

Board of Directors approves draft financial statements for the year ending December 31, 2023, the first full year fiscal year post-merger with Linkem's retail branch

Consolidated results of fiscal year 2023

- **Revenues and other income of 233.9 million Euros** (101.7 million Euros during the period August-December 2022);
- **EBITDA of 34.7 million Euros** (9.9 million Euros during the period August-December 2022)
- **EBITDA margin at 15%** compared to 9.9% in 2022;
- **Net income of -62.2 million Euros** (-36.9 million Euros during the period August-December 2022);
- **Net financial debt of 85.1 million Euros**, down 12.8% YoY;
- **Continued business differentiation toward higher-margin segments with B2B and PA revenues accounting for 8.5% of the total** compared to 4.7% during the period August-December 2022;
- **Active customer base 1,022 thousand**, with 15% increase in mobile customers YoY.

Milan, May 7, 2024

The Board of Directors of Tessellis S.p.A. ("Tessellis" or the "Company") was held today and approved the Consolidated Financial Statements of the Tessellis Group, the Draft Separate Financial Statements of Tessellis S.p.A. and the Sustainability Report as of December 31, 2023.

"The year 2023 was a year that brought us some important satisfactions despite a general context full of complexities. The Tessellis Group's strategy of focusing on investments that has generated remarkable results, as evidenced by a marked improvement in EBITDA margin, a reduction in debt and a containment of financial requirements, and efficient management of the available resources.

The Group has once again confirmed its vocation for innovation, scoring a very important achievement with the Villanova Project on Artificial Intelligence selected under the IPCE CIS Program. We are successfully working to complete industrial integration by making continuous efforts to consolidate the Group's new corporate culture.

We will continue to strive to achieve the goals of our business plan and are confident of achieving break even in 2026." stated Davide Rota, CEO of Tessellis S.p.A.

TESSELLIS

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Shareholders' Capital 208,992,730.17 fully paid-up VAT 02375280928 R.E.A. 191784 C.C.I.A.A Cagliari tessellis.it

The main consolidated economic and financial data with reference to FY2023 are shown below. It should be noted that the comparison is made between the consolidated financial statement data for FY 2023 and the consolidated financial statement data for FY 2022, which, however, only presents the results for the 5 months from the effective date of the merger between Linkem Retail and Tessellis (formerly Tiscali), and therefore from August 1 to December 31, 2022. Therefore, the 2023 and 2022 fiscal year results are not fully comparable.

In addition, with reference to the tables below, it should be noted that the 2022 balance sheet and income statement figures have been restated to incorporate the effects of the so-called *Purchase Price Allocation* under IFRS3 and thus differ from the statements approved by the Board of Directors on May 11, 2023.

Income statement	2023	2022	Restated
<i>(EUR mln)</i>			
Revenue	231,2		100,1
Other income	2,7		1,6
Gross Operating Result (EBITDA)	34,7		9,9
Operating Result (EBIT)	(54,7)		(33,7)
Net Result	(62,2)		(36,9)

Statement of financial position	31 December 2023	31 Dicembre 2022	Restated
<i>(EUR mln)</i>			
Total assets	303,3		371,7
Net Financial Debt	85,1		97,7
Net Financial Debt as per Consob	101,4		121,0
Shareholders' equity	25,4		66,1
Investments	50,7		23,2

During 2023, the Tessellis Group pursued the focus in activities dedicated to the B2B segment, which has better margins than the consumer segment and the mobile segment, which registered a 15% increase. Both the project to acquire a controlling stake in Go Internet and the awarding - notified in January 2024 by the European Commission - of a part of the Joint Project of European Interest (IPCEI-CIS) dedicated to the Cloud sector are focused on higher margins returns. Tiscali Italia's Villanova Project, in fact, provides for the recognition of state aid under the PNRR equal to 73% of the project value, which will be allocated to the implementation of a research and development path in the area of Multimodal Generative Artificial Intelligence (GenAI). IPCEIs are strategic transnational

industrial collaboration projects designed to aggregate knowledge, skills, financial resources and economic actors from across the European Union. The selection of Tessellis Group's Villanova Project under this call for proposals came as a result of a long and complex selection process, involving more than 100 European companies at the EU level, with only five winning parties in Italy (including, Tiscali Italia S.p.A.).

The fiscal year 2023 ended with total revenues and other income of 233.9 million and a Gross Operating Profit (EBITDA) of 34.7 million Euros. Revenues were derived for:

- i. 185.8 million Euros from *ultrabroadband* connectivity services offered to *consumer* and *small business* (SOHO) customers on FTTX and FWA technologies,
- ii. 20.2 million Euros from mobile phone services,
- iii. 25 million Euros from services provided to *business* and PA customers and
- iv. Other income and revenues of 2.9 million Euros.

EBITDA, equal to 15% of revenues, includes costs directly related to revenue generation of 126.3 million Euros, indirect operating costs of 67.3 million Euros, and bad debt expense of 5.6 million Euros.

The year 2023 was a year of global economic slowdown and the domestic telecommunications market also continued the negative downward trend. Against this backdrop, the Group reported an operating loss of EUR 54.7 million and a net operating loss of EUR 62.2 million. From an equity standpoint, the Group continued to strengthen itself through a number of capital increases that, net of charges incurred, had a positive equity impact of 23.3 million Euros. Group shareholders' equity amounted to 25.4 million Euros.

Although in a complex and challenging market environment such as that of telecommunications, the path taken by the Group following the integration with the *retail* activities of the Linkem group together with the actions implemented to date have enabled a significant improvement in the management of financial requirements. In addition, during the same period, the Group improved its net financial debt (including trade and other non-current payables), which went from 121 million Euros as of December 31, 2022 to 101.4 million Euros as of December 31, 2023, partly due to the repayment of approximately 8.5 million Euros of the outstanding Senior Loan (including interest). This path continued during the first quarter of 2024, through the repayment of an additional tranche of 7.5 million Euros.

The Group has initiated partnerships with some Italian municipalities to support the digitization of the country, all with the aim of building real technology transfer centers to public institutions in the territory and small and medium-sized enterprises on topics such as 5G, blockchain, *internet of things*, artificial intelligence and quantum technologies, interconnected to local city ecosystems to foster the development of Smart Cities.

The expansion of the Media area is taking shape with the strengthening of the tiscali.it portal and the creation of other vertical portals of value-added products and services. To the well-known tiscali.it portal have been added the thematic verticals of gamesurf.it, milleunadonna.it and bike.it.

Tessellis continues to support the *Rework Laboratories* project, as part of the "Prison Labor" Program with the Ministry of Justice and the Department for Digital Transformation. A project with a social, environmental and economic value: in fact, it supports the normalizing function of work in terms of re-education and social reintegration, allows the regeneration of electronic equipment otherwise destined for disposal as an additional element of attention to ESG issues.

Composition of REVENUES

Profit and Loss Statement of the Group	31 December 2023	31 december 2022 Restated
<i>(EUR mln)</i>		
Revenue & Other Income	233,9	101,7
Telco revenues	206,0	93,0
of which fixed Broadband	84,6	35,8
of which Broadband FWA	101,2	49,5
of which MVNO	20,2	7,7
Business service, PA and Media revenues	25,0	5,8
of which Wholesale	18,6	4,4
of which Business service	1,0	0,4
of which Innovation Lab revenues	3,7	0,4
of which Media revenues	1,7	0,6
Other revenues	0,2	1,3
Other Income	2,7	1,6
Gross operating margin	107,6	46,6
Indirect operating costs	67,3	34,6
Marketing and sales	3,1	4,9
Personnel costs	37,0	14,9
IT and infrastructure costs	17,7	10,5
Other general costs	9,4	4,3
Write-down of receivables	5,6	2,1
Gross Operating Result (EBITDA)	34,7	9,9
Restructuring costs and other provisions	3,1	0,1
Depreciations & amortizations	81,6	43,5
Devaluation of assets	4,8	0,0
Operating result (EBIT)	(54,7)	(33,7)
Net Result	(62,2)	(36,9)

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

TESSELLIS

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Consolidated Statement of Equity and Liabilities	31 December 2023	31 December 2022 Restated
<i>(EUR mln)</i>		
Non-current assets	263,9	306,0
Current assets	39,5	65,7
Total Assets	303,3	371,7
Net equity of the Group	24,4	65,1
Net equity attributable to minority interests	1,0	1,0
Total net equity	25,4	66,1
Non-current liabilities	115,7	153,2
Current liabilities	162,3	152,4
Total Net equity and Liabilities	303,3	371,7

Note: The asset values shown in the December 31, 2022 column have been restated from those approved by the Board of Directors on May 11, 2023 in order to retrospectively reflect the effects of the PPA on the Transaction.

Assets

Non-current assets as of December 31, 2023 amounted to 263.9 million Euros and represented 87% of the Tessellis Group's total assets. The decrease from the previous year is mainly attributable to depreciation and amortization for the period related to *consumer* customers that are greater than the corresponding investments made during the year.

Current assets as of December 31, 2023 amounted to 39.5 million Euros. The decrease from the previous year is mainly attributable to the sale of IPV4 addresses valued as part of the PPA process.

Net worth

Consolidated shareholders' equity was a positive 25.4 million Euros as of December 31, 2023. The decrease for the period of 40.8 million Euros is mainly attributable to the combined effect of the group's net income for the period, a negative 62.4 million Euros, and the capital injections that took place in 2023, amounting to 23.5 million Euros.

Passivity

Non-current liabilities as of December 31, 2023 amounted to 115.7 million Euros and showed a 37.5 million Euros decrease from the previous year due to the improvement in long-term financial and commercial debt and risk provisions.

Current liabilities amounted to 162.3 million Euros and increased compared to 2022 by 9.9 million Euros due to an increase in outstanding trade payables and short-term financial debt.

Group financial situation

As of December 31, 2023, the Tessellis Group can count on cash and cash equivalents for 7.7 million Euros, while net financial debt as of the same date was negative 85.1 million Euros, an improvement over fiscal year 2022, when net financial debt was negative 97.7 million Euros.

Significant events occurring after December 31, 2023

Acquisition by Jefferies Financial Group Inc. of indirect control of Tessellis S.p.A.

On April 19, 2024, Tessellis S.p.A. received a notice pursuant to Article 117 of Consob Regulation No. 11971/99 ("Issuers' Regulations") from Jefferies Financial Group Inc. regarding the acquisition of the indirect controlling interest. Specifically, Jefferies Financial Group Inc. notified the Company of the acquisition of the majority of voting rights in Opnet S.p.A. ("Opnet") - a company that as of today holds 59.26% of the Company's share capital - through its subsidiary BEI Italia Wireless, LLC, following the conversion of convertible preferred shares into ordinary shares, held by BEI Italia Wireless, LLC in Opnet (the "Conversion").

GO Internet

On Nov. 30, 2023, Tessellis S.p.A., OpNet S.p.A. and Go Internet S.p.A. ("Go Internet"), companies with shares traded on Euronext Growth Milan, signed an agreement (the "Investment Agreement") for the implementation of an overall investment transaction of Tessellis in Go Internet (the "Transaction"), the terms of conclusion of which were extended to May 31, 2024. For details on the Transaction, please refer to the press release issued on 04/30/2024 and 11/11/2023.

Amendment of convertible and converting bond with Nice & Green

On May 7, 2024, the Company's Board of Directors approved an agreement to amend certain terms of the outstanding bond with Nice & Green ("*Second Amendment Agreement*"). The *Second Amendment Agreement* provides for the extension of the *commitment period for the investor* until December 2026 for a total maximum amount of 62 million Euros, as well as the *maturity period of the bonds* to December 31, 2027, resulting in the extension of the subordination obligation of the POC to Senior creditors. There is, in addition, an *amendment fee* of 1.5 million Euros, as well as the investor's waiver of the securities loan that was a condition precedent to the usability of the instrument. At the same time, the Company has received a prior commitment from the shareholder Opnet to express a favorable opinion at the shareholders' meeting on the approval of the said amendments to the bond loan regulations.

Foreseeable development of management

The Group is in the midst of an ambitious process of transformation from the traditional telco model aimed at *consumer* customers, to a *full digital company* in which telco services constitute the entry point for the marketing of OTT services to businesses and Public Administrations. At the same time, the Group continues to work on improving the

marginality of prevailing services, as well as the relaunch of the Tiscali brand. In this context, the Villanova Project, with its research and development path in the field of generative Artificial Intelligence, which will make it possible to expand the portfolio of offerings with services with high technological and innovative value, assumes strategic relevance.

Sustainability Report

At its meeting held today, the Board of Directors of Tessellis, also approved the Sustainability Report (so-called Non-Financial Statement) containing non-financial information. This Statement for the year 2023 will be made available on the Company's website tessellis.co.uk within the legal deadlines.

Other Resolutions of the Board of Directors

The Board of Directors on today's date has:

- approved the Company's remuneration policy and the remuneration report prepared in accordance with Article 123-ter of the Consolidated Law on Finance, which will be submitted to the convened Shareholders' Meeting for approval;
- assessed the Company's overall governance structure as congruous and expressed a positive opinion on the functioning of the Company's governance bodies, providing for the approval of the annual corporate governance report;
- positively evaluated the organizational, administrative and accounting structure and the internal control and risk management system of the Tessellis Group.
- assessed the existence of the independence requirements for Directors Maurizia Squinzi, Sara Testino, Serena Torielli and Jeffrey Libshutz;
- approved the Amendment to the Investment Agreement with Nice & Green whose consequent amendment to the bond regulations will be considered by the convening meeting;
- approved the convening of the Ordinary and Extraordinary General Meeting of Shareholders of the Company for June 17, 2024. Please refer to the notice of the meeting available on the Company's website www.tessellis.it and the storage mechanism for details.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated income Statement	2023	2022 Restated
<i>(Thousands of Euros)</i>		
Revenues	231.220	100.060
Other incomes	2.697	1.591
Purchase of materials and external services	156.483	74.452
Personnel cost	37.046	14.882
Other operating charges (incomes)	105	273
Write-downs of receivables from customers	5.587	2.134
Restructuring costs and other provisions	3.117	64
Depreciations & amortizations	81.569	43.499
Write-downs of Fixed Assets	4.751	0
Operating result	(54.741)	(33.653)
Result from the investments evaluated at equity method	(396)	(245)
Impact of step acquisitions evaluation (3P Italia)	0	1.050
Financial Income	138	5
Financial Expenses	7.063	4.028
Income (loss) before tax	(62.062)	(36.871)
Taxation	142	16
Net result	(62.204)	(36.887)

Note: The Consolidated Income Statement for fiscal year 2022 has been restated, compared to the one approved by the Board of Directors on May 11, 2023, in order to retrospectively reflect the effects of the PPA resulting from the Merger Transaction between Tessellis S.p.A. and Linkem Retail S.r.l that took place on August 1, 2022 (the "Transaction")

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Comprehensive Income Statement	2023	2022 Restated
<i>(Thousands of Euros)</i>		
Result for the period	(62.204)	(36.887)
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	(229)	1.973
<i>(Loss)/profit from revaluation on plans with defined benefits</i>	(229)	1.973
Total of other elements for the comprehensive Income Statement:	(229)	1.973
Total result of the comprehensive Income Statement	(62.433)	(34.914)
To be attributed to:		
Shareholders of the Parent Company	(62.603)	(34.923)
Minority Shareholders	170	9
Total	(62.433)	(34.914)

Note: The Consolidated Statement of Comprehensive Income for fiscal year 2022 has been restated from the one approved by the Board of Directors on May 11, 2023, in order to retrospectively reflect the effects of the PPA resulting from the Merger Transaction between Tessellis S.p.A. and Linkem Retail S.r.l. that took place on August 1, 2022 (the "Transaction").

NET FINANCIAL DEBT

Net Financial Indebtedness	Note	31 December 2023	31 December 2022
<i>(EUR mln)</i>			
A. Cash and bank deposits		7,7	8,3
B. Cash equivalents			
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		7,7	8,3
E. Current financial receivables		0,0	0,0
F. Non-current financial receivables		0,8	0,8
G. Current bank payables		3,1	3,6
H. Current portion of bonds issued		0,0	0,0
I. Current part of long-term loans	(1)	14,3	7,6
J. Other current financial payables	(2)	7,0	8,4
K. Current financial indebtedness (G) + (H) + (I) + (J)		24,4	19,7
L. Net current financial indebtedness (K)-(D)-(E)-(F)		15,9	10,6
M. Non-current bank loans	(3)	53,0	64,7
N. Bonds issued			
O. Other non-current financial payables	(4)	16,3	22,3
P. Non-current financial indebtedness (M)+(N)+(O)		69,3	87,0
Q. Net financial indebtedness (L)+(P)		85,1	97,7

(1) Includes current portion of debt to Senior Lenders (including former Cr Umbria Loan) in the amount of €14.3 million.

(2) Includes short-term portion of finance lease payables related to network infrastructure investments and contracts for lease capitalized in application of IFRS.

(3) Includes long-term portion of debt to Senior Lenders (including former Cr Umbria Loan) of 52.2 million Euros and other long-term bank loans of 0.8 million Euros.

(4) This item includes the long-term portion of financial lease payables related to network infrastructure investments and leases capitalized in application of IFRS 16 in the amount of €12.5 million, as well as financial payables recorded in connection with the put option held by the subsidiaries 3P Italia S.p.A. and Aetherna in the amount of €3.8 million.

Fabio Bartoloni, Executive in charge of drawing up the Company's accounting documents of Tessellis S.p.A., certify that, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, the accounting information contained in this press release is consistent with the official documents, books and accounting records.

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About Tessellis

Tessellis S.p.A. (Italian Stock Exchange. Milan: TSL) is the holding company of the Group created by the merger of Linkem Retail and Tiscali S.p.A. It includes among its business areas that of Tiscali Italia S.p.A., a national operator among the first in the ultrabroadband segment (FWA - Fixed Wireless Access and FTTH - Fiber To The Home), the portal www.tiscali.it, one of the main Italian news portals, with more than 8 million visitors per month to its credit, as well as the advertising concessionaire Vevisible s.r.l.

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