresponds to prices quoted on active markets;
- Level 2: corresponds to prices calculated through elements taken from observable market data;
- Level 3: corresponds to prices calculated through other elements different from observable market data.

It should be noted that in the first half of 2021 there were no assets/liabilities recognised at fair value as per the above detailed parameters.

Segment Reporting

Segment reporting is presented on the basis of the following segments:

✓ Access (BTC and BTB connectivity);

✓ Corporate.

The Corporate Segment includes the holding company Tiscali Spa, minor Italian companies, foreign “dormants” and consolidation adjustments and eliminations.

The income statement and balance sheet structure by business segment for the half-years 2021 and 2020, respectively, are shown below.

30 June 2021 *(Thousands of EUR)*	**Access (BTC connectivity and BTB)**	**Corporate**	**Total**
Revenue			
From third parties	72,933	15	72,947
Intra-group	138	(138)	-
Total revenues	**73,071**	**(123)**	**72,947**
Operating profit	**(6,660)**	**(1,960)**	**(8,621)**
Result on Investments at equity method			(161)
Financial Income			
Financial Expenses			3,711
Pre-tax result			**(12,492)**
Income taxes			
Net result from operating activities (on-going)			**(12,492)**
Income from held for sale and discontinued operations			-
Net operating income			**(12,492)**

30 June 2020 *(Thousands of EUR)*	**Access (BTC connectivity and BTB)**	**Corporate**	**Total**
Revenue			
From third parties	72,532	14	72,546
Intra-group	288	(288)	-
Total revenues	**72,820**	**(274)**	**72,546**
Operating profit	**(12,774)**	**627**	**(12,146)**
Portion of results of equity inv. carried at equity			(30)
Financial Income			437
Financial Expenses			4,684
Pre-tax result			**(16,424)**
Income taxes			-
Net result from operating activities (on-going)			**(16,424)**
Income from held for sale and discontinued operations			-
Net operating income			**(16,424)**

30 June 2021 (Euro 000)	Access (BTC connectivity and BTB)	Corporate adjustments	Totale
Assets			
Segment assets	146,402	5,939	152,341
Equity investments carried at equity	-	-	-
Equity investments in other companies	3,719	-	3,719
Goodwill	-	-	-
Assets held for sale	-	-	-
Total consolidated assets	**150,121**	**5,939**	**156,060**
Liabilities			
Segments liabilities	219,826	18,706	238,532
Liabilities held for sale	-	-	-
Total consolidated liabilities	**219,826**	**18,706**	**238,532**

31 december 2020 (Euro 000)	Access (BTC connectivity and BTB)	Corporate adjustments	Totale
Assets			
Segment assets	147,323	362	147,685
Equity investments carried at equity	-	-	-
Equity investments in other companies	3,719	-	3,719
Goodwill	-	-	-
Assets held for sale	-	-	-
Total consolidated assets	**151,041**	**362**	**151,403**
	-	-	-
Liabilities	-	-	-
Segments liabilities	209,304	15,071	224,375
Liabilities held for sale	-	-	-
Total consolidated liabilities	**209,304**	**15,071**	**224,375**

Non-Recurring Transactions

Under the provisions of the CONSOB Resolution No. 15519 dated 27 July 2006, it is reported that in the first half of 2021 there were no significant non-recurring transactions with an impact on the Group's income statement. The transactions that are not part of the ordinary management of the Group even when they occurred in previous years or are expected to occur in the next financial years were considered as “non-recurring” for the purpose of providing the information required by CONSOB Resolution No. 15519 dated 27 July 2006.

The following table shows the amounts relating to non-recurring transactions in the consolidated income statement:

Non-recurring transactions	1° semester 2021	1° semester 2020	variation
Revenue		0.0	0.0
Other income	0.0	0.0	0.0
Purchase of external materials and services	0.0	0.0	0.0
Personnel costs	0.0	0.0	0.0
Other operating expense (income)	0.0	0.0	0.0
Write-downs accounts receivable from customers	0.0	0.0	0.0
Gross Operating Result (EBITDA)	**0.0**	**0.0**	**0.0**
Amortization & depreciation, restructuring costs, provision for risks and other devaluation	**0.0**	**0.0**	**0.0**
Operating profit (EBIT)	**0.0**	**0.0**	**0.0**
Financial income	0.0	0.0	0.0
Financial expenses	**0.0**	**0.0**	**0.0**
Pre-tax profit	**0.0**	**0.0**	**0.0**
Income taxes	**0.0**	**0.0**	**0.0**
Net result from operating activities (ongoing)	**0.0**	**0.0**	**0.0**
Other charges related to held for sale	**0.0**	**0.0**	**0.0**
Net result for the period	**0.0**	**0.0**	**0.0**

Atypical and/or Unusual Transactions

Pursuant to the CONSOB Communication dated 28 July 2006, it is hereby specified that during the first half of 2021 the Company did not enter into any atypical and/or unusual transactions, as defined by the above-mentioned Communication.

Related-Party Transactions

Procedure

The document illustrating the procedure for the discipline of related parties can be found at www.tiscali.com/procedure.

Dealings with non-consolidated Group companies

The Group has no significant dealings with non-consolidated companies.

Dealings with other related parties

During the year, the Tiscali Group had a number of dealings with related parties, under conditions considered normal on the respective reference markets, taking into account the characteristics of the goods and services provided.

The table below summarises the balance sheet and income statement values recorded in the Tiscali Group's Consolidated Financial Statements as at 30 June 2021 and 31 December 2020 as comparison data, as arising from transactions with related parties:

Income Statement Values	Notes	1st semester 2021	1st semester 2020
(Euro 000)			
Monteverdi S.r.l.	1	(15)	(15)
Istella	2	(89)	21
Directors		(895)	(739)
CC&Soci	3	(275)	
Stock option	4		
Total Suppliers of Materials and Services		**(1,274)**	(733)
Total Expenses & Income		**(1,274)**	**(733)**

Asset Values	Notes	30 June 2021	31 December 2020
(Euro 000)			
Monteverdi S.r.l.	1	(52)	(46)
Istella	2	447	637
Directors		(520)	(317)
CC&Soci	3	(366)	(25)
Receivables from Istella sale	5	61	61
Total Suppliers of Materials and Services		**(429)**	**310**
Stock Option Reserve	4	(51)	(51)
Net assets pertaining to the Group		**(51)**	**(51)**
Total		**(480)**	**259**

Key: In the table above, in the economic values, costs are represented with a negative sign and revenues with a positive sign. In the balance sheet, payables are shown with a negative sign and receivables with a positive sign.

1. *Monteverdi S.r.l.: Company in which the Company's CEO and major shareholder, Renato Soru, holds an equity interest. The relationship in question refers to a contract for the lease of a space used to store company documents;*
2. *Istella: Company partially owned in part by Renato Soru, the Company's CEO and major shareholder. The report in question refers to the supply, by Tiscali, of IT services (hosting of network equipment), as of October 2018. In addition, as of December 2019, Istella provides Tiscali with consulting services for software development and support for customer care automation;*
3. *CC&Soci: the company CC&Soci Srl, controlled by CC Holding Srl, which holds a stake of approximately 11.8% in Amsicora S.r.l. (a shareholder of the company with a 16.65% stake as at 30 June 2021), has stipulated a contract with Tiscali Spa for the provision of financial advisory services;*
4. *Stock Options: the company has a number of management incentive plans in the form of stock options (see the section "Stock Options" for further details);*
5. *Stock Option: the company has a number of management incentive plans in the form of stock options (see the section "Stock Options" for further details).*
6. *Receivables arising from the sale of Istella. These are receivables due from the purchaser of Istella (Renato Soru) in relation to the sale of the company itself carried out on 16 October 2017.*

List of subsidiaries included in the consolidation area

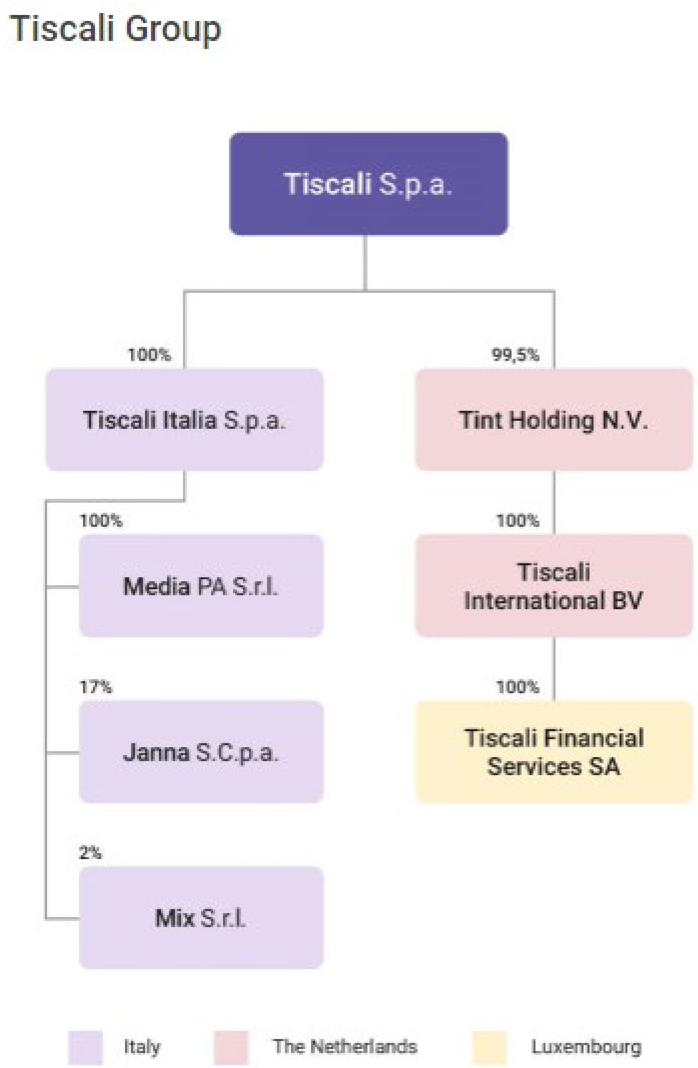
A list of the companies included in the consolidation area follows:

Name	Location	% of shares owned
Tiscali S.p.A.	Italy	
Tiscali Italia S.p.A.	Italy	100.00%
Media PA S.r.l.	Italy	100.00%
Tint Holding Nv	Netherlands	99.50%
Tiscali International BV	Netherlands	99.50%
Tiscali Financial Services SA	Luxembourg	99.50%

List of equity investments in other companies recognised under other non-current financial assets:

Mix S.r.l.	Italia
Janna S.c.p.a.	Italia

The Tiscali Group as at 30 June 2021:



Cagliari, 8 October 2021

The Chief Executive Officer

Renato Soru

The Executive in Charge of Preparing the Company's Accounting Documents

Silvia Marchesoli

Certification of the Consolidated Financial Statements as at 30 June 2021 in compliance with Article No. 81-*ter* of the CONSOB Regulation No. 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned, Renato Soru in his capacity of Chief Executive Officer, and Silvia Marchesoli, in his capacity of the Executive in charge of Preparing the Company's Accounting Documents of Tiscali S.p.A., hereby certify, with account also being taken of the provisions of Article No. 154-*bis*, Paragraphs 3 and 4, of Italian Law Decree No. 58 dated 24 February 1998:

- The adequacy in relation to the Company's characteristics;
- The effective application of the administrative and accounting procedures for the preparation of the Abridged Half-Year Consolidated Financial Statements for the six-month period ended 30 June 2021.

Tiscali S.p.A. has adopted as a reference framework for the definition and evaluation of its internal control system, with particular reference to internal controls for the preparation of the financial statements, the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organisations of the Treadway Commission* which represents a body of general principles of reference for the internal control system generally accepted at international level.

It is also hereby certified that the Abridged Half-Year Consolidated Financial Statements for the six-month period ended 30 June 2021:

- Have been drafted were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as with the legislative and regulatory provisions in force in Italy;
- Are consistent with the results of accounting books and entries;
- Are suitable for providing a true and fair view of the equity, economic and financial situation of the issuer and all the companies included in the consolidation area.

Lastly, it is hereby certified that the Management Report includes a reliable analysis of the references to important events which have taken place during the year and of their effect on the Abridged Consolidated Half-Year Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the year.

Cagliari, 8 October 2021

The Chief Executive Officer	**The Executive in charge of Preparing the Company's Accounting Documents**
Renato Soru	**Silvia Marchesoli**

6 Glossary

Shared access	Technique of unbundled access to a local network, in which the former monopoly operator rents part of the frequency spectrum to other operators: the operator can supply broadband services in this section of the spectrum, while the former monopoly operator continues to supply telephony services on the unused portion of spectrum.
ADSL	Acronym for Asymmetric Digital Subscriber Line, an asymmetric (the receiving bandwidth is greater than the bandwidth available for transmission) DSL technology which allows high-speed internet access.
ADSL2+	ADSL technology, which extends the capacity of the ADLS base by doubling the flow of bits in download. The bandwidth can reach up to 24 Mbps for downloads and 1.5 Mbps for uploads, depending on the distance between the SDLAM and the user's home.
Areas not covered	Also called "indirect access areas", they identify geographical areas that are not directly served by the Tiscali network (see also Bitstream and Wholesale).
ARPU	Average revenue from fixed and mobile telephony services by user calculated over a determined period for an average number clients of the Tiscali Group or active clients (for other operators) in the same period.
Bitstream	*Bitstream* (or numerical flow) service: a service consisting of the supply on the part of the access operator of the fixed telephone line of the transmission capacity between the location of the final user and the point of presence of an operator or ISP offering wide bandwidth to the final user.
Broadband	System of data transmission in which multiple data is sent simultaneously to increase the effective speed of transmission with a data flow equivalent or superior to 1.5 Mbps.
Broadcast	Simultaneous transmission of information to all nodes of a network.

Unique browsers	The number of different browsers that, in a determined period of time, access a site one or more times.
Access fee	It is the amount debited by national operators for each minute of use of their network by managers of other networks. It is also called “interconnection fee”.
Capex	Acronym for Capital Expenditure. Identifies outgoing cash flows generated by investments in the operating structure.
Carrier	Company that makes the telecommunication network physically available.
Co-location	Dedicated spaces in the machine rooms of an incumbent operator for the installation by Tiscali of its own network devices.
CPS	Acronym for Carrier Pre Selection, a system for preselecting an operator: this enables an operator/supplier of local services to automatically route calls on the network of the carrier selected by a client who no longer has to enter special selection codes.
CS	Acronym for Carrier Selection, a system for selecting an operator: enables a client to select, by entering a special code, a long distance national or international operator other than that with whom he/she has a network access subscription.
Business customers	SoHos, small medium and large businesses.
Consumer customers	Customers who subscribe to an offer intended for households.
Dial Up	Narrowband internet connection by means of a normal telephone call, usually charged on a time basis.
Digital	This is the way of representing a physical variable in a language that uses only the figures 0 and 1. The figures are transmitted in binary code as a series of impulses. Digital networks, which are rapidly replacing the old analogue networks, allow greater capacities and greater flexibility by using computerized technologies for the transmission and handling of calls. Digital systems offer less noise interference and can include encryption as protection from outside interference.
Double Play	Combined offer of access to the Internet and fixed telephony.
DSL Network	Acronym for Digital Subscriber Line Network, which is a network built from existing telephone lines using DSL technology instruments that, by using sophisticated modulation mechanisms, enable data packets to be sent along copper wires and thus the

	linking of a telephone handset to a modem at a home or in an office.
DSLAM	Acronym for Digital Subscriber Line Access Multiplexer, a device used in DLS technologies, to multiply the transmission of data at high capacities on telephone wires, where a multiplexer means a device that enables the transmission of information (voice, data, videos) in flows by means of direct and continuous connections between two different points on a network.
Fiber Optic	Thin fibers of glass, silicon or plastic that form the basis of a data transmission infrastructure. A fiber optic cable contains various individual fibers, each capable of carrying a signal (light impulses) over a virtually limitless band length. They are usually used for long distance transmissions, for the transmission of "heavy data" so that the signal arrives protected from interference, which it might encounter along its own path. A fiber optic cable's carrying capacity is considerably greater than that of traditional cables and copper wire twisted pairs.
GigaEthernet	Term used to describe the various technologies that implement the nominal speed of an Ethernet network (the standard protocol for cards and cables for high-speed connections between a computer and a local network) of up to 1 gigabit per second.
Home Network	Local network made up from various kinds of terminals, devices, systems and user networks, with related applications and services including all the apparatus installed at user premises.
Hosting	Service that consists of allocating on a web server the pages of a website, thus making it accessible from the internet network.
Incumbent	Former monopoly operator active in the telecommunications field.
IP	Acronym for Internet Protocol, a protocol for interconnecting networks (Inter-Networking Protocol), created for interconnecting ungrouped networks by technology, services and handling.
IPTV	Acronym for Internet Protocol Television, a technology suited for using the IP transport technology to carry television content in digital form, using internet connections.
IRU	Acronym for Indefeasible Right of Use, long-term agreements that guarantee the beneficiary the option of using the grantor's fiber optic network for a long period.

ISDN	Acronym for Integrated Service Digital Network, a telecommunications protocol in Narrowband able to carry in an integrated form various kinds of information (voice, data, texts, and images) coded in digital form on the same transmission line.
Internet Service Provider or ISP	Company that provides Internet access to single users or organizations.
Leased lines	Lines whose transmission capacity is made available through leasing contracts for the transmission capacity.
LTE-TDD	Long Term Evolution Time Division Duplex is a data transmission mobile technology which follows the LTE international standards and which was developed for 4G networks. It is a network technology, which uses one frequency only for transmitting in time-sharing, in other words alternatively between data upload and download with a dynamic adaptation ratio based on the amount of exchanged data.
MAN	Acronym for Metropolitan Area Network, a fiber optic network that extends across a metropolitan area and links a Core Network to an Access Network.
Mbps	Acronym for megabit per second, a unit of measurement that states the capacity (and thus the speed) of data transmission along a computer network.
Modem	Modulator/demodulator: it is a device that modulates digital data in order to permit its transmission along analogue circuits, usually made up of telephone lines.
MNO	Acronym for Mobile Network Operator, an operator of proprietary telecommunications on a mobile network that offers its own services wholesale to all MVNOs (Mobile Virtual Network Operator).
MPF	Acronym for Metallic Path Facility, the pair of copper wires (unscreened twisted pair) that comes from an exchange (MDF-Main Distribution Frame) in an operator’s telephone room and arrives at the user’s premises (individual or corporate). Connections can be Full or Shared. A Full type connection enables the use of the data service (broadband) in addition to voice traffic. A Shared kind of connection only enables the use of the data service (broadband). In a “shared access” service, the

LLU operator (in ungrouped access) provides the ADSL services to the end user, whilst the incumbent operator provides the analogue telephone service using the same access line.

MSAN Acronym for Multi-Service Access Node, a platform able to carry a combination of traditional services on an IP network and that supports a variety of access technologies such as for example a traditional telephone line (POTS), and ADSL2+ line, a symmetric SHDSL line, VDSL and VDSL2 over a copper or fiber-optic network.

MVNO Acronym for Mobile Virtual Network Operators: a party that offers mobile telecommunications services to the public, using its own mobile network interconnection structures, its own HLR, its own mobile phone network code MNC, Mobile Network Code), its own customer handling (marketing, invoicing and support) and issuing its own SIM cards, but does not have assigned frequencies and takes advantage, for access, of agreements negotiated or regulated via one or more licensed mobile network operators.

Narrowband System for connecting to data networks, for example the Internet, by means of a telephone call. In this kind of connection all, the bandwidth used for the means of transmission is used as a single channel: one single signal occupies all the available bandwidth. The bandwidth of a communications channel identifies the maximum quantity of data that can be carried by means of transmission of the unit over time. The capacity of a communication channel is limited by the frequency interval that the equipment can sustain and by the distance to be travelled. An example of a Narrowband connection is the common modem narrowband connection at 56 kbps.

OLO Acronym for Other Licensed Operators, operators other than the dominant one that operate in a national telecommunications services market.

Opex Acronym for Operating Expenses, which are direct and indirect costs that are recoded in the income statement.

Pay-Per-View System by which a spectator pays to view a single programme (such as a sporting event or a film or concert) at the time it is transmitted or broadcast.

Pay TV	Pay TV channels. To receive Pay TV or Pay-Per-view, you have to connect a decoder and have an access system subject to conditions.
Platform	It is the total of the inputs, including hardware, software and equipment for running and the procedures for production (production platform) or for the management (management platform) or for a special service (service platform).
POP	Acronym for Point of Presence, a site at which telecommunications apparatus is installed and that forms a node on the network.
Portal	Website that forms a point of departure or an entry point for a major group of Internet resources or an Intranet.
Router	Hardware or in some cases software instrument that identifies the next point on the network to which a data packet is to be sent, and routes that data packet towards the end destination.
Service Provider	Party that provides end users and content providers with a range of service, including that of an owned, leased or third party service center.
Server	Computer component that provides services to other components (typically client calls) via a network.
Set-top-box o STB	Device able to handle and route data, voice and television connections, installed at the end user's premises.
Syndication	The sale of radio and TV transmissions wholesale by a media company that owns the rights and usually the delivery platform also.
SoHo	Acronym for Small Office Home office, for small offices, mostly professional offices or small firms.
SHDSL	Acronym for Single-pair High-speed Digital Subscriber Line. SHDSL is a technology for telecommunications of the xDSL family and is made by using direct LLU interconnections and enables high-speed connections to be made in a balanced way in both directions (transmission and reception).
Single Play	Service including only broadband data access, not combined with other multi play components such as voice and IPTV services. Broadband access may be provided through LLU platforms, Wholesale or Bitstream.

Single Play voice	Service including only voice access, not combined with other multi play components such as broadband and IPTV access. Voice service can also be provided by VoIP and CPS procedures.
SMPF	Acronym for Shared Metallic Path Facilities, which is synonymous with Shared Access (ungrouped access).
Triple Play	A combined offering of fixed and/or mobile telephony, Internet and/or TV made by a single operator.
Local loop unbundling or LLU	Unbundled access to a local network, in other words, the possibility that telephone operators have had, since the telecommunications market was deregulated, to use existing physical infrastructures built by another operator to offer its own services to customers, paying a rental to the operator that is the actual owner of the infrastructure.
VAS	Acronym for Value-Added Services; services with added value provide a greater level of functionality compared with the basic transmission services offered on a telecommunications network for the transfer of information between terminals. These include switched analogue voice communications via cable or wireless, a direct digital point to point network “unrestricted” at 9,600 bits/s; packet switching (called virtual) service; analogue and direct broadband transmission of TV signals and extra services, such as closed user groups; call waiting; reverse charging; call forwarding and identification of the number called**.** The value-added services provided over a network, from terminals or specialist centers include message handling systems (MHS) ((which can also be used for commercial documents in accordance with a predetermined format); electronic user directories, network and terminal addresses; e-mail; fax, teletext, videotext and videophone. Value added services may also include voice telephony value added services such as free numbers or paid telephone services.
VISP	Acronym for Virtual Internet Service provision (sometimes also called Wholesale ISP). This is selling of Internet services purchased wholesale from an Internet Service Provider (ISP) that owns the network infrastructure.
VoD	Acronym for Video On Demand. It is the supply of television

	programs on request by a user for payment of a subscription or of a sum for each programme (a film, or a football match) purchased. Broadcast in a special way by satellite TV and for cable TV.
VoIP	Acronym for Voice over internet Protocol, a digital technology that enables the transmission of voice packets through Internet, Intranet, Extranet and VPN networks. The packets are carried according to H.323 specifications, which are the ITU (International Telecommunications Union) standard that forms the basis for data, audio, video and communications on IP networks.
VPN	Acronym for Virtual Private Network, which can be realized on Internet or Intranet. Data between workstations and the server of the private network is sent along common public Internet networks, but using protection technologies against any interception by unauthorized persons.
Virtual local loop unbundling or VLLU	Procedure for accessing a local analogue network by which, even in the absence of physical infrastructures, the conditions and terms of access under LLU terms are replicated. This is a temporary access system that is usually replaced by LLU.
xDSL	Acronym for Digital Subscriber Lines, a technology that, by means of a modem, uses the normal telephone twisted pair and transforms the traditional telephone line into a high-speed digital connection for the transfer of data. ADSL, ADSL 2, and SHDSL etc. belong to this family of technologies.
WI-FI	Service for connection to the internet at high speed wirelessly.
Wi-Max	Acronym for Worldwide Interoperability for Microwave Access: it is a technology that enables wireless access to broadband telecommunications networks. It has been defined by the WiMax forum, a worldwide consortium made up of the largest companies in the fixed and mobile telecommunications field that has the purpose of developing, promoting and testing the interoperability of systems based on IEEE standard 802.16-2004 for fixed access and IEEE.802.16e-2005 for fixed and mobile access.
Wholesale	Services that consist of the sale of access services to third parties.