



Tessellis Group Annual Financial Report as of 31 December 2023

The Board of Directors of Tessellis S.p.A. authorized the publication of this document on 7 May 2024. This document is available online on www.tessellis.it

Tessellis S.p.A.

Registered office in Cagliari, Sa Illetta, SS195 Km 2.3

Share Capital EUR 208,992,730.17

Business Registry of Cagliari and VAT No. 02375280928 R.E.A. No. 191784

Term of the company: end date 31 December 2050

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1 Consolidated Summary Data

The data presented in this financial report for 2023 are not fully comparable with those of the previous year because the consolidated financial statements for the 2022 fiscal year were prepared starting from the merger between Linkem Retail and Tessellis (formerly Tiscali), and therefore only reflect the results of the five months from 1 August 2022 onwards.

| Income statement | 2023 | 2022 Restated |
|---|-------------------------|----------------------------------|
| <i>(EUR mln)</i> | | |
| Revenue | 231.2 | 100.1 |
| Other income | 2.7 | 1.6 |
| Adjusted Gross Operating Result (EBITDA) | 34.7 | 9.9 |
| Operating Result (EBIT) | (54.7) | (33.7) |
| Result from held for sale and discontinued operations | 0.0 | 0.0 |
| Net Result | (62.2) | (36.9) |
| Statement of financial position | 31 december 2023 | 31 december 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 |
| Operating figures | 31 december 2023 | 31 december 2022 |
| <i>(thousands)</i> | | |
| Total number of Clients | 1,022 | 1,104.9 |
| Broadband Fixed | 293 | 298.2 |
| Broadband Wireless | 401 | 521.3 |
| Mobile | 328 | 285.3 |

Note: The consolidated income statement and the consolidated balance sheet for the 2022 fiscal year have been restated compared to those approved by the Board of Directors on 11 May 2023. This adjustment reflects retrospectively the effects of the Purchase Price Allocation (PPA) resulting from the merger between Tessellis S.p.A. and Linkem Retail S.r.l., which took place on 1 August 2022 (the "Transaction").

2 Alternative performance indicators

In this Management Report, in addition to the conventional indicators provided for by IFRS, an alternative performance indicator (EBITDA) used by the management of the Tessellis Group to monitor and evaluate the Group's operating performance is represented. This indicator should not be considered as a substitute for the profitability measures provided for by IFRS; in particular, since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied by the Tessellis Group may not be homogeneous with those adopted by other operators and therefore, this alternative performance indicator may not be comparable.

Below are the criteria used for constructing the alternative performance indicator of EBITDA for the Tessellis Group, in line with CONSOB communications on the subject. This includes the accounting amount, the amount adjusted for pro forma effects, and the amount adjusted for the effects of the PPA. It is noted that these data have not been audited.

| EBITDA DETERMINATION TABLE: | 2023 | 2022 Restated |
|--|-----------------|--------------------------|
| <i>(EUR 000)</i> | | |
| Earnings before tax | (62,062) | (36,871) |
| + Financial charges | 7,063 | 4,028 |
| - Financial income | (138) | (5) |
| + Earnings from equity-accounted investees | 396 | 245 |
| - Impact evaluation step acquisitions (3P Italy) | 0 | (1,050) |
| Operating Result | (54,741) | (33,653) |
| + Restructuring costs and other provisions | 3,117 | 64 |
| + Depreciation | 81,569 | 43,499 |
| + Write-downs of Fixed Assets | 4,751 | 0 |
| Gross Operating Profit (EBITDA) | 34,696 | 9,910 |

Note: The consolidated income statement and the consolidated balance sheet for the 2022 fiscal year have been restated compared to those approved by the Board of Directors on 11 May 2023. This adjustment reflects retrospectively the effects of the Purchase Price Allocation (PPA) resulting from the merger between Tessellis S.p.A. and Linkem Retail S.r.l, which took place on 1 August 2022 (the "Transaction").

3 Administrative and Controlling Bodies

Board of Directors

The Board of Directors was appointed by the Shareholders' Meeting held on 16 May 2022, and is in office until the approval of the Financial Statements as of 31 December 2024:

Chief Executive Officer: Davide Rota (#)

Maurizia Squinzi (*) (1) (2) (3)

Serena Torielli (*) (1) (2) (3)

Sara Testino (*) (1) (2) (3)

Andrew Theodore Holt

Jeffrey Robert Libshutz

(*) Independent Directors

(#) The Chairman is the legal representative of the Company; the CEO has powers of ordinary and extraordinary administration to be exercised severally or jointly in accordance with the powers conferred by the Board of Directors on 16 May 2022.

(1) Control and Risk Committee

(2) Appointment and Remuneration Committee

(3) Related Party Transaction Committee

On 21 February 2024, the Chairman of the Board of Directors, Renato Soru, submitted his resignation from his position and from the board. As of the date of this report, he has not been replaced.

Board of Auditors

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

Chairman: Riccardo Zingales

Statutory Auditors: Andrea Borghini
Rita Casu

Officer in charge of drafting accounting and corporate documents:

Fabio Bartoloni

The Officer in charge of drafting accounting and corporate documents was appointed by the Board of Directors on 12 September 2022 and will remain in office until the date of approval of these yearly financial statements.

Auditing Company:

Deloitte & Touche S.p.A.

The Independent Auditors were appointed by the Shareholders' Meeting held on 30 May 2017, with a nine-year term of office, from financial year 2017 to financial year 2025.

Management Report

4 Management Report

Introduction

The Tessellis Group has availed itself of the option to present the Parent Company Management Report and the Consolidated Management Report in a single document, giving greater prominence, where appropriate, to matters relevant to all the companies included in the consolidation.

The Tessellis Group is a **Digital Company** with one of the largest fibre coverage available in Italy. The Group's largest operating company is Tiscali Italia, one of the leading national operators in the Ultra Broadband segment in the most innovative and promising technologies: FWA 5G (Fixed Wireless Access) and FTTH (Fiber To The Home).

The Group's three main areas of activity follow:

- **Telco:** fixed services – in Ultra Broadband fixed and fixed wireless mode – and mobile services, to private and business customers;
- **Media&Tech:** media activities through the portal tessellis.it and sale of space through the concessionaire Vevisible;
- **Innovative services for BtB and Public Administration:** vertical platforms and services – smart city services for households, businesses and public administrations.

4.1 Tessellis Group's Market Positioning

The value of the Italian telecommunications services market in 2021, including fixed and mobile services, was approximately 27 billion¹, with a decline of 13.7% in the five-year period from 2018 to 2022. This decline is primarily attributable to the decrease in mobile network resources, whose value – now at EUR 11.74 billion – appears reduced by 5.3% compared to 2021. Meanwhile, fixed network services – with a total value of EUR 15.19 billion – show a reduction. The contraction of resources overall allocated in the sector – a phenomenon ongoing for years – fits within a broader context characterized by the full maturity of certain segments (e.g., the mobile lines segment), the growth of others (e.g., the fixed ultra-broadband lines segment), a general increase in consumption (particularly in data traffic), and a trend in prices opposite to that shown by the national consumer price index for the entire population.

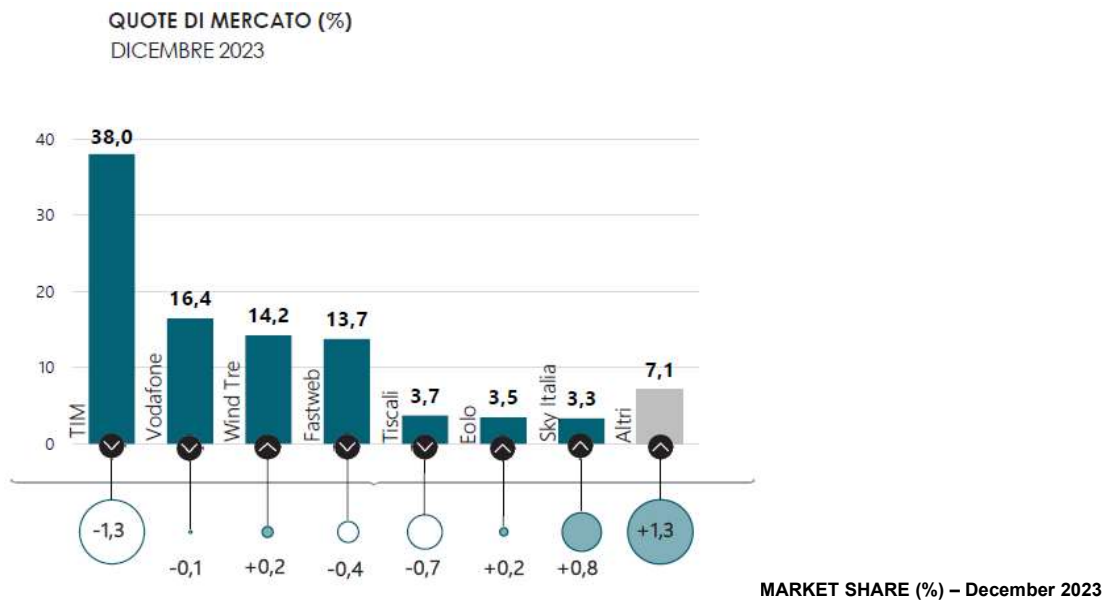
¹ Source: Annual Report on Activities and Work Programs, AGCOM 2023.

Fixed Broadband Market Evolution

Broadband and Ultrabroadband Fixed Network access, the main market of reference for Tessellis, reached 18.95 million accesses in December 2023², in line with the figure at the end of 2022.

The market, in which the Tessellis Group operates with Fiber to the Home, Fiber to the Cabinet, and FWA – Fixed Wireless Access technologies, stood at 16.54 million in September 2023, with an annual growth of 4.2%. During the same period, the traditional DSL component significantly decreased with a loss of 675 thousand units (21.9%), now representing less than 13% of the market with 2.4 million lines.

The market, in which the Tessellis Group is the fifth operator, is divided as shown in the following table:



In the FTTH segment, which shows the highest growth rate, Tessellis’ market share stood at 3.2% in December 2023. In the FWA segment, Tessellis holds a 19% market share, positioning itself as the second-largest operator in this specific segment.

Mobile Market

The mobile services market in December 2023³ recorded an increase in the total number of lines by 1.3 million units on an annual basis. Of the 108.5 million SIMs in December 2023, 30 million are “M2M” (Machine To Machine) SIMs, accounting for about 28% of the total, with a growth of approximately 1.2 million on an annual basis, while 78.5 million are “human” SIMs, growing by 62,000 units year-on-year.

² AGCOM Communications Observatory No. 1/2024

³ AGCOM Communications Observatory No. 1/2024

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TIM is the market leader with a market share of 27.8%, followed by Vodafone with 27.1% and Wind Tre with 23.7%, while Iliad represents 9.9% of the market.

Tessellis operates in the MVNO market, which comprises approximately 12.6 million SIMs (equivalent to 11.6% of the total and 15.9% of the human market). Tessellis' mobile offering holds a 4% share of the overall market and 5.4% of the human SIM market.

As of December 31, 2023, Tessellis' customer portfolio stands at around 328 thousand units. The total data traffic in the market, recorded in December 2023, continues to grow (+7.6%) at a rate consistent with the previous year's growth. Tessellis' mobile service, on the TIM network, is available in 7,814 Italian municipalities and covers 99% of the national population.

Online advertising market

The online advertising market registered a 2.6% increase in 2023, reaching a total value of approximately EUR 507 million⁴.

When examining the breakdown by device, it is noted that smartphone advertising saw a slight decrease of 0.8% compared to 2022, while desktop (including tablets) grew by 4.8%. Content consumption through apps increased significantly by 11.2%, and browsing consumption also grew by 1.7%. Among the main drivers, the performance of video formats and the development of special initiatives and branded content have become indispensable tools in advertisers' communication strategies.

Compared to 2022, the average daily online audience showed a slight decline (0.5%), primarily due to reduced daily computer usage (-8.7%) and a slight increase in mobile usage (0.7%). On average, approximately 80% of users aged 18 to 74, or 34.2 million people, connect daily⁵.

In 2023, Vevisible, the advertising agency of the group founded in October 2022, became fully operational. It developed its technological infrastructure and fully took over the sales and management of advertising on the Tiscali portal and all the group's properties. The agency has also started providing its services to third-party publishers.

⁴ FCP: Federation of Advertising Companies

⁵ Audicom, December 2023 data

B2B Market

Broadband and Ultrabroadband Fixed Network accesses for the Business segment reached 2.67 million accesses in December 2023⁶, showing a slight year-on-year decline of 0.18%.

Ultrabroadband accesses with speeds above 100Mbps grew to just under 1.88 million units in December 2023, up 4.3% year-on-year and accounting for 68% of the total.

The market leader is TIM with a market share of 41.9%, up 1.7 p.p. year-on-year, followed by Vodafone (19.3%), Fastweb (18.4%) and Wind Tre (7.6%); Eolo and IrIDEOS September 2023 is 1.5%, corresponding to about 40 thousand lines, broadly in line with the figure at 31 December 2022.

The market leader is TIM with a market share of 41.9%, an increase of 1.7 p.p. year-on-year, followed by Vodafone (19.3%), Fastweb (18.4%) and Wind Tre (7.6%); Eolo and IrIDEOS account for 2.5% and 2.1% of the market respectively.

4.2 Regulatory framework

The main areas of the regulatory framework that changed during 2023 are summarised below.

National Scope

The regulatory interventions at the national level have followed two main directions: *i.* The definition of new ex-ante rules in the markets for wholesale access services to the fixed network, aimed at adapting to the changed competitive context and the new corporate and organizational structure adopted by TIM; *ii.* The continuation of activities to implement the current regulatory framework.

In this context, the main initiatives adopted have been as follows:

- ✓ The initiation of the public consultation process related to the **new coordinated analysis of the markets for fixed network access services** (resolution no. 152/23/CONS of June 2023). The conducted analysis implies, if confirmed, significant changes to the reference framework. Pending the conclusion, given the need to ensure market stability and regulatory certainty, the Authority concluded the process aimed at defining the prices of fixed network access services for the years 2022 and 2023. For 2022, the same prices approved for 2021 were applied, except for the VULA FTTH service fee, for which a reduction was set for 2022; while for 2023, an increase in wholesale rates for copper network access was planned.
- ✓ The implementation of the new electronic communications code concerning user rights: referring to the working groups initiated during 2022, in which Tessellis actively participated, AGCOM adopted the following measures:

⁶ Source AGCOM Communications Observatory No. 1/2024 – latest available data

- ✓ Regarding the **quality of communication services from mobile and fixed positions** (resolutions no. 23/23/CONS and no. 156/23/CONS, respectively), AGCOM adopted two measures aimed at revising the regulation in this area. These measures, in a bid to simplify and rationalize quality indicators (KPIs), eliminated indicators related to outdated or soon-to-be-outdated technologies, aligning the new measures with modern technologies and with the provisions of the new Electronic Communications Code concerning transparency, the setting of quality objectives, and the measurement of actual quality achieved.
- ✓ In terms of contracts, with resolution no. 89/23/CONS dated 4 April 2023, the Authority submitted the **amendment of the current regulation on contracts** between operators and end users to public consultation. This regulation governs the main contractual issues of interest to users: the completeness and clarity of information to be provided at the time of signing, duration constraints, termination and cessation costs, methods of exercising the right to change, and the regulation of contracts that include mechanisms linked to the consumer price index. The process concluded with the publication on 3 January 2024 of the new Regulation (resolution no. 307/23/CONS), which operators will have to implement in the coming months.

Finally, it is noteworthy that AGCOM adopted guidelines on “systems for protecting minors from cyberspace risks” (resolution no. 9/23/CONS). According to this provision, Internet service providers, regardless of the technology used for service delivery, **must implement and provide free parental control systems** (PCS). These systems must filter inappropriate content for minors and block content reserved for adults.

Tessellis has taken all necessary measures to comply with the regulatory requirements and has made a free parental control system available to its customers within the specified deadline.

4.3 Tessellis' shares

| | |
|---|------------------------|
| Share Capital | EUR 208,992.7 thousand |
| Number of Ordinary Shares (no par value) | 234,067,207 |
| Market capitalisation on average 2023 listing | EUR 139,948.9 thousand |

Tessellis shares have been listed on the Italian Stock Exchange (Milan: TSL) since October 1999.

During the financial year 2023, capital increases were made in Tessellis S.p.A. for a total of EUR 23.5 million, as specified below:

- 1) Capital increase totaling EUR 4 million

From February to June 2023, the following capital increases were carried out, based on the conversion requested by Nice&Green S.A. of a total of 40 bonds from the mandatory convertible bond subscribed by N&G, as follows:

- No. 1,456,324 new ordinary shares, by virtue of the conversion of the first portion of the tranche consisting of 10 bonds (1-10), on 26 January 2023 and converted on 7 February 2023;
- No. 1,873,676 new ordinary shares, by virtue of the conversion of the second portion of the tranche consisting of 10 bonds (11-20), on 26 January 2023 and converted on 22 March 2023;
- No. 2,123,525 new ordinary shares, by virtue of the conversion of 10 bonds (21-30) on 24 April 2023 and converted on 17 May 2023;
- No. 2,407,666 new ordinary shares, by virtue of the conversion of 10 bonds (31-40) on 24 April 2023 and converted on 5 June 2023.

2) Capital increase totaling EUR 19.5 million – 31 July 2023

The capital increase, which occurred in successive steps, was formally concluded on 31 July 2023 with the subscription of a total of 48,696,912 shares, equal to 78.810% of the shares offered in the context of the increase itself, for a total amount of EUR 19,478,764.80. The subscribed shares are divided into the following tranches:

- (i) No. 37,868,445 Tessellis shares subscribed during the option offer period, equal to approximately 61.28% of the total shares offered;
- (ii) No. 2,848,879 shares subscribed following the exercise period of option rights purchased during the auction of unexercised rights, equal to 4.610% of the shares offered;
- (iii) No. 6,229,588 unexercised shares subject to subscription commitments already formalized with third parties, representing 10.081% of the shares offered;
- (iv) No. an additional 1,750,000 Tessellis shares placed with interested third parties, equal to 2.832% of the shares offered.

Following these increases, the Company's fully subscribed and paid-up share capital as of 31 December 2023 amounts to EUR 208,992,730.17, divided into 234,067,207 ordinary shares with no indication of nominal value. It should also be noted that, following the capital increase on 31 July 2023, the reference shareholder OpNet S.p.A. holds a 59.26% stake in the Company's share capital.

The market capitalization as of 31 December 2023, amounting to EUR 154.7 million, is compared with a consolidated equity surplus of EUR 25.4 million. As of the date of approval of this financial report, the market capitalization stands at EUR 129.9 million. The differential between the market capitalization and the value of consolidated equity, amounting to EUR 129.3 million as of 31 December 2023, reflects the Group's future profitability prospects, incorporated into the cash flows resulting from the updated 2024-27 Business Plan

approved by the Board of Directors on 7 May 2024 (hereinafter referred to as the “**Updated 2024-27 Business Plan**”).

Based on the results of the Shareholders' Register, supplemented by further communications received and information available to Tessellis, as of 31 December 2023 there were no other shareholders with qualified percentages other than the shareholder OpNet, which holds 59.26% of the shares.

4.4 Main activities and achievements during the 2023 Financial Year

The following are further activities carried out and results achieved during 2023 by the Tessellis Group.

Network coverage and marketing and communication activities

At the end of 2023, the Telecommunications service is offered by the Group through different fixed network technologies, designed to provide the most suitable service for the needs of both consumer and business clients, in particular:

- FTTH Fiber Optic: Reaching approximately 12 million households and local businesses, with speeds up to 2.5 Gbps in areas A&B and C&D (for businesses) via the Open Fiber network, and on the TIM network (transitioning to 2.5 Gbps starting in November);
- FTTC Connections: Covering approximately 28 million households and local businesses, offering speeds up to 200 Mbps;
- FWA (Fixed Wireless Access): Providing speeds through the OpNet network, reaching approximately 24 million households and local businesses. This access is made possible by over 3,300 base transceiver stations (BTS), serving over 3,700 municipalities. By the end of December 2023, the 5G BTS at 300 Mbps, a service launched during the year, serve over 2,000 municipalities, covering a total of approximately 6 million households. Additionally, through a strategic collaboration with Vodafone, it is possible to provide the 300 Mbps FWA service to an additional 3 million premises.

The mobile offering, whose customers recorded a 15% increase during the 2023 fiscal year, has seen constant evolution throughout the year in line with the continuous data traffic demands of the market, ranging from the most competitive price solutions to data-only solutions with 300 GB of monthly traffic. All of this is provided without constraints or hidden costs, in line with the transparent positioning that has always distinguished the services offered by the Tessellis Group.

At the end of November, in line with the seasonality of the service, the basic offering nearly doubled the included data, increasing from 30 GB to 50 GB, reaching the top solution with a remarkable 220 GB included for less than EUR 10 per month.

The communication activities in 2023 continued the brand relaunch strategy of Tiscali initiated in November of the previous year with the multichannel communication campaign “Love for Internet.”

In March and April, the campaign was further adapted and promoted through a multimedia campaign on TV (Mediaset networks) and digital platforms, featuring the new Fiber offer with the Mobile Try&Buy option, allowing for the first time the promotion of the mobile offer on TV.

The push on mobile continued more decisively in the last quarter, during which the service was the focus of an “all-digital” campaign featuring video formats on major social platforms (YouTube, Meta, TikTok) as well as Connected TV and more tactical formats aimed at increasing traffic. The main objective of the campaign was to boost Tiscali’s awareness in the mobile market and to attract the interest of a younger target audience. The campaign, which reached approximately 37 million internet users during the period, also positively impacted sales from the web channel.

In terms of innovation and sustainability projects, Tiscali Italia and SIDI (Swiss Institute for Disruptive Innovation) strengthened their joint commitment, initiated in 2021, by planting an additional 20,000 trees, thereby expanding the current Tessellis corporate forest to 45,000 trees as of 31 December 2023. As a result, the Group has made its ecological footprint more sustainable, with a reduction of CO₂ amounting to 750 tons per year and the involvement of 875 local workers. Starting from July 2023, this initiative was supported by a sensitization campaign aimed at reinforcing the message of the importance of reforestation: the mangroves, chosen for reforestation in Madagascar, are planted thanks to the sales of Tiscali Mobile products, and customers can see the creation of the new forest and make a further contribution by sending an invitation to plant another tree to a person of their choice.

Rework Laboratories Project

In 2023, activities for the Rework Laboratories project, initiated in June 2022, continued. This project is part of a Memorandum of Understanding within the “Labor Prison” Program, born from the collaboration between the Ministry of Justice and the Department for Digital Transformation, together with contributions from other telecom and digital entities. It involves establishing a laboratory at the Uta prison (Cagliari) aimed at refurbishing terminal network devices, with the goal of promoting prison labor in the telecommunications and ICT sectors. The initiative involves 8 inmates and continues the “Rework Laboratories” project, initially created and implemented by the Linkem Group starting in 2020, in collaboration with the Lecce and Rome Rebibbia prisons.

The activities are structured into two phases: the first phase consists of a specialized training program that culminates in certificates qualifying participants as “technicians for the refurbishment of Linkem and Tiscali electronic devices.” The second phase offers inmates the possibility to sign a direct employment contract with the Tessellis Group.

The project not only impacts environmental sustainability and the circular economy but also has a significant employment impact. Based on our experience, this represents added value by supporting the rehabilitative function of work in terms of education and social reintegration. In the refurbishment laboratory at Rebibbia, devices are refurbished on behalf of a telecommunications provider, generating revenue. As of 31 December 2023, the revenue from the sale of these refurbished devices amounts to approximately EUR 153,000.

Network rationalization project – TIM agreement

Starting in 2021, Tessellis initiated a network rationalization project based on the commercial agreements signed with TIM in November 2020, which were revised in 2023. This network rationalization aims not only to reduce infrastructure investments but also to lower connection and traffic management costs and to accelerate the fiber migration process, thereby improving service quality and reducing the churn rate.

During 2023, as stipulated in the contract renegotiated during 2022, the plan to decommission ULL power plants continued, resulting in a further reduction in infrastructure costs.

Media Sector Activities

In 2023, the Media Division of the Tessellis Group, which generated revenues of approximately EUR 1.7 million, further consolidated its open, multimedia, multi-access ecosystem model. This model is designed to multiply and enhance the portfolio of contacts, interactions, and multichannel engagement, thereby increasing advertising revenue and value generation.

As a result, Vevisible, the subsidiary advertising agency of Tiscali Italia Spa established at the end of 2022, closed 2023 with a positive operating result and advertising revenue of approximately EUR 1.7 million.

The Division is structured into three distinct but coordinated business units within an integrated system:

- a) The Editorial Ecosystem;
- b) Tiscali's Digital Platforms (the Tiscali Mail service, with over 1.7 million active accounts, the "Tiscali Shopping" platform, and the "Tagliacosti" price comparison tool);
- c) Value generation activities for the Division entrusted to the advertising agency Vevisible, which began operations at the beginning of 2023.

The development and diversification of the division followed three strategic "paths":

1) Diversification of editorial offer

The primary objective of development is to qualify and segment the Editorial offer to cover various and complementary targets through Portals, "Verticals," and platforms.

In this regard, the generalist portal Tiscali.it was supplemented in 2023 by the addition of the vertical Gamesurf, a true reference point in the world of Gaming and Entertainment, which has reached nearly 500,000 monthly

visitors and one million page views. In January 2023, “Milleunadonna” was also launched, a vertical aimed at the female audience, achieving an average audience of 350,000 monthly visitors and an average of 5 million page views per month.

In July 2023, Tiscali Italia acquired the BIKE channels, a multiplatform focused on the diverse world of cycling, from BFC Media S.p.A., a digital and media company. The “Bike ecosystem” includes two TV channels, one on DTT and one on satellite, a quarterly magazine (with a circulation of 40,000 copies), and an independent portal. Tiscali Italia also acquired TCF (Tutto Calcio Femminile), a true “digital bible” of women’s football in Italy.

Overall, the Tiscali Network, with all its components, reached 2.3 billion page views and 77 million unique users in 2023.

Thanks to these results, the Tiscali Editorial Ecosystem climbed the rankings of “homogeneous” portals in the “Search Engines/Portals & Communities” category, securing the tenth position in terms of page views (source: Audicom). Due to the enhanced editorial offer, both the time spent and the number of pages viewed per person increased by approximately 22% and 17%, respectively, compared to 2022, indicating greater user interest in the content offered (source: Audicom).

In addition to launching verticals and acquiring other media ecosystems, a unit dedicated to content creation was established, producing exclusive digital formats such as “Duels,” a streaming format featuring debates between politicians from opposing sides and “adversaries” on hot societal topics, and the podcast series “Rosa Crimine”.

To evolve the quality and exclusivity of the offering, a high-tech television studio was established at the Cagliari Headquarters in 2023. This studio supports the creation of video and audio content, enriching journalistic content and maintaining a strong presence on Social Media with “social native” content.

The Tiscali Editorial Ecosystem has thus evolved into a Syndication, “federating” and aggregating independent Digital Properties and platforms, including the magazine “La Svolta” and, recently, “Thunderbird,” a platform offering a series of high-level free training courses provided by the prestigious Arizona State University.

The editorial development strategy, following the progress made in 2023, envisions further diversification of the offering portfolio in 2024. The goal of this diversification and enrichment process is to acquire a contact portfolio equal to 40% of the total individuals in Italy by 2025, compared to approximately 20% of individuals reached at the end of 2023.

2) Diversification of accesses

In terms of access diversification, in addition to the relaunch of Social Channels with “native” content that follow and expand on the themes proposed by Digital Magazines, and the implementation of the “double track” strategy, which involves integrated management of social platforms and web verticals with dedicated content, a proprietary platform on the Metaverse, Tiscali Campus, was launched in collaboration with EY. This platform integrates the “augmented” consumption of content with innovative value-generation platforms. The Tiscali Campus in the Metaverse is structured into three distinct “logical” environments: an Auditorium, a Shopping

Mall, and “Content Islands,” which allow for “augmented immersiveness” in the thematic worlds already covered by the portals.

The Tiscali Campus in the Metaverse aims to multiply the access dimensions of the Tiscali Ecosystem and value creation.

Furthermore, the digital structure of the portal has been completely redesigned to facilitate navigation within the varied dimensions of the Ecosystem, allow for a flexible articulation and hierarchical presentation of content, and ease access from mobile devices, which now account for more than half of the total access.

For 2024, the Division’s strategy includes a continuously improved and integrated presence across the various access channels to the ecosystem, extending to the development of a TV Offer strategy.

3) Revenue streams’ expansion

The process of qualifying the offer and access channels is complemented by the diversification of revenue streams, managed by the concessionaire Vevisible, the “engine” of value collection serving the entire ecosystem. Vevisible operates with the mandate of 11 Editorial Properties (both internal and external to the ecosystem) and integrates various platforms for the collection of advertising investments.

Additionally, the universe of mail users, specifically those who have given their consent, represents another contact channel and therefore a source of value generation.

For 2024, Vevisible, leveraging an increasingly improved and structured Commercial capability, will organically serve all the new “dimensions” of the Ecosystem (TV, Print, Events). Furthermore, in line with the revenue diversification process, there will be efforts to monetize content on platforms outside the ecosystem.

Business Services to Public Administration sector activities

Business Voucher Plan

In the context of developing services for businesses, the Group has participated in the “Connectivity Voucher Plan,” which has enabled the acquisition of over 7,500 clients in the small and medium-sized enterprise segment.

The Scuola 4.0 Plan

The Tessellis Group has further developed its commitment to supporting Italian schools with solutions for new learning environments, following the Scuola 4.0 guidelines. With the tools provided by Tessellis, the path to cover classrooms with WiFi and LAN has been completed, preparing them for the digital transition of Italian schools and supporting the transformation of school environments.

Subsequently, Tessellis joined the Scuola 4.0 Plan adopted by the Ministry of Education. This plan, with funding from the PNRR (National Recovery and Resilience Plan), represents an extraordinary opportunity for innovation for all primary and secondary schools, with the goal of achieving the digital transformation of Italian education.

Supported by a scientific committee composed of teachers, some of whom are from schools participating in the national Senza Zaino network, Tessellis has developed a series of tools for a comprehensive project of digital transformation in education. The hybridization process, which integrates three dimensions of teaching – physical, digital, and relational – makes the students' learning experience immersive and enhances the effectiveness of teaching activities. Among other things, it fosters the creation of laboratories for the professions of the future.

Thanks to the tools provided by Tessellis and other project partners, educational institutions will be able to develop innovative and highly customizable teaching methodologies starting from the 2024 school year, actively contributing to building the school of tomorrow.

Innovation

The Tessellis Group is also continuing collaborations initiated with several Italian municipalities to support the digitalization of the country. This effort includes aiding the technological transfer in the Smart City domain and the digital transition of local public administrations nationwide. These efforts follow the successful bids for the Emerging Technology Houses projects in the municipalities of Campobasso and Pesaro in 2022. The objective is to establish genuine technology transfer centers aimed at small and medium-sized enterprises, focusing on areas such as 5G, blockchain, the Internet of Things, artificial intelligence, and quantum technologies. These centers are interconnected with local urban ecosystems to support the development of Smart Cities.

Project activities commenced at the end of January 2023, with the Tessellis Group engaged on various fronts. They serve both as a technological provider of advanced connectivity solutions, including 5G, Cloud, and FTTH, and as a participant in creating acceleration and incubation programs for startups within the regional ecosystems of Marche and Molise. Confirming the initial goals, the Emerging Technology Houses are evolving into true laboratories for the research and development of new vertical services in video analysis, tourism, and generative AI.

In the realm of Smart City services, the Tessellis Group is continuing to develop video analysis solutions with various partners, which it has begun offering to several Italian municipalities and provinces. A particularly noteworthy project involves the creation of a video surveillance and IoT sensor infrastructure for monitoring bridges in a metropolitan area using an FWA network, enabling an AI platform for video analysis.

Continuing in the area of funded projects, the Tessellis Group also highlights the success of the ViVe VR-Boat project, which received funding and was formally launched in October 2023. This project involves multiple companies within the Group and will be implemented throughout 2024 along the Brenta Riviera between Venice and Padua, under the guidance of Ca' Foscari University.

The IPCEI-CIS European Project

In December 2023, Tiscali was selected for the European IPCEI-CIS Project and will play a key role in developing Multimodal Generative Artificial Intelligence through its Villanova Project. Within the IPCEI Project, the Tessellis Group is involved in Important Projects of Common European Interest (IPCEI), which are strategic transnational industrial collaboration projects designed to aggregate knowledge, skills, financial resources, and economic actors from across the European Union. The goal is to achieve significant results in terms of technological and productive innovation, addressing complex challenges to contribute to sustainable growth, national and European economic competitiveness, and digital and green transitions.

IPCEI-CIS, the first initiative in the cloud and edge computing sector, focuses on developing the first interoperable and freely accessible European data processing ecosystem. This refers to the multi-provider cloud-to-edge continuum. The aim is to promote the creation of an interconnected infrastructure that synergistically integrates providers and technologies to build an ecosystem for scalable and efficient data processing, management, and utilization.

The innovations from IPCEI-CIS are expected to open new possibilities for European businesses and citizens, promoting the digital transition across Europe. Notably, the Commission has authorized Italy to provide State aid of approximately EUR 409 million to the five participating Italian companies, including Tiscali. This is part of a total European fund exceeding EUR 1.2 billion.

Tiscali's Villanova Project aims to establish a cutting-edge laboratory in the field of Multimodal Generative Artificial Intelligence (GenAI). Villanova intends to overcome current technological and linguistic barriers that hinder the widespread use of generative artificial intelligence. It aims to develop large language models (LLM) compliant with European privacy regulations for each European language.

The GenAI models, components, and technologies produced in the Villanova Project will enable the dynamic creation of high-quality textual and multimedia content in real-time. Additionally, Villanova plans to offer advanced tools for developing Composable GenAI Applications, which are sophisticated applications built using reusable GenAI-based software components. This approach will simplify the development of cutting-edge solutions and democratize access to advanced artificial intelligence technologies, making them accessible even to small businesses with limited resources.

In line with open-source principles, Villanova aims to create a broad ecosystem of developers, companies, and institutions, promoting the training of future experts and scientists in crucial fields for the country's technological and social future.

This initiative aligns perfectly with the company's Updated Business Plan 2024-27, which aims to implement new development models for the profitable evolution of its business. Promoting the use of Multimodal Generative Artificial Intelligence is of extraordinary importance and relevance in redefining our future.

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As part of the IPCEI Project, the Tessellis Group has initiated significant national and European collaborations with other selected companies, resulting in the exchange of best practices and the creation of important synergies for developing a European cloud to support and protect Europe's economic and social development.

Transfer of IPv4 Addresses

IPv4 addresses form the foundation on which the Internet infrastructure relies, enabling the connection and unique external identification of objects such as computers, servers, and websites.

As part of the process of leveraging some underutilized assets and in execution of the Updated Business Plan 2024-27, Tessellis sold approximately 590,000 IPv4 addresses in 2023 for a total consideration, net of selling expenses, of around EUR 28.9 million.

Following the sale of the aforementioned lots, as of 31 December 2023, the Group holds approximately 700,000 IPv4 addresses in its portfolio.

Corporate operations carried out in 2023

Change of company name from “Tiscali S.p.A.” to “Tessellis S.p.A.”

The Shareholders' Meeting of Tessellis S.p.A., held on 10 January, approved the change of the company name from Tiscali S.p.A. to “Tessellis S.p.A.”. The name, derived from Latin meaning mosaic, evokes the strategy of differentiating various business segments as outlined in the Updated Business Plan 2024-27.

The name change also resulted in the stock ticker changing to “TSL.MI” effective from 20 January 2023. The updated Articles of Association can be found on the website www.tessellis.it.

Capital Increases

In the course of 2023, capital increases were carried out in Tessellis Spa for a total of EUR 23.5 million, as already reported in section “4.3 – Tessellis Shares”.

Acquisition of majority shares in Aetherna

On 3 October 2023, Tiscali Italia acquired a 16% stake in Aetherna, gaining control and increasing its ownership from 49% to 60%.

Aetherna is an operator specialized in providing digital services in the hospitality sector, which will enable the Group to strengthen its position as a Technological Partner for hospitality establishments. This strategic move

allows the Group to anticipate market trends and offer new and significant business opportunities to hospitality structures.

Go Internet Investment Agreement

On 30 November 2023, Tessellis S.p.A., OpNet S.p.A., and Go Internet S.p.A. (hereinafter referred to as “Go Internet”), a company with shares traded on Euronext Growth Milan, signed an agreement (hereinafter referred to as the “Investment Agreement”) for a comprehensive investment operation by Tessellis in Go Internet (hereinafter referred to as the “**Transaction**”).

The Transaction includes, among other things, the fulfillment of certain suspensive conditions:

- the transfer from OpNet to Tessellis (or a company controlled by it) of the commercial credit claimed by OpNet against Go Internet at the closing for the provision of certain services, up to a maximum of EUR 3,350,000 (hereinafter referred to as the “Credit”);
- Tessellis’ commitment to subscribe (or to ensure that a controlled company subscribes), by offsetting the Credit, to a capital increase of Go Internet with a maximum countervalue (inclusive of premium) equal to EUR 3,350,000, excluding the option right pursuant to Article No. 2441, paragraph 5, of the Italian Civil Code (hereinafter referred to as the “Reserved Capital Increase”), resolved by the Shareholders’ Meeting of Go Internet, at a price per share of EUR 0.81 for a maximum of 4,135,803 shares. This price was determined by applying a 10% discount to the closing price recorded on the Euronext Growth Milan market on 29 November 2023.

It should be noted that as at the date of this report, the completion of the Transaction is still subject to certain conditions precedent, which must be fulfilled (or waived, if applicable) by 31 May 2024, in particular:

- obtaining the necessary waivers and/or authorizations for the completion of the Transaction as a whole and of each part from Tessellis’ financing banks pursuant to the financing agreements signed with them;
- reaching agreements with the financing banks of Go Internet to revise the terms of the financial debt of that company;
- the absence of measures by Borsa Italiana suspending or delisting Go Internet shares from trading on Euronext Growth Milan;
- the absence of events that could result in a significant negative change affecting Go Internet’s financial and asset situation;
- Go Internet not being subject to any liquidation or restructuring procedure and the absence of any submission and/or request to initiate any liquidation or restructuring procedure by Go Internet.

As of the approval date of this Report, Go Internet has not yet approved its annual financial report as of 31 December 2023. However, the company has published its half-year financial statements as of 30 June 2023,

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which shows consolidated total revenues of EUR 5.1 million, consolidated EBITDA of EUR 0.6 million, consolidated EBIT of EUR -1.6 million, group net result of EUR -1.9 million, group net financial position (NFP) of EUR 7.6 million, and group equity of EUR 2.3 million.

Upon completion, the Transaction will enable Tessellis to expand its service portfolio, sales network, and B2B customer base, thereby accelerating the achievement of one of the pillars of its business plan. It will also allow Go Internet to realize industrial synergies with the Tessellis group.

Upon the fulfillment or potential waiver of the Transaction's conditions precedent and the subscription of the Reserved Capital Increase – which is expected to result in Tessellis indirectly acquiring a stake exceeding the 30% threshold in Go Internet's share capital, relevant under Article 106 of Legislative Decree No. 58/98 referenced in Go Internet's Articles of Association – the prerequisites for the subsequent mandatory public tender offer (hereinafter referred to as the "OPA") on Go Internet shares will be met. The unit price will be at least equal to the subscription price of the Reserved Capital Increase. Following Tessellis' entry into Go Internet's share capital and the outcome of the OPA, initiatives are expected to be undertaken to achieve Go Internet's delisting.

Updated 2024-2027 Business Plan

On 7 May 2024, the Board of Directors reviewed and approved the update of the Business Plan 2024-2027 approved on 11 May 2023, updating the Group's economic, equity, and financial projections for the period 2024-2027 (hereinafter referred to as the "**Updated 2024-2027 Business Plan**").

The Updated 2024-2027 Business Plan aims to continue the Group's refocusing on higher value-added services while not neglecting the predominant segment related to Telecommunications services offered to consumer customers. Specifically, the plan includes:

- (i) Fixed and Mobile Telecommunications Area: focusing on customer segments with higher margins and return on investment, and offering a range of value-added services that can enrich the offering and ensure long-term customer retention. In this context, one of the key areas of focus is the mobile services offered using 5G technology;
- (ii) Business Services (B2B), Public Administration, and Media Area: an area of development where the Group intends to promote and increase telecommunications services integrated with additional value-added applications and IT services, such as cloud services and cybersecurity-related services, as well as the development of smart communities through the creation of tools, platforms, and vertical services. The Media area, also through the advertising concessionaire Vevisible, aims

to increase the share of traffic generated on owned and managed portals, impacting advertising revenue;

- (iii) Innovation Area: through the Villanova project, the aim is to develop new services, particularly through Multimodal Generative Artificial Intelligence platforms, which are expected to have significant market developments in the coming years.

Research & Development

In 2023, software development activities were carried out aimed at the evolution of the fixed and mobile network towards new market standards (5G, ultrabroadband) that allow the Group's customers to be provided with increasingly high-performance services, as well as the evolution of IT systems aimed at more effective and efficient business management (ERP/CRM).

4.5 Analysis of the Group's Economic, Financial, and Asset Situation

4.5.1 Analysis of the Group's Economic Situation

Income trend

Below are the main consolidated economic data for the 2023 financial year.

It should be noted that the comparison is made between the consolidated data for the 2023 financial year and the consolidated financial statements for the 2022 financial year, which, however, only present the results for the 5 months from the effective date of the merger between Linkem Retail and Tessellis (formerly Tiscali), and therefore from 1 August to 31 December 2022. The results for the 2023 and 2022 financial years are therefore not fully comparable.

| Profit and Loss Statement of the Group | 2023 | 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 | 1.0 | 0.4 |

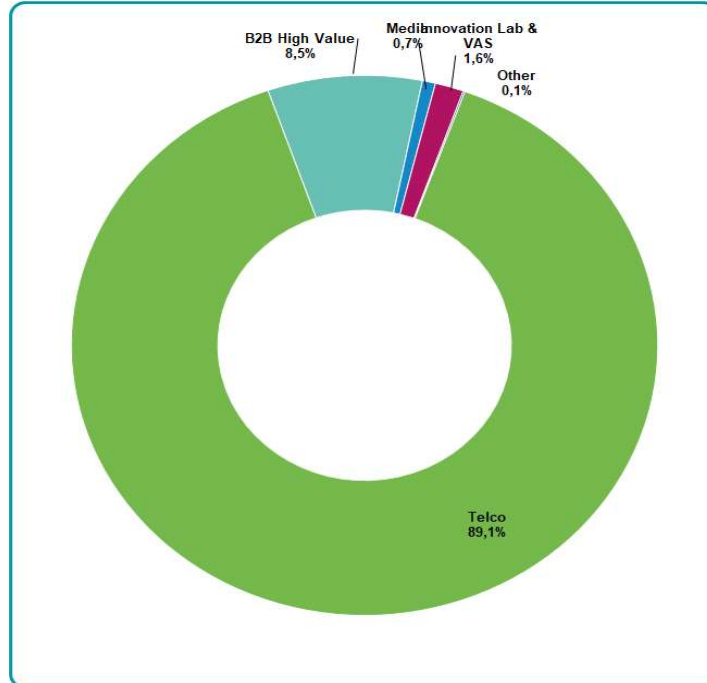
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| | | |
|--|---------------|---------------|
| of which Business service | 18.6 | 4.4 |
| of which Innovation Lab revenues | 3.7 | 0.4 |
| of which Media revenues | 1.7 | 0.6 |
| Other revenues | 0.2 | 1.3 |
| Other Income | 2.7 | 1.6 |
| | | |
| Gross 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) |

Note: The consolidated income statement for the 2022 financial year has been restated, compared to the one approved by the Board of Directors on 11 May 2023, to retrospectively reflect the effects of the PPA arising from the merger between Tessellis S.p.A. and Linkem Retail S.r.l., which took place on 1 August 2022 (the "Transaction"). Additionally, to allow for a better assessment of the results, particularly concerning the determination of the contribution margin, some reclassifications have been made to the presentation of the 2022 data.

Revenue Breakdown by Line of Business and Access Mode

A revenue breakdown by line of business is provided below.



Total revenue as of 31 December 2023, including Other Income, amounted to EUR 233.8 million.

They are broken down as follows:

- Telco revenues amounting to EUR 206 million, composed of fixed broadband revenues, FWA broadband revenues, and MVNO revenues;
- Revenues from Business and Value-Added Services amounting to EUR 19.6 million;
- Media revenues amounting to EUR 1.7 million;
- Revenues from Innovative Services and VAS amounting to EUR 3.7 million;
- Other revenues and other income totaling EUR 2.8 million.

Telco Revenues

As indicated above, Telco revenues represent 89.1% of the total revenues. In this regard, it is noted that the total customer base as of 31 December 2023 stands at 1,021.6 thousand units, a decrease of 83 thousand units compared to 31 December 2022 (-7.5%). The breakdown of the customer base is as follows:

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| Active Customer Base (/000) | 31/12/2023 | 31/12/2022 |
|--------------------------------|------------------|------------------|
| Total Broadband Fixed | 292,560 | 298,221 |
| o/w Fiber | 274,917 | 270,711 |
| Total Broadband Wireless | 401,050 | 521,342 |
| Mobile (6 months in-out) | 328,015 | 285,326 |
| Total Customer | 1,021,625 | 1,104,889 |

Telco revenues as of 31 December 2023 amounted to EUR 206 million and can be broken down as follows:

- Fixed Broadband revenues amounting to EUR 84.6 million;
- FWA Broadband revenues amounting to EUR 101.2 million;
- MVNO revenues amounting to EUR 20.2 million.

The decline in the Fixed Broadband and Wireless Broadband customer base compared to 31 December 2022, amounting to 1.9% and 23.1% respectively, aligns with the business plan objectives to focus development on higher profitability segments such as services to businesses and the Public Administration, as well as mobile services.

The Mobile sector recorded a 15% growth in the customer base, reaching 328,000 users as of 31 December 2023, compared to 285,300 clients as of 31 December 2022. This growth is attributable to the increased focus on the development of this segment, including new offers introduced during the year, as well as the effects of the communication campaign carried out in April-May (for further details, see the section “*Main activities and results achieved during 2023*”).

Revenues from Business and Value Added Services

The revenues in question, derived from services to businesses (VPN services, housing, hosting, domains, and leased lines) and Wholesale of infrastructure and network services (IRU, resale of Voice traffic) to other operators (excluding those related to access and/or voice products intended for the same customer segment already included in the respective business lines), amount to EUR 19.7 million as of 31 December 2023. This item includes revenues from the sale of IPv4 addresses totaling EUR 8.6 million.

Revenues from services to businesses have increased compared to past revenues, mainly due to the initiatives undertaken by the company to develop services for businesses and the Public Administration in 2023, as described in section “*4.4 – Main Activities and Results Achieved During the Fiscal Year 2023.*”

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Revenues from Media

Revenues from the media segment (mainly related to the sale of advertising space) amount to approximately EUR 1.7 million as of 31 December 2023.

Revenues from Innovative Services

Revenues from innovative services, related to the so-called “Future Communities” services, amount to EUR 3.7 million as of 31 December 2023, and show a growing trend.

Other Revenues

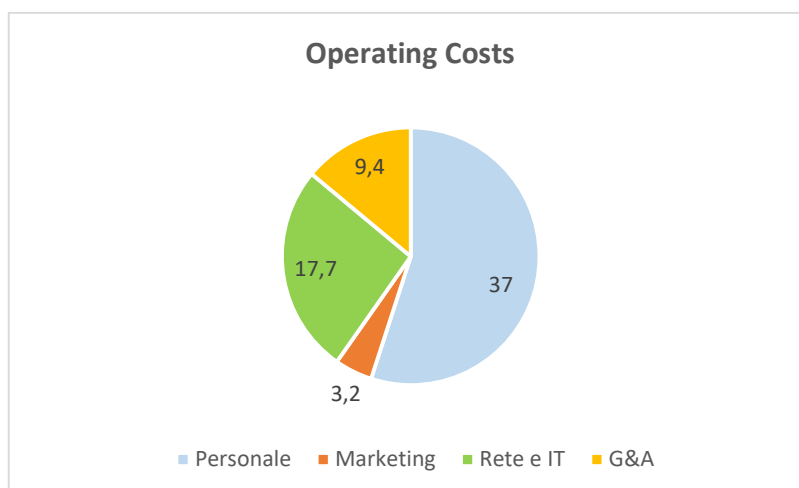
Other revenues as of 31 December 2023 amount to EUR 0.2 million.

Other (income) / expenses

Other income (net of other charges) amounts to EUR 2.6 million as of 31 December 2023. This includes the portion of tax credits related to investments under the “Bonus Sud” and Industria 4.0 legislation for a total amount of EUR 1.1 million, income from tax credits for the purchase of electricity pursuant to Law Decree no. 4/22 for EUR 0.5 million, and other net non-recurring income for approximately EUR 1 million.

The **Gross Margin** stands at EUR 107.6 million as of 31 December 2023, which is equivalent to 46.5% of revenues.

Indirect operating costs amount to EUR 67.3 million as of 31 December 2023, and are composed as follows:



Operating Costs (€/million): Personnel – Marketing – Network and IT – G&A

4.5.2 Assets and Liabilities of the Group

Below is the Group's financial position as of 31 December 2023 compared to 31 December 2022.

| Consolidated Statement of Equity and Liabilities | 31 december 2023 | 31 december 2023 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 financial values indicated in the column for 31 December 2022 have been restated compared to those approved by the Board of Directors on 11 May 2023 in order to retrospectively reflect the effects of the PPA on the Transaction.

Assets

Non-current Assets

Non-current assets as of 31 December 2023 amount to EUR 263.9 million and represent 86.9% of Tessellis Group's total assets.

They include goodwill, tangible and intangible fixed assets, right-of-use assets, and customer acquisition costs totaling EUR 239.9 million, financial assets (including equity-accounted investments) of EUR 7.5 million, and deferred tax assets of EUR 16.5 million. The proportion of non-current assets to total assets is 87%, compared to 82.3% on 31 December 2022, indicating a slower turnover of total assets.

Current Assets

Current assets as of 31 December 2023 amount to EUR 39.5 million and mainly include:

- Inventories amounting to EUR 8.3 million, which include EUR 6.2 million for IPv4 addresses valued under the PPA process (these addresses had a value of EUR 26.2 million as of 31 December 2022)

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and approximately EUR 1.7 million related to contracts with the Public Administration, in progress as of the balance sheet date.

- Trade receivables amounting to EUR 15.1 million.
- Cash and cash equivalents totaling EUR 7.7 million.
- Other current assets amounting to EUR 8.2 million. These mainly include: (i) Receivables from Infratel for voucher contributions of EUR 1.2 million; (ii) Prepaid expenses related to deferred service costs of EUR 6.1 million; (iii) Tax credits amounting to EUR 0.7 million; and (iv) Other receivables totaling EUR 0.2 million.

Shareholders' Equity

The consolidated Shareholders' equity is positive at EUR 25.4 million as of 31 December 2023, representing 8.4% of the total liabilities inclusive of Shareholders' equity. The period's reduction, negative and amounting to EUR 40.8 million, is mainly attributable to the combined effect of the period's result, which is a negative EUR 62.4 million, and the capital injections made in 2023, totaling EUR 23.5 million.

Liabilities

Non-current Liabilities

Non-current liabilities as of 31 December 2023 amount to EUR 115.7 million and include:

- EUR 69.3 million for items related to financial debt (refer to the subsequent paragraph "*Financial Position of the Group*" for details);
- Other non-current liabilities amounting to EUR 16 million, of which EUR 14.5 million relates to the long-term component of trade payables, EUR 1 million to the long-term component of payables to the tax authorities, EUR 0.2 million to payables to customers for security deposits, and EUR 0.3 million to payables to non-fully consolidated companies;
- Employee severance fund amounting to EUR 7.8 million;
- Provision for risks and charges amounting to EUR 6 million;
- Deferred tax liabilities amounting to EUR 16.5 million.

During the period, non-current liabilities decreased by EUR 37.5 million compared to the previous year. Their impact on total liabilities, inclusive of equity, is 38.1%, down from 41.2% in the comparative year. This indicates a greater criticality in the structure of the company's liabilities.

Current Liabilities

Current liabilities amounted to EUR 162.3 million and consisted of the following:

- EUR 24.4 million for items related to financial debt (which are detailed in the subsequent paragraph “*Financial Situation of the Group*”), compared to a balance of EUR 19.7 million in the comparative period;
- EUR 94.4 million in trade payables, compared to a balance of EUR 87.8 million in the comparative period;
- EUR 43.4 million in other current liabilities, compared to a balance of EUR 44.9 million in the comparative period. This item mainly includes: (i) Deferred income of EUR 19.1 million; (ii) Payables to the Treasury and social security institutions of EUR 14.6 million; (iii) Payables to employees of EUR 5.8 million; (iv) The short-term component of payables to OpNet S.p.A. related to the merger transaction of Linkem’s retail branch of EUR 3.1 million; (v) Other payables of EUR 0.8 million.

As of 31 December 2023, the net overdue trade payables (net of agreed payment plans with suppliers, active items, and disputed amounts with the same suppliers) amount to EUR 16 million (of which EUR 3.5 million are overdue for more than 12 months), compared to a balance of EUR 15.7 million in the comparative period (of which EUR 3.2 million were overdue for more than 12 months). The overdue tax payables amount to approximately EUR 2.6 million (of which EUR 1.3 million are overdue for more than 12 months). The overdue social security payables amount to EUR 0.1 million, while there are no overdue financial debts.

Based on the presented information and with reference to the balance sheet as of 31 December 2023, it is noted that current liabilities exceed current assets by an amount of EUR 122.8 million, highlighting a mismatch in the current items; this amount was EUR 86.7 million in the comparative period. This mismatch in current items is consistent with the business needs that foresee an initial investment phase to acquire new customers.

As of 31 December 2023, the fixed asset coverage ratio, i.e.. the ratio between shareholders' equity and fixed assets, is 9.7%, compared to a percentage of 21.6% in the comparative period.

4.5.3 Financial situation of the Group

As of 31 December 2023, the Tessellis Group has cash and cash equivalents amounting to EUR 7.7 million, while the net financial debt as of the same date is negative at EUR 85.1 million, showing an improvement compared to the 2022 financial year, where the net financial debt was negative at EUR 97.7 million.

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| Net Financial Position | 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 | | | |
| F. Non-current financial receivables | | | |
| G. Current bank payables | | 3.1 | 3.6 |
| H. Current portion of bonds issued | (1) | 0.0 | 0.0 |
| I. Current part of long-term loans | (2) | 14.3 | 7.6 |
| J. Other current financial payables | (3) | 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 | (4) | 53.0 | 64.7 |
| N. Bonds issued | | | |
| O. Other non-current financial payables | (5) | 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) This item includes the current portion of the debt towards Senior Lenders (including the ex Cr Umbria financing) amounting to EUR 14.3 million;
- 2) This item includes the short-term portion of financial lease debts related to network infrastructure investments and capitalized lease contracts in accordance with IFRS principles;
- 3) This item includes the long-term portion of the debt towards Senior Lenders (including the ex Cr Umbria financing) amounting to EUR 52.2 million and other long-term bank debts amounting to EUR 0.8 million;
- 4) This item includes the long-term portion of financial lease debts related to network infrastructure investments and capitalized lease contracts in accordance with IFRS 16 principles amounting to EUR 12.5 million, as well as financial debts recorded in relation to the put option on the subsidiaries 3P Italia S.p.A. and Aetherna amounting to EUR 3.8 million.

Below, for completeness, we also provide the reconciliation of the aforementioned financial debt with the financial debt prepared in light of CONSOB Call for Attention no. 5/21 dated 29 April 2021, as reported in the explanatory notes. In addition to the inclusion of liabilities for the long-term component of payables to suppliers and the installment tax liabilities, the table below includes the elimination of the impact of the items included among "Other liquid assets" and "Non-current financial receivables" related to security deposits not considered for CONSOB purposes.

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| (EUR mln) | 31 december 2023 | 31 december 2022 |
|---|------------------|------------------|
| Consolidated net financial debt | 85.14 | 97.7 |
| Other cash and non-current financial receivables | 0.8 | 0.8 |
| Long-term trade payables and installment tax payables | 15.4 | 22.5 |
| Consolidated net financial debt prepared on the basis of Consob communication No. 5/21 dated 29 April 2021 | 101.4 | 121.0 |

Also in this case, thanks to the reduction in non-current trade payables and installment tax liabilities, the balance of net financial debt, prepared as indicated, decreases by EUR 19.5 million compared to the previous year.

As of 31 December 2023, the quick ratio, calculated as the result of working capital net of inventories, compared to current liabilities, is -0.81, indicating the inability to cover current cash needs with cash flows generated from operating activities. This value compares with a ratio of -0.74 as of 31 December 2022.

On the same date, the financial independence ratio, calculated as the ratio between third-party funds and equity, is 11. This value indicates the predominance of third-party funds as a form of financing. This value compares with a ratio of 4.6 as of 31 December 2022.

4.6 Events after Reporting Period

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

On 19 April 2024, Tessellis S.p.A. received a communication pursuant to Article 117 of CONSOB Regulation no. 11971/99 (hereinafter referred to as the “Issuers’ Regulation”) from Jefferies Financial Group Inc. regarding the acquisition of an 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. (hereinafter referred to as “OpNet”) – a company that currently 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 (hereinafter referred to as the “Conversion”).

Amendment of the mandatory convertible bond with Nice & Green

On 7 May 2023, the Company’s Board of Directors approved an agreement regarding the amendment of certain terms of the existing convertible bond loan with Nice & Green (hereinafter referred to as the “Second Amendment Agreement”). The Second Amendment Agreement extends the commitment period for the investor until December 2026 for a total maximum amount of EUR 62 million, as well as the maturity period of the bonds until 31 December 2027, with a consequent extension of the POC subordination clause to the Senior creditors. It also includes an amendment fee of EUR 1.5 million and the investor’s waiver of the securities loan, which was a condition precedent for the instrument’s usability. Concurrently, the Company received a preliminary

commitment from the shareholder Opnet to vote favorably in the assembly for the approval of these amendments to the bond loan regulation.

4.7 Business Outlook

The Group is undergoing an ambitious transformation from a traditional telco model focused on consumer clients to a full digital company where telco services serve as the entry point for the commercialization of OTT services to businesses and Public Administrations. At the same time, the Group continues to work on improving the profitability of its prevailing services, as well as the relaunch of the Tiscali brand. In this context, the Villanova Project holds strategic importance with its research and development path in the field of generative Artificial Intelligence, which will allow for an expansion of the service portfolio with high technological and innovative value services.

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

Risks associated with highly competitive markets

The Tessellis Group operates in the highly competitive fixed and mobile telecommunications services market. As already described in the preceding paragraphs, the Group competes with telecommunication operators with a significantly larger market share than Tessellis, who have strong brand recognition supported on an ongoing basis by significant investments in communication, a consolidated customer base and significant financial resources that enable them to make significant investments, particularly in research aimed at developing technologies and services. Despite the high degree of competitiveness in the market, there has been the entry of new operators and the introduction of multi-utility solutions by major groups. In February, Poste Energia entered the market, while in early April, Enel Energia launched its first fiber optic offers using FTTH and FTTC technology. Additionally, at the end of 2023, Sky announced the launch of a mobile offer in the first months of 2024, resulting from a commercial collaboration with Fastweb.

To compete with the aforementioned competitors, Tessellis continues to focus its strategy on providing high-quality Internet access services, particularly UltraBroadband solutions with ultra-high capacity. The strategy also emphasizes the development of the mobile market with increasingly high-performance offers and converged fixed-mobile solutions. Special attention is directed towards the small business market and, in general, the development of high-value services aimed at businesses capable of generating higher margins. In the residential market, Tessellis has initiated a process to identify value-added solutions that can complement and innovate the core business.

The potential inability of the Group to successfully compete in the sector against current or future competitors

could negatively impact its market position, leading to a loss of customers and adverse effects on the Company's operations, economic condition, assets, and financial situation.

Risks related to possible system outages, delays or breaches in security systems and Cyber Risk

The ability of the Tessellis Group to attract and retain customers will continue to depend significantly on the operational efficiency of its network and information systems, particularly on the continuity and security of its network, servers, hardware, and software.

Potential power outages, telecommunications disruptions, security breaches, and other unforeseen adverse events (such as the complete destruction of the data center) could cause service interruptions or delays, leading to negative effects on the Group's operations, economic condition, assets, financial situation, and future projections. The Group has implemented several preventive measures to minimize this risk.

Recognizing that the smooth operation of the company's IT infrastructure is critical for business continuity, technical and procedural solutions have been put in place to protect the data center and systems.

The data centers in Cagliari and Rome, which house the IT systems, are equipped with security systems appropriate for the risks faced, including physical access controls, electrical power supply, air conditioning, fire prevention, and flood protection measures. All IT and ICT systems supporting the core business are redundant to limit the impact on operations due to the potential unavailability of individual components. The Group has upgraded firewalls, DDoS protection solutions, and IPS/IDS systems (intrusion detection and prevention).

Additionally, through the OneCompany project, the company has invested resources in updating the hardware and software components that support the core business, aiming to unify IT platforms and further enhance their reliability and resilience, including phasing out some legacy components.

To mitigate the risks of cyberattacks on the IT infrastructure, the Company adopted a cyber threat monitoring and prevention solution in 2022. This solution integrates both XDR functions and next-generation anti-malware protection, extending coverage to systems previously excluded. The monitoring and operational management of the new solution are entrusted to HWG Sababa, which supports Tessellis in improving its security posture.

In 2023, a Cybersecurity Operations team was established with the objective of actively monitoring the company's security posture, identifying potential vulnerabilities, and implementing appropriate remediation and/or mitigation measures. With the support of HWG Sababa, a specialized platform was also adopted for security training for all company personnel, to mitigate risks associated with cyberattack vectors such as

phishing, which exploit human factors.

Compliance with ISO standards

During 2023, in addition to continuing to enhance the High Value Business area by maintaining ISO 20000-1 (ICT Service Management Requirements), ISO 27001, 27017, 27018 (Information Security Management Systems), and ISO 22301 (Business Continuity Management Systems) certifications, the certification scope was extended to the Cagliari Sa Illetta campus perimeter for Occupational Health and Safety Management Systems (ISO 45001) and Environmental Management Systems (ISO 14001).

In February 2024, the surveillance audit for ISO 9001 (Quality Management Systems) was conducted, changing the certification body from Quaser to Bureau Veritas to synchronize future ISO 9001 audit dates with those of ISO 20000-1, as these certifications share multiple synergistic regulatory processes.

Regarding training, in 2023, Bureau Veritas, the certification body, conducted five distinct training sessions to certify internal auditors from the Organization, Compliance, and SPPA (formerly Business Processes and Compliance) areas on ISO certifications. Additionally, Occupational Health and Safety training involved 549 workers across the Bari, Cagliari, Rome, and Taranto sites in multiple training sessions.

General Data Protection

The Tessellis Group ensures constant monitoring of personal data protection issues, with reference to both company personnel and customers, adapting operational processes to comply with the relevant laws and regulations.

Risks related to the evolution of technology

The sector in which the Tessellis Group operates is characterised by profound and sudden technological changes, high competition and rapid obsolescence of products and services. The Company's success in the future will also depend on its ability to foresee these technological changes and its capacity to promptly adapt to them through the development of products and services capable of satisfying customer needs.

Any inability to adapt to new technologies and thus to changes in customer needs could have a negative impact on the Company's business and its economic, asset and financial situation.

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

As anticipated in the previous paragraph "4.2 Regulatory Framework", the telecommunications sector in which

the Tessellis Group operates is highly regulated and governed by extensive, stringent, and complex legislative and regulatory norms, particularly concerning license grants, competition, frequency allocation, tariff setting, interconnection agreements, and leased lines. Legislative, regulatory, or political changes affecting the Company's activities, as well as sanctioning measures issued by AGCOM, could negatively impact the Company's operations and reputation, and consequently, its economic, financial, and equity position, as well as its ability to achieve the goals set out in the Updated Business Plan 2024-2027.

In particular, such changes could result in increased burdens, both in terms of direct outlays and additional compliance costs, as well as new liability profiles and regulatory barriers to service provision. Changes in the regulatory framework and AGCOM's adoption of measures could also make it more difficult for Tessellis to obtain services from other operators at competitive rates or could limit access to systems and services necessary for the Company's operations.

Moreover, given the Tessellis Group's dependence on services from other operators, the Company may not be able to promptly implement and/or comply with any modifications to the current regulatory regime, resulting in negative impacts on the Company's operations and its economic, financial, and equity position, as well as its future projections. Despite the uncertainty, the Company has currently reflected the impacts of foreseeable regulatory developments in its future projections.

Risks associated with financial indebtedness

The financial situation of the Tessellis Group depends on various factors, particularly the achievement of the objectives set out in the Updated Business Plan 2024-2027, the general economic conditions, financial markets, and the sector in which the Group operates.

The Directors believe that the risk in question has been mitigated by the actions undertaken by the company during 2023, which have strengthened the Group's equity and financial structure. In particular, the capital increase offered to shareholders, resolved by the Board of Directors on 11 May 2023 and formally concluded on 31 July, provided the Company with financial resources amounting to EUR 19.5 million. Additionally, in the first half of 2023, two tranches of the mandatory convertible bond loan with Nice&Green were converted into capital, totaling EUR 4 million.

The Directors highlight that the Company has significantly improved its net financial debt (inclusive of trade payables and other non-current liabilities), reducing it from EUR 121 million as of 31 December 2022 to EUR 101.5 million as of 31 December 2023, also due to the repayment of approximately EUR 9.7 million of the existing Senior loan. Overdue trade and tax payables are in line with last year's figures, moving from EUR 15.7 million and EUR 3.2 million respectively as of 31 December 2022 to EUR 16 million and EUR 2.6 million as of

31 December 2023.

For further details regarding the actions taken by the Company in the first months of 2024 and strategies aimed at mitigating financial risk, refer to the paragraph “6.8 – Assessment of Going Concern.” The Directors are evaluating market opportunities to review the debt structure, with the aim of securing new financial resources and aligning the maturities of the current debt with the needs of the Updated Business Plan 2024-2027.

Risks associated with exchange rate and interest rate fluctuations

Tessellis essentially operates in Italy. Some supplies, albeit for insignificant amounts, may be denominated in foreign currencies; therefore, the exchange rate fluctuation risk to which the Company is exposed is minimal.

In relation to the exposure to risks connected to interest rate fluctuations, due to the fact that the most significant portion of financial debt is at fixed rates, the management considers the risk of interest rate fluctuations to be insignificant for the Company’s equity and financial situation.

Risks associated with supplier relationships

The Tessellis Group’s business depends on the contracts in place with its strategic suppliers on which the Company’s ability to access its market depends.

In the event that: (i) Such contracts are not renewed on expiry or are renewed on less favourable terms and conditions than those currently in place; or (ii) The Group fails to conclude the new contracts necessary for the development of its business; or (iii) There is a serious breach of contract by the Group or by the suppliers themselves, these circumstances could have an adverse effect on the Group’s business and on its economic and financial position, with a consequent impact on the possibility of continuing to operate as a going concern in the medium term, which is considered a remote possibility over the next 12 months.

The terms and conditions of these contracts are of a regulatory nature and, at present, there are no elements that could suggest that they will not be renewed upon expiry.

Risks associated with dependence on licences, authorisations and the exercise of rights in rem

The Tessellis Group conducts its business on the basis of licences and authorisations - which are subject to periodic renewal, modification, suspension or revocation by the competent authorities - and benefits from

easements of way, rights of use as well as administrative authorisations for the construction and maintenance of the telecommunications network. In order to be able to conduct its business, the Group must retain and maintain licences and authorisations, rights of way and use as well as other administrative authorisations.

The most important licences, in the absence of which the Company would not be able to conduct its business or part of it, with the consequent repercussions on business continuity, are as follows:

- General authorisation for the provision of the “data transmission” service: in the event of the loss of this authorisation – which in turn expires on 10 December 2027 – the Company would no longer be able to provide Internet access services; as things stand at present, the Company meets all the requirements for the renewal of this authorisation on its expiry, for which it will however be necessary to submit a new DIA (declaration on the commencement of the activities);
- General authorisation (formerly individual licence) for “voice telephony accessible to the public on the national territory”, expiring on 31 December 2038: in the event of the loss of this authorisation, the Company would no longer be able to provide voice services involving the use of geographic numbers; at present, the Company has all the requirements necessary to renew this authorisation on its expiry, to obtain which it will however be necessary to submit a new DIA;
- General authorisation for “electronic communication networks and services”, expiring on 11 January 2032: in the event of the loss of this authorisation, the Company would no longer be able to build network infrastructures and therefore provide connectivity services on proprietary infrastructures;
- General authorisation for the provision of the mobile service “Enhanced Service Provider”: in the event of the loss of this authorisation – due to expire on 31 December 2038 – the Company would no longer be able to provide mobile services (voice and data).
- Authorisation for the provision of national audiovisual media services for the “BIKE” channel (LCN channel 259, sports genre), granted on 6 September 2023.

Risk related to climate change

The Tessellis Group has assessed the possible effects of climate change in order to adequately disclose them in the financial statements and reflect the possible effects on economic and financial data. Climate-related issues have a potentially significant impact on many organisations, affecting their business models, financial performance, cash flows and more generally their ability to continue operating as functioning entities. In particular, the Group has initiated a series of actions aimed at improving the company’s environmental, social and governance (ESG) performance, taking into consideration both the possible impacts of climate change on Tiscali’s production structures and management’s assessment of the possible economic and financial impacts.

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At present, the actions implemented by the Company are as follows:

- Energy efficiency initiatives related to data centres;
- Network efficiency initiatives;
- Reduction of energy consumption through the use of renewable energy (e.g. photovoltaic system).

The analyses carried out by the Group in relation to possible climatic developments concerned the identification of market, regulatory and business risks. With reference to these risks, we highlight:

Market Risk. Management has evaluated the possibility that particularly unfavorable climatic scenarios could lead to a depletion of the financial conditions of private and business customers, resulting in a deterioration in the quality of credits. This risk is systematically monitored through precise analyses and is considered remote in the short term.

Regulatory and Business Risks. Management has assessed the possibility that unfavorable climatic scenarios might prompt market-regulating authorities to enforce a rapid technological transition aimed at reducing emissions from economic operators. Such transitions usually require significant capital investments, which, given the current financial condition of the Group, might be challenging to secure. Management considers this risk remote in the short term and, based on the profitability forecasts included in the Updated Business Plan 2024-2027, believes that if these forecasts are achieved in the future, the Group will have the necessary financial resources to ensure even a radical transition of the technologies in use.

For further analyses regarding management's evaluations of the production facilities where the Group operates, refer to paragraph 4.15, "Assessment of the Impact of Climate Change on Tiscali's Production Facilities."

4.9 Analysis of the economic and financial situation of Tessellis S.p.A.

4.9.1 Economic situation of the Parent Company

| (EUR 000) | 2023 | 2022 |
|---|--------------|--------------|
| Income from services and other income | 2,575 | 3,120 |
| Personnel, Services and Other Operating Costs | (2,507) | (2,546) |
| Other write-downs | (235) | (92) |
| Depreciation | (1) | |
| Net financial income (expenses) | (76) | (1,409) |
| Income Taxes | - | 0 |
| Net Result | (244) | (927) |

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Personnel, service and other operating costs amounted to EUR 2.5 million, of which professional fees of EUR 0.9 million, remuneration for the Board of Directors and Board of Statutory Auditors of EUR 0.7 million, other general costs and tax charges of EUR 0.8 million.

Revenues from Services primarily refer to the billing of services rendered by the Company to its subsidiary Tiscali Italia S.p.A., including charges for the Tiscali brand license determined as a percentage of the revenue of the user company.

Personnel, Services, and Other Operating Costs amount to EUR 2.5 million, comprising: professional fees of EUR 0.9 million, compensation for the Board of Directors and Board of Statutory Auditors of EUR 0.7 million, other general expenses and tax charges of EUR 0.8 million.

The item *Other Impairments* mainly includes the adjustment of the bad debt provision to the value of the total receivable due from foreign subsidiaries for EUR 0.2 million.

Net Financial Charges amount to EUR 76,000, primarily including EUR 180,000 in fees paid on the mandatory convertible bond into ordinary Tiscali shares, subscribed by Nice & Green, and EUR 117,000 in interest income from the intercompany loan to Tiscali International BV.

It should be noted that in 2023, 2 tranches (each consisting of 20 bonds converted into Tiscali shares with a unit value of EUR 100,000 each) were issued, for a total amount of EUR 4,000,000.

4.9.2 Assets and Liabilities of the Parent Company

| Statement of Assets and Liabilities (abridged) | 31 december 2023 | 31 december 2022 |
|--|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Non-current Assets | 159,001 | 158,941 |
| Current Assets | 2,913 | 6,307 |
| Total Assets | 161,914 | 165,249 |
| Shareholders' Equity | 126,278 | 103,254 |
| Total Shareholders' Equity | 126,278 | 103,254 |
| Non-current Liabilities | 28,064 | 54,236 |
| Current Liabilities | 7,572 | 7,758 |
| Total Assets and Liabilities | 161,914 | 165,249 |

Assets

Non-current Assets

Non-current assets, amounting to EUR 159 million, primarily include controlling interests valued at EUR 157.3 million (EUR 157.3 million as of 31 December 2022). This item also includes financial assets amounting to EUR 1.6 million (EUR 1.6 million as of 31 December 2022), which are mainly represented by financial receivables from Group companies.

Current Assets

Current assets, amounting to EUR 2.9 million, include receivables from customers for EUR 2.6 million, primarily from subsidiary companies, other receivables and miscellaneous assets for EUR 0.2 million, and cash and cash equivalents amounting to EUR 152.5 thousand.

Shareholders' Equity

The *Shareholders' equity* of the Parent Company amounts to EUR 126.3 million as of 31 December 2023, reflecting an increase of EUR 23 million compared to 31 December 2022. This increase is due to the following factors:

- Decrease in the comprehensive income net result amounting to a negative EUR 244 thousand;
- Increase in capital by EUR 4 million due to the conversion of the two tranches of the mandatory convertible bond subscribed by Nice & Green SA;
- Increase in capital by EUR 19.5 million following the capital increase operation with the subscription of a total of 48,696,912 shares, formally concluded on 31 July 2023;
- Decrease of EUR 0.2 million for ancillary costs related to the capital increase operation.

Liabilities

Non-current Liabilities

Non-current liabilities, amounting to EUR 28.1 million, primarily include items related to financial debt, which are detailed in paragraph 4.9.3, "*Financial Situation of the Parent Company.*"

Current Liabilities

Current liabilities, amounting to EUR 7.6 million, include trade payables to third parties for EUR 4 million and other current liabilities for EUR 3.6 million. These latter primarily consist of group VAT payables of EUR 2.9 million and EUR 0.6 million in other payables, mainly related to the provision for penalties and interest on unpaid tax liabilities, as well as other tax and social security liabilities.

4.9.3 Financial situation of the Parent Company

The Parent Company's financial debt is summarized in the following table:

| Financial Situation | 31 december 2023 | 31 december 2022 |
|---|------------------|------------------|
| <i>(Thousands of Euro)</i> | | |
| A. Cash and Bank deposits | 152 | 180 |
| B. Other cash equivalents | | |
| C. Securities held for trading | | |
| D. Liquidity (A) + (B) + (C) | 152 | 180 |
| E. Current loan receivables | | |
| F. Non-current financial receivables | 1,605 | 1,605 |
| G. Current bank payables | - | - |
| H. Current accounting of bonds issued | - | - |
| I. Current accounting of non-current debts | - | - |
| J. Other current financial debts | - | - |
| K. Current financial debt (G) + (H) + (I)+(J) | - | - |
| L. Net current financial debt (K)-(D)-(E)-(F) | (1,757) | (1,785) |
| M. Non-current bank Loans | - | - |
| N. Bonds issued | - | - |
| O. Other non-current intercompany debt | 27,868 | 53,859 |
| P. Other non-current intercompany debt | - | - |
| Q. Non-current financial debt (M)+(N)+(O)+ (P) | 27,868 | 53,859 |
| R. Net Financial Debt (L)+(Q) | 26,111 | 52,075 |

Non-current financial receivables from Group companies are represented by financial receivables from Tiscali International Bv amounting to EUR 1.6 million.

Other non-current liabilities to Group companies consist of financial payables to Tiscali Italia S.p.A. amounting to EUR 26.2 million and to Tiscali International Bv amounting to EUR 1.6 million.

The variation in financial receivables and payables to Group companies is related to the flows connected to the centralized treasury contract, as well as to the operations of offsetting the respective credit and debit positions.

4.9.4 Reconciliation between the Parent Company's Financial Statements and the Consolidated Financial Statements

As required by CONSOB Communication no. DEM/6064293 of 28 July 2006, the following table shows the reconciliation of the Group's Shareholders' Equity with the corresponding values of the Parent Company.

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| EUR 000 | 31 December 2023 | |
|---|------------------|----------------------|
| | Net Result | Shareholders' equity |
| Shareholders' equity and net profit (loss) of Tiscali S.p.A. | (244) | 126,278 |
| Net profit and Shareholders' equity of consolidated companies | (47,775) | (392,904) |
| Book value of consolidated equity investments and Consolidation's Journals | (14,185) | 291,028 |
| Shareholders' equity and net profit (loss) for the year pertaining to the Parent Company | (62,204) | 24,401 |
| Shareholders' equity and net profit (loss) for the year pertaining to minority shareholders | | 959 |
| Shareholders' equity and net profit (loss) for the year as per the Consolidated Financial Statements | (62,373) | 25,361 |

The difference between the Parent's Shareholders' Equity and consolidated Shareholders' Equity is due to the fact that, for the purposes of Tessellis S.p.A.'s Separate Financial Statements, the current year losses of Tiscali Italia S.p.A. are not considered permanent and therefore are not recognised as an impairment loss on the investment, while, for consolidated purposes, the losses are recognised in the Group's Shareholders' Equity in the years in which they accrue.

4.10 Litigations, Potential Liabilities and Commitments

Please refer to the Paragraph "*Litigations, Potential Liabilities and Commitments*" in the Explanatory Notes.

4.11 Non-Recurring Operations

Please refer to the Paragraph "*Non-Recurring Operations*" in the Explanatory Notes.

4.12 Atypical and/or Unusual Transactions

Pursuant to the CONSOB Communication of 28 July 2006, it should be noted that during the year 2023, the Group did not enter into any atypical and/or unusual transactions, as defined by the Communication.

4.13 Related Party Transactions

As regards economic and financial relations with related parties, please refer to the section "Related Party Transactions" in the notes to the Consolidated Financial Report.

Please note that the document illustrating the procedure for regulating related parties can be found at www.tessellis.it/procedure.

4.14 Remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities

For the performance of their functions in the Parent Company and in other consolidated companies, the remuneration due to the Directors, Statutory Auditors and key management personnel of the Group companies for the financial year 2023, are as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| <i>(thousands of Euros)</i> | | |
| Directors | 938 | 589 |
| Statutory auditors | 177 | 169 |
| Managers with strategic responsibilities | 1,112 | 751 |
| Total | 2,227 | 1,509 |

Joining the Tax Consolidation Agreement

The Company has exercised the option for consolidated taxation under the parent company Tessellis S.p.A. for the following companies:

- Tessellis S.p.A.
- Tiscali Italia S.p.A.
- Linkem Services S.r.l. (with effect from 1 January 2023)
- Vevisible S.r.l. (with effect from 1 January 2023)

Media P.A. exited the tax consolidation as of 1 January 2023.

The relationships arising from joining the consolidation are governed by a special “Rules and Regulations” agreement, which provides for a common procedure for the application of the statutory and regulatory provisions.

4.15 Assessment of the impact of climate change on Tiscali’s production facilities

The Tessellis Group, as part of the assessment of its long-term business continuity, has estimated the effects of climate change and their possible economic and financial impact on the company’s business.

The analysis was conducted focusing particular attention on certain physical risks arising from climate change that could compromise the Data Centre infrastructure:

(i) Rising global average environmental temperatures

The increase in environmental temperatures was assessed both on the Data Centre (located at Tessellis’ headquarters in Sa Illetta – Cagliari) and on the production facilities located throughout the country, as well as on the interconnection devices located at the end customer’s household.

- Effect of rising temperatures on the Cagliari – Sa Illetta data centre

According to the IPCC's Fifth Special Report (AR5) ⁷, the global surface temperature in the period 2011-2020 was 1.09° C higher than in the period 1850-1900, and it is estimated that by 2040 it could reach 1.5° C above pre-industrial levels.

The Tessellis Data Centre, thanks to the energy efficiency measures described under "*1. Energy Efficiency Initiatives Concerning the Data Centre*", is equipped with cooling machines that can cope with a rise in external temperature up to 55 °C. The operating range of the equipment used for cooling the Data Centre in fact goes from -17.5 °C to 55 °C. The maximum temperature recorded in the Data Centre area in the year 2021 is 40.1 °C. Therefore, even assuming a ten-year increase in the global average temperature of 1.5 °C, the current systems are able to cope with the cooling requirements for a period longer than the expected useful life of the systems themselves.

The technicians in charge of managing the data centre have estimated that, since it is extremely unlikely that the global average temperature will rise to a value that would compromise the capacity of the systems, there will be no impact on the cooling capacity of the chillers. Likewise, the engineers believe that the servers will not suffer any damage in the event of a temperature rise, maintaining their capacity intact. Obviously, over a longer period of time, a rise in ambient temperatures could result in the need to make greater use of the cooling capacity of the data centre's air conditioning systems. This would have an impact on energy consumption with a consequent increase in indirect CO2 emissions. At present, this impact cannot be estimated with certainty, but engineers believe it is not significant. This effect would in any case be mitigated by the self-production of electricity from the photovoltaic system.

- *Effect of rising temperatures on production facilities across the country*

Tessellis, in addition to the main data centre in Sa Illetta, has more than 29 POPs active throughout the country, some located in the facilities of other operators and others in co-location, hosting equipment (routers/servers) with technical characteristics similar to those present in the data centre. The same considerations applied to the data centre in relation to the hypothesis of higher environmental temperatures apply to them. It should be borne in mind that over the last few years a process of replacing the air-conditioning systems on these POPs has been initiated and will be completed in the next few years, thus making it possible to cope with potential increases in external temperatures.

- *Effect of higher temperatures on the interconnection devices supplied and installed at the customer's premises to perform the service*

⁷ Source: AR5 Synthesis Report: Climate Change 2014 – IPCC Intergovernmental Panel on climate change.

The Internet represents the largest man-made infrastructure that is of enormous importance not only in the daily lives of individuals but more generally for the progress of mankind, science and information.

Climate change, caused by global warming, could have a negative impact on the internet service, affecting its availability, quality, security and cost. According to a UK Government Report, Wi-Fi internet connections and other telecommunication tools will be increasingly exposed to the risk of overheating as global temperatures rise and disruptions occur. Studies have shown that high temperatures lead to a reduction in the range of internet communication, while frequent thunderstorms impact signal reliability, and this undoubtedly represents a critical issue especially in emergency situations where efficient communication systems are required.

With regard to the Company's modems, in particular, these are assets that are installed in customers' households, during contract activation. These devices fall into two categories:

- a) Devices for indoor deployment: these are modems related to fibre services (FTTH/FTTC) and modems related to FWA services;
- b) Devices for outdoor deployment: these are modems related to FWA services, used where radio signal coverage requires antenna placement outside the building.

The engineers assessed the effects of climate change on these devices. The devices referred to under b) have a thermal resistance, as they are able to withstand external temperature rises of up to 56° C, without impacting on the functioning of the device. The temperature rise also has no impact on the useful life of such devices if the normal operating temperature remains below 40° C and if the 56° C threshold is not reached for more than 72 consecutive hours per year.

(ii) Sea level rise – effect on production facilities located in Sa Illetta – Cagliari

Global warming is the main cause of melting polar glaciers and warming oceans, which in turn affect sea levels, affecting their density and salinity.

Since the early 1900s, sea levels have risen by around 21 cm, and of these, only a third has been recorded in the last 30 years. The projected sea level rise by 2100 will be about 43 cm in the case of very high emission reductions⁸, and about 84 cm in the case of high emissions. The world's coastal cities are at risk of being flooded due to their vulnerability to sea-level rise, flooding and erosion.

The offices and Data Center of Tessellis are located in Sa Illetta, a hamlet about 2 km from the municipality of Cagliari. It is one of the largest wetland areas in Europe and is particularly noted not only for its historical importance but also for its environmental significance, being home to protected animal and plant species.

⁸ IPCC 6 Studies

The Tessellis Data Center is situated in Building No. 6, which is approximately 90 meters from the lagoon on the north side. The servers are positioned on the second floor of the building, while the generators, electrical cabins, and uninterruptible power supply systems are located on the ground floor.

Technicians believe that in the event of a 30 cm rise in sea level over the next 12 months (a highly unlikely scenario), the waters of the lagoon would not reach the building housing the Data Center, nor would they affect any equipment used for the company's production activities, as this rise would not reach the ground level of the Data Center (approximately 2 meters above sea level). Additionally, there is a perimeter channel around the area for water drainage towards the sea, which would protect existing structures even in the case of higher water levels. For this reason, the technicians believe there is reasonably no risk that would necessitate investments to protect the Data Center's machines or other production equipment.

Similarly, the technicians believe that, within this timeframe, the servers will not suffer any damage related to such a climatic event that could compromise their operational capability.

In the hypothetical scenario where, over a period of 10 years, the sea level were to rise by over 2 meters – an event considered extremely unlikely – there would still be no need for an investment aimed at upgrading part of the Data Center infrastructure for the reasons mentioned above.

Considering the hypothesized climate changes over the next 10 years, no significant variation in the useful life of the equipment and installations of the Data Center is expected due to the rise in average temperatures and sea levels.

Regarding the evaluations conducted on the consequences of the two potential climatic events mentioned above (global temperature increase and sea level rise), the technicians believe that the assets will maintain their physical integrity and thus their productive capacity over the next 12 months.

Given these considerations, it is reasonably believed that there will be no need to relocate the company headquarters in the next 10 years. Similarly, it is not considered necessary to take out any specific insurance policy for damages.

Cagliari, 7 May 2024

The Chief Executive Officer



Davide Rota

**The Officer in Charge of Preparing the
Company's Accounting Documents**



Fabio Bartoloni

5 Corporate Governance Report and Ownership Structure

5.1 Profile of the Issuer

As per Article no. 123-*bis* of the Law Decree no. 58/1998, as subsequently amended and integrated (hereinafter referred to as “**TUF**”, i.e., Consolidated Financial Law), implemented by Article no. 89-*bis* of the Issuers Regulations adopted by CONSOB with resolution no. 11971 dated 14 May 1999, as subsequently amended and integrated (hereinafter referred to as “**Issuers’ Regulation**”), listed companies are required to prepare a report, on an annual basis, providing information on their Corporate Governance in March 2006, as subsequently updated and available at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf> (hereinafter referred to as the “**Code**”).

This report shall be made available to the Shareholders at least 21 days before the Meeting for the approval of financial statements for the year and shall be published in the Governance section of the Company’s website, at www.tessellis.it.

The Company has adopted the traditional administration and control system that provides for the division of responsibilities between the Board of Directors, the Board of Statutory Auditors and the Shareholders’ Meeting, believing that this system allows for a clear division of the roles and responsibilities entrusted to the corporate bodies and an effective management of the Company.

The Board of Directors of Tessellis S.p.A. (hereinafter referred to as “**Tessellis**” or the “**Company**”), in fulfilment of the prescribed obligation and with the intention of providing extensive corporate information in favour of Shareholders and investors, has prepared this report (the “**Report**”), in compliance with the format for the reaction on corporate governance and ownership structure of Borsa Italiana S.p.A. and in light of the indications provided in this regard by Assonime.

On 7 May 2024, the Board of Directors, in accordance with the provisions of the Code, carried out its assessment. The Board considered that the size, composition and functioning of the Board of Directors itself and its Committees are adequate for the Company’s management and organisational needs. The Board of Directors also took into account the professional, experienced and managerial characteristics of its members and examined the actual functioning of the corporate bodies during the financial year 2023. It should be noted that this valuation was carried out in a context of great dynamism and discontinuity, given by the post-merger industrial integration process with the retail branch of Linkem S.p.A., finalised on 1 August 2022, although partially still in progress with reference to the migration of certain operating systems and the reorganisation of the company management.

Therefore, the Board is committed to constantly monitoring the adequacy of its organisation and functioning over time. At the date of the Report, the Board of Directors is composed of six members⁹, including the Chief Executive Officer with executive powers and four non-executive and independent directors. In this assessment, the Board of Directors also took into account the positions in other companies held by the Directors and the Directors’ concrete commitment to company management.

⁹ On 21 February 2024, Renato Soru tendered his resignation as Director and Chairman of the Board of Tessellis S.p.A.

Finally, it should be noted that the Company qualifies as an SME (small and medium-sized enterprise) pursuant to Article no. 1, paragraph 1, subpara *w-quater.1*), of the TUF, and Article 2-*ter* of the Issuers' Regulations, since, as communicated to CONSOB within the terms of the law, the value of the average capitalisation for the year 2023 is equal to EUR 139,9 million, while the value of the consolidated turnover for the year 2023 is EUR 231.2 million.

5.2 Information on Ownership Structure as at 31 December 2023

a) Share Capital Structure

The structure of the subscribed and paid-up share capital, as at 31 December 2023 amounting to EUR 208,992,730.17, is shown in *Table 1 – Information on Ownership Structure*. As of the date of this Report, it amounts to EUR 208,992,730.17.

There are no share-based incentive plans in place (stock options, stock grants, etc.).

b) Restrictions on the Transfer of Securities (pursuant to Article no. 123-bis, paragraph 1, subpara b) of the TUF)

There are no statutory restrictions on the transfer of securities, such as ownership limits or approval clauses.

c) Significant holdings of capital (pursuant to Article no. 123-bis, paragraph 1, subpara c), TUF) Shareholders with voting rights or holding more than 5%, who at the date of this Report have notified the Company and CONSOB of their shareholding are OpNet S.p.A. with 59.26%.

d) Securities conferring special rights (pursuant to Article No. 123-bis, paragraph 1, subpara d), TUF)

No securities have been issued that confer special rights of control.

There are no special powers (e.g. special powers of the Italian State in strategic sectors, pursuant to the Law Decree no. 21 of 15 March 2012, converted into Law no. 56 of 11 May 2012).

e) Employee share ownership: Mechanism for exercising voting rights (pursuant to Article No. 123-bis, Paragraph 1, subpara e), TUF)

The Articles of Association do not provide for any special mechanisms for exercising voting rights in the case of employee share ownership, which are exercised in accordance with the provisions of the Articles of Association.

f) Restrictions on Voting Rights (pursuant to Article No. 123-bis, paragraph 1, subpara f), TUF)

The Articles of Association do not provide for multiple or increased voting shares or restrictions on voting rights.

g) Shareholders' Agreements (pursuant to Article No. 123-bis, paragraph 1, subpara g), TUF)

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At the date of the Report, a Shareholders' Agreement is in place between Amsicora S.r.l. (**Amsicora**), Linkem S.p.A., now OpNet S.p.A. (**OpNet**) and Renato Soru, signed in the context of the merger by incorporation of the retail branch OpNet in Tessellis and the subsequent conferment of the same branch in the operating subsidiary Tiscali Italia S.p.A. (i.e. the "**Merger**")

Specifically, on 30 December 2021 OpNet, Amsicora and Renato Soru (hereinafter referred to jointly as the "**Parties**") signed a Shareholders' Agreement aimed at regulating their mutual commitments in the context of the merger transaction completed pursuant to Articles 2501 et seq. of the Italian Civil Code (the "**Merger**"), mainly in relation to certain commitments (i) of lock-up to be borne by Amsicora and Renato Soru, (ii) of standstill to be borne by the Parties and (iii) concerning the governance of the Company following the completion of the Merger (the "*Shareholders' Agreement*").

In consideration of the fulfilment of the conditions precedent underlying the Shareholders' Agreement, the Shareholders' Agreement became effective on 1 August 2022 (the effective date of the Merger) and will expire on the third anniversary following the Merger.

The following are the covenants contained in the Shareholders' Agreement, whose complete documentation is published on the Company's website, Section "*Documents/Shareholders' Agreements*".

- *Lock-up commitments and standstill*

Pursuant to the Shareholders' Agreement:

(a) Amsicora irrevocably undertook, without prejudice to its commitments under the bond loan (hereinafter referred to as the "**Share Loan**") reserved for Nice&Green (hereinafter referred to as "**N&G**):

- Not to carry out, either directly or indirectly, transfers of one's own Tessellis shares (or of other financial instruments, including participatory ones, which grant the right to purchase, subscribe, convert into, or exchange with, Tessellis shares or other financial instruments, including participatory ones, which grant rights inherent to or similar to such shares or financial instruments);
- Not to approve, enter into and/or perform transactions of any kind or nature on derivative instruments, which have the same effects, even if only economic, as transfer transactions;

(b) Renato Soru irrevocably undertook:

- Not to carry out, either directly or indirectly, transfers of one's own Tessellis shares (or of other financial instruments, including participatory ones, which grant the right to purchase, subscribe, convert into, or exchange with, Tessellis shares or other financial instruments, including participatory ones, which grant rights inherent to or similar to such shares or financial instruments);
- Not to approve, enter into and/or carry out transactions on derivative instruments of any kind or nature, which have the same effects, even if only economic, as transfer transactions.

The above commitments were undertaken (i) by Amsicora in respect of all Tessellis shares held at the date of the Shareholders' Agreement until the expiry of the sixth month following the effective date of the Merger, and (ii) by Renato Soru in respect of all the Tessellis shares held on the date of the Shareholders' Agreement until the expiry of the sixth month following the effective date of the Merger and in respect of 50% of the Tessellis shares held on the date of the Shareholders' Agreement until the expiry of the twelfth month following the effective date of the Merger.

The following are in any case excluded from the aforesaid commitments:

- (a) Transfers carried out in compliance with mandatory legal or regulatory obligations or measures or orders of competent Authorities;
- (b) Transfers carried out in adherence to a public tender offer for the purchase or exchange of Tessellis shares addressed to all holders of shares in the Company;
- (c) With exclusive reference to the lock-up commitments undertaken by Soru, transfers mortis causa. The Parties also undertook, until the effective date of the Merger, not to purchase shares or other financial instruments issued by the Company or to carry out any transactions on the shares and/or share capital of Tessellis.

- *Appointment of the Board of Directors*

Subject to the effectiveness of the Merger, the Parties undertook, for the entire duration of the Shareholders' Agreement, to use their best endeavours (including by voting for this purpose at the relevant Shareholders' Meetings of the Company) to ensure that the Board of Directors of the Company is composed of 7 members and to jointly submit and vote on a list for the appointment of the members of the Board of Directors of Tessellis, in accordance with the provisions of the Tessellis Articles of Association (hereinafter referred to as the "**List**"). The List will be composed as follows:

- (a) OpNet shall have the right to indicate 4 Directors, at least 1 (one) of whom shall be independent, to be included in the List with progressive numbering from 2 to 5;
- (b) Soru shall have the right to indicate 1 (one) Director to be included in the List with progressive number 1;
- (c) Jointly, Amsicora and Renato Soru shall have the right to indicate 1 (one) independent director to be included in the List with sequential number 6;
- (d) The additional independent Director – in the event that a minority list is not also duly presented and voted – will be indicated by OpNet with sequential number 7.

The List provides that the candidate indicated in first place will hold the position of Chairman of the Board of Directors of the Company.

In addition, the Parties have undertaken that, to the extent permitted by the applicable legal provisions, the Board of Directors of the Company will identify the Managing Director from among the directors indicated by OpNet.

- *Prior Consultation Obligations*

The Parties undertook to meet at least 15 business days prior to the date scheduled for each ordinary and/or extraordinary Shareholders' Meeting of Tessellis, to consult in advance in relation to the exercise of the rights attached to the shares granted under the Shareholders' Agreement with the aim of reaching, as far as reasonably possible, the determination of common voting instructions.

Amsicora undertook to issue instructions to N&G in relation to the exercise of the voting rights attached to the shares granted under the Share Loan in accordance with the determination of the Parties.

h) Change of control clauses (pursuant to Article no. 123-bis, paragraph 1, subpara h), Consolidated Law on Finance) and statutory provisions on takeover bids (pursuant to Articles no. 104, paragraph 1-ter, and 104-bis, paragraph 1)

In certain agreements to which Tessellis and/or its subsidiaries are parties, the phenomenon of change of control entails a modification or extinction of the relationship; however, these are situations subject to contractual confidentiality constraints.

With regard to takeover bids, the Company's Articles of Association do not contain any clauses derogating from the provisions on the passivity rule or provisions providing for neutralisation rules.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to Art. 123-bis, paragraph 1, subpara m, TUF)

At the meeting held on 16 May 2022, the Extraordinary Shareholders' Meeting resolved to issue a mandatory convertible bond reserved for Nice & Green S.A. in the total amount of EUR 90 million. In January 2023, the subscription of the first tranche of the new mandatory convertible bond was requested for a total value of EUR 2,000,000, following which the "Tiscali Conv 2021" convertible bond matured. For further details regarding the capital increase serving the "Tiscali Conv 2022" convertible bond, please refer to the documentation published on the Company's website under the "*Documents/Bond Loan*" section.

On 10 January 2023, the Shareholders' Meeting, in an extraordinary session, approved the proposal to grant the Board of Directors the authority, to be exercised in one or more instances within 30 months from the date of the shareholders' resolution, for a maximum amount of EUR 60,000,000, including any premium: (i) To increase the share capital for cash, in divisible form, pursuant to Article no. 2443 of the Italian Civil Code, also with the exclusion or limitation of pre-emptive rights pursuant to no. Article 2441, paragraphs 4, 5, and 8 of the Italian Civil Code, including through the issuance of shares reserved for incentive programs based on the allocation of financial instruments to directors, employees, and collaborators of the Company, identified by the Board of Directors against specific lock-up commitments by them, and (ii) To issue bonds convertible into ordinary shares of the company pursuant to Article no.

2420-ter of the Italian Civil Code, together with the authority to resolve the corresponding capital increase to serve the conversion, also with the exclusion or limitation of pre-emptive rights pursuant to no. Article 2441, paragraph 5, of the Italian Civil Code.

On 11 May 2023, the Board of Directors, partially executing the aforementioned delegation, resolved to increase the share capital for cash, in divisible form, for a maximum amount of EUR 25,116,540.00, through the issuance of a maximum of 50,233,080 new ordinary shares, without par value, having the same characteristics as those in circulation, at an issue price per share of EUR 0.53, to be fully allocated to share capital and to be offered in option to shareholders and holders of convertible bonds. With a subsequent resolution on 19 June 2023, considering the conversion of a tranche of the convertible bond and to allow broader shareholder participation in the operation, the Company redefined the terms of the capital increase execution, setting the maximum amount at EUR 24,716,036.00 (for a maximum of 61,790,090 new shares), to be offered in option to shareholders pursuant to Article 2441, paragraph 1, of the Italian Civil Code at a subscription price of EUR 0.40 per share, applying a discount on the TERP (*Theoretical ex-right price*) of 1.66%; the option ratio is 1 new Tessellis share for every 3 option rights of the shares held. At the end of the option offer period, which concluded on 10 July 2023, the reference shareholder OpNet S.p.A. fully subscribed to the capital increase share to which it was entitled, corresponding to approximately 56.11% for a total of 34,675,165 shares and a total value of EUR 13,870,066.00. The remaining unexercised option rights, amounting to 71,764,935, were offered to the public pursuant to Article 2441, paragraph 3, of the Italian Civil Code, on Euronext Milan, through Equita SIM S.p.A. The overall capital increase operation was completed on 31 July 2023 with the subscription of a total of 48,696,912 shares, corresponding to 78.810% of the shares offered in the capital increase context. As a result, the Company's share capital (fully subscribed and paid-in) is EUR 208,992,730.17, divided into 234,067,207 ordinary shares without par value.

There are no resolutions by the Shareholders' Meeting regarding authorizations for the purchase of own shares pursuant to Articles no. 2357 and following of the Italian Civil Code.

j) Management and Coordination Activities (pursuant to Article no. 2497 *et seq.* of the Civil Code)

At the date of the Report, no shareholder exercises management and coordination activities.

5.3 Compliance (pursuant to Article No. 123-bis, paragraph 2, subpara a, first part, TUF)

Tessellis is a joint stock company based in Italy, subject to national and EU regulations. In connection with the listing of some of its issued financial instruments on the stock exchange, it is required to comply with the corresponding regulations.

Tessellis adheres to the Corporate Governance Code of Borsa Italiana.

Tessellis falls within the definition of SME pursuant to Article no. 1, paragraph 1, subpara *w-quarter* of the TUF and Article no. 2-*ter* of the CONSOB Regulation on Issuers.

5.4 Board of Directors

Role and Functioning of the Board of Directors

The Board of Directors plays a role of strategic guidance and supervision, pursuing the priority objective of creating value for shareholders and stakeholders in the medium to long term, with a view to the sustainable success of the company.

The Company has adopted the traditional administration and control system that entails the division of responsibilities between the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting, with the belief that this system allows for a clear division of the roles and responsibilities entrusted to the corporate bodies and an effective management of the Company.

During 2023, 8 meetings of the Board of Directors were held, with an average duration of about 120 minutes. In accordance with the Articles of Association and Rules of Procedure, attendance was also allowed via a remote connection, to the benefit of the attendance rate, which totalled about 100% of the Directors. Board meetings are also regularly attended by the Company's management, as well as any external consultants appointed, in order to provide support and the most exhaustive information on the items on the agenda from time to time.

It is a consolidated practice that Board of Directors' meetings are also attended by managers and external consultants, depending on the specific nature of the topics to be discussed, also in order to foster a precise and in-depth knowledge of the Company's and the Group's business sector, the Company's dynamics and their evolution, the regulatory framework of reference, as well as to enhance the Board of Directors' ability to supervise the Company's activities.

Pre-Board Meeting information was disseminated with the support of computerised tools and made available – as a rule – within the ordinary term for convening the meeting, and in any case as far in advance as circumstances allowed. The information thus distributed was supplemented by the illustrations provided during the meetings, with the support of the management of the Company and/or its main subsidiaries as well as, where necessary, consultants who ensured the necessary technical/professional support. In order to facilitate the preliminary investigation of complex issues, in preparation for discussion during the meetings, informal information and in-depth analysis open to Directors and Statutory Auditors was also sometimes resorted to, close to the meetings of the Board, through the activation of specific preparation and induction paths. The flow of information to the Board, in accordance with the exercise of its powers and responsibilities, concerned, in addition to the topics examined at the meeting and the follow-up of the decisions taken, (i) The general trend of management and its foreseeable evolution, (ii) The activities carried out, in particular with reference to transactions of major economic, financial and equity significance or of

particular sensitivity, and (iii) Any further activity, transaction or event that was deemed appropriate by the Chairman or the Chief Executive Officer to bring to the attention of the Directors.

The Board of Directors of Tessellis:

- Exercises guidance, coordination, monitoring and verification activities at a senior management level in relation to the strategy and governance of the Group as a whole;
- It is the recipient of appropriate information flows on the Group's management performance and its organisational, administrative and accounting structure;
- Decides on operations of an extraordinary nature of the subsidiaries that have a significant strategic, economic, equity or financial importance for the Parent Company and any other operation comparable in terms of importance and effects.

Furthermore, the following are reserved for the Board of Directors:

- The assessment and approval of the Business Plan of the Company and its Group, also based on the analysis of the issues relevant to the generation of long-term value, carried out during the 2023 financial year;
- The periodic monitoring of the implementation of the Business Plan, as well as the assessment of the general operating performance, including the periodic comparison of the results achieved with those planned by means of impairment/stress tests, the last of which was performed at the meeting of 7 May 2024;
- The definition of the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all elements that may be relevant with a view to sustainable success, always carried out concurrently with the approval of the annual and halfyear financial reports and, most recently, in the meeting of 7 May 2024;
- The assessment of the adequacy of the organisational, administrative and accounting structure of the Issuer and strategically important subsidiaries, with particular reference to the internal control and risk management system, lastly carried out at the meeting of 7 May 2024. With regard to the internal control and risk management system, the Board availed itself of the preliminary investigation carried out by the Control and Risk Committee, which reports on the progress of its activities and the main findings at each meeting and specifically on the adequacy of the system during the examination of the financial statements and half-yearly report;
- The adoption and verification, at the proposal of the Chairman, in agreement with the Chief Executive Officer, of a procedure for the internal management and external release of documents and information concerning the Company and the Group, with particular reference to inside information. The latest update of the said procedure was approved by the Board on 5 April 2022.

The Board reports quarterly to the Board of Statutory Auditors on the activities carried out and on the most significant economic, financial and equity transactions made by the Company or its subsidiaries, in

accordance with the provisions of Article no. 150 of the Consolidated Law on Finance (TUF) and based on the procedure approved by the Board of Directors at its meeting of 5 April 2022.

In compliance with Recommendation no. 11 of the Code, at its meeting of 14 May 2021, the Board of Directors adopted its own regulations, which defined the rules of operation of the Board of Directors and its committees, supplementing the provisions already set forth in the Articles of Association, including the procedures for taking minutes of meetings and the procedures for managing the reporting to directors.

At its meeting of 5 April 2022, the Board then adopted a policy for managing dialogue with shareholders in general.

The Board of Directors' meeting of 11 May 2023 approved the Group's Corporate Governance Regulations, containing the common rules of corporate governance within the Tessellis Group – inspired by criteria of rationality, efficiency cooperation and differentiation with respect to the operations of the individual companies – with a view to: (i) coordinating the choices adopted by the subsidiaries with those of the Parent Company for the realisation of the industrial plan; (ii) enhancing the strategic guiding role of the Parent Company, which exercises management and coordination activities; and (iii) respecting the legal and functional autonomy of Tessellis' subsidiaries.

Appointment and Replacement (pursuant to Article No. 123-bis, paragraph 1, subpara I), first part, TUF Article no.11 (“Board of Directors”) of the Articles of Association in force at the date of the Report provides for the appointment of Directors by means of the list voting mechanism, through which the appointment of a certain number of Directors is ensured even among those present in the lists that did not obtain the majority of votes and which guarantees the transparency and fairness of the appointment procedure. The right to submit lists is granted to Shareholders who, alone or together with other Shareholders, represent at least the percentage of the share capital required by the applicable regulations. For 2024, the minimum share for the submission of minority lists established by CONSOB is 2.5% of Tessellis' share capital (see CONSOB Determination no. 92/2024). The aforementioned mechanism therefore ensures that minority shareholders also have the power to propose their own lists. Each person entitled to vote may only vote for one list. The Company has brought its appointment mechanisms in line with Law no. 120/2011 on gender equality in access to the administration and control bodies of companies listed on regulated markets; therefore, each list must present a number of candidates belonging to the less represented gender at least equal to the minimum number required by the regulations in force, currently equal to two-fifths, rounded up to the next higher unit.

The election of Directors shall be conducted as follows.

- a.1) At the end of the voting, the votes obtained by each list will be successively divided by one, two, three, four and so on up to the number of Directors to be elected.

The quotients obtained will be progressively assigned to the candidates of each list in the order provided for therein.

The candidates who, arranged in a single decreasing ranking on the basis of the quotients obtained, have obtained the highest quotients shall be elected, it being understood that the candidate listed in first place on the minority list, i.e. the one that has obtained the highest number of votes among those duly presented and voted and that is not connected – not even indirectly – with the shareholders who presented or voted for the list that came first in terms of number of votes, shall in any case be appointed director.

If a person who, according to the laws in force, is connected to one or more shareholders who presented or voted for the list that came first in terms of number of votes, has voted for a minority list, the existence of such connection only becomes relevant if the vote was decisive for the election of the minority director. In any case, the laws and regulations in force from time to time shall apply.

In the event of a tie for the last Director to be elected, the one from the list that has obtained the highest number of votes shall be preferred and, in the event of a tie, the eldest. If, at the end of the voting, not enough Directors are appointed who meet the independence requirements, or the gender balance is not ensured, the candidate who would have been elected with the lowest quotient and does not meet the independence requirements shall be excluded in the first case and, in the second case, the candidate with the lowest quotient whose election would result in the gender balance not being met shall be excluded. The excluded candidates shall be replaced by the candidates next in the ranking, whose election would determine compliance with the provisions on independence and gender balance requirements.

This procedure shall be repeated until the number of Directors to be elected is completed. In the event that, having adopted the above criterion, it is not possible to complete the number of Directors to be appointed, the Shareholders' Meeting shall appoint the missing Directors, with a resolution adopted by simple majority of the shareholders present, on the proposal of the shareholders present.

a.2) If only one list is submitted, all directors shall be drawn, in sequential order, solely from the list submitted, provided that it obtains the majority of votes.

If, having implemented the above method of appointment, a sufficient number of Directors with the aforesaid independence requirements are not appointed, or the gender balance is not ensured, in the first hypothesis, the candidate who would have been elected with the lowest quotient and does not meet the independence requirements shall be excluded and, in the second hypothesis, the candidate with the lowest quotient whose election would result in the gender balance not being met shall be excluded; the appointment of the Directors missing as a result of the aforementioned exclusions shall be made by the Shareholders' Meeting at its meeting, with a resolution adopted by simple majority of the shareholders present.

b) If, pursuant to the aforementioned appointment procedure, at least two members who meet the

independence requirements established by the applicable legislation are not elected, the last of the elected members not meeting such requirements taken from the list that obtained the highest number of votes cast by the shareholders after the first list and that is not connected in any way, not even indirectly, with the shareholders who submitted or voted for the latter list shall be replaced with the first candidate subsequently listed in such list who meets such requirements and, if after such replacement a member meeting the independence requirements established by the applicable regulations still remains to be elected, the last of the elected members not meeting such requirements taken from the list that obtained the highest number of votes shall be replaced with the first candidate subsequently listed in such list who meets such requirements.

c) In the event that the Board of Directors elected pursuant to the foregoing does not allow for compliance with the gender balance envisaged by applicable laws and regulations, the most recent electees of the more represented gender from the list that ranked first in terms of the number of votes cast by shareholders shall fall from office in the number necessary to ensure compliance with the requirement and shall be replaced by the first non-elected candidates from the same list of the less represented gender. In the absence of candidates of the least represented gender in the list that came first in terms of the number of votes cast by shareholders in sufficient number to make the replacement, the above criterion shall be applied to the next most voted lists from which the elected candidates were taken. If, applying the above criteria, it is still not possible to identify suitable replacements, the Shareholders' Meeting shall integrate the body with the majorities required by law, ensuring that the gender balance requirement provided for by current legislation is met.

d) The mechanism of appointment through list voting provided for above applies only in the case of the complete renewal of Directors; for the appointment of Directors for any reason not appointed pursuant to the procedure provided for above, the Shareholders' Meeting shall resolve with the legal majority in compliance with the regulatory requirements of gender representation; this requirement also applies to co-optations made by the Board of Directors itself pursuant to the applicable regulations.

Pursuant to Article No. 11 (*"Board of Directors"*) of the Articles of Association in force at the date of the Report, the lists containing the proposals for nomination to the office of director must be filed at the registered office at least twenty-five days prior to the date scheduled for the Shareholders' Meeting, together with a description of the professional curricula of the nominees and a declaration in which the nominees accept the nomination and certify that there are no grounds for ineligibility or incompatibility, as well as that they meet the requirements of honourableness and professionalism required by the applicable regulations and the Articles of Association, substantially in line with the principles and application criteria contained in Article No. 5 of the Code. No later than 20 days before the date set for the Shareholders' Meeting, the lists

and the accompanying documentation shall be made public in the manner prescribed by law. In the case of resolutions to appoint individual members of the Board of Directors, the appointment mechanism by means of list voting, which Article No. 11 (*“Board of Directors”*) of the Articles of Association provides for only in the case of complete renewal of the administrative body, does not apply.

The Articles of Association do not provide that, for the purposes of the allocation of the Directors to be elected, account be taken of the lists that did not obtain a percentage of votes equal to at least half of that required by the Articles of Association for their submission, nor do they provide for independence requirements, in addition to those established for statutory auditors pursuant to Article No. 148 of the Consolidated Law on Finance (“TUF”), and/or honourableness and/or professionalism requirements for assuming the office of Director.

The Company is not subject to further rules on the composition of the Board of Directors. Although the prescriptions contained in Article No. 11 (*“Board of Directors”*) and the above-mentioned considerations regarding the mechanism for appointing directors allow for a fair system that respects minorities, the Board of Directors deemed it appropriate for the Remuneration Committee to also assume functions on the subject of appointments, thus taking on the name of Appointments and Remuneration Committee.

For more information, also with reference to the information required by Article No. 123-*bis* of the Consolidated Law on Finance (“TUF”) in relation to the remuneration of directors and by the Code, please refer to the Report on the remuneration policy and compensation paid published pursuant to Article No. 123-*ter* of the Consolidated Law on Finance (“TUF”) and available on the Company’s website.

In consideration of the particular structure of the shareholding structure as well as the power delegation system implemented within the Board of Directors, it should be noted that as of the date of approval of the Report, the Company has not adopted a specific plan for the succession of executive directors; indeed, it is believed that in the event of sudden events that prevent the CEO from exercising his functions, there is the possibility of promptly activating the Board of Directors in order to take the appropriate resolutions.

Composition (pursuant to Article No. 123-*bis*, paragraph 2, subpara d) and d-*bis*), TUF

On 16 May 2022, in implementation of the Supplemental Agreement related to the current Shareholders’ Agreements, the Shareholders’ Meeting appointed a Board of Directors composed of seven members and, specifically, Renato Soru (Chairman), Davide Rota (Director), Alberto Trondoli (Director), Cristiana Procopio (Director), Maurizia Squinzi (Independent Director), Serena Maria Torielli (Independent Director) and Sara Testino (Independent Director). It should be noted that, on 31 January 2023, Directors Alberto Trondoli and Cristiana Procopio tendered their resignation; the Board of Directors’ meeting held on 26 April 2023 co-opted directors Andrew Theodore Holt and Jeffrey Robert Libshutz (the latter as Independent Director), who were confirmed in office by the subsequent Shareholders’ Meeting of 12 June 2023.

Table 2 provides information on the Directors in office during 2023.

The members of the Board of Directors in office at the date of the Report were all drawn from the single list jointly presented by the shareholders Renato Soru and Amsicora S.r.l., who, at the date of the list’s

presentation, held 4.77% and 8.45% of Tessellis' share capital, respectively. The members of the Board of Directors were elected with the favourable vote of 100% of the voting capital.

The Board of Directors will remain in office until the approval of the financial statements as at 31 December 2024.

The curricula vitae of all members of the current Board of Directors are available on the website www.tessellis.it, section Governance - Board of Directors.

The composition of the Tessellis Board of Directors boasts a majority female membership and a varied composition by age group, reflecting the Company's concrete focus on the values of diversity and inclusion - which are essential to face the transformation of the market and make the most of the new business scenarios - without neglecting the priority objective of ensuring adequate competence and professionalism of its members.

At its meeting of 10 May 2018, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, adopted the update to the Diversity Policy of the Board of Directors and the Board of Statutory Auditors (the "**Policy**"), subsequently updated at the meeting of 5 April 2022, in relation to the composition of the management and control bodies with respect to aspects such as age, gender composition and educational and professional background, as well as the Diversity Policy that applies to the entire corporate population.

The purpose of this Policy is to identify the criteria for a quali-quantitative composition of the Board of Directors functional to an effective performance of the tasks and responsibilities entrusted to the management body, also through the presence of persons who ensure a sufficient plurality of viewpoints and skills necessary for a good understanding of the market and current business, risks and long-term opportunities related to the company's business. It has been drafted, taking into account the nature and complexity of the Company's business, the social and environmental context in which it operates, the Board's own experience with the activities and modus operandi of the Board and of the intra-Board Committees, as well as the results of the self-assessment processes conducted over time. In particular, the Policy is addressed to the subjects involved in the selection and appointment process of the members of the Company's Board of Directors, namely:

- the Shareholders, who in accordance with the law and the Articles of Association intend to submit lists of candidates for the appointment of the Board of Directors;
- the Shareholders' Meeting, called to appoint the Board of Directors;
- the Board of Directors of the Company, as well as to the Shareholders, in the event that – during the term of office – it becomes necessary to replace a member of the Board of Directors pursuant to Article no. 2386 of the Italian Civil Code.

In any case, the requirements of professionalism, honourableness and independence, as well as situations of incompatibility and/or disqualification, provided for by law, regulations and the Articles of Association, shall remain unchanged.

For the sake of completeness, the Policy also contains a summary of the provisions applicable in relation to the composition of the Company's Board of Statutory Auditors.

The Appointments and Remuneration Committee takes into account the indications of this Policy when it is called upon to propose candidates for the office of director to the Board of Directors, also assessing any recommendations received from Shareholders in certain predetermined cases.

For a detailed examination of the Policy, please refer to the documents section of the www.tessellis.it website.

Maximum number of offices held in other companies

Directors notify the Board of Directors of the offices held in companies of significant size within 30 days of the end of the previous financial year. At the meeting in which the Board of Directors approves the draft financial statements for the previous financial year, the number of offices held by directors is evaluated as follows:

(i) Executive Directors:

- a. Executive Directors must not hold other executive or controlling positions in Issuers;
- b. Executive Directors may hold other executive or control positions on the Boards of Directors of two Public Interest Companies or of Companies of Significant Size;
- c. Executive Directors may hold other non-executive positions on the Boards of Directors of five Public Interest Companies or of Companies of Significant Size.

(ii) Independent and Non-Executive Directors:

- a. Independent or Non-Executive Directors must not hold offices in more than six Issuers in addition to executive offices in a maximum of eight Companies of public interest or of significant size. The Board of Directors of Tessellis S.p.A. has the right to grant any exceptions, including temporary ones, that allow the Company's directors to hold offices in the Boards of Directors and Auditors of other relevant companies.

Following the review of the members of the Board of Directors in May 2024, the current composition of the Board complies with these limits.

Peer Review

The Board of Directors evaluates annually, through formalised procedures, its effectiveness and the contribution of individual directors. The implementation of board evaluation procedures is supervised by the board. The board evaluation assesses the size, composition and functioning of the board and its committees. It also includes the Board's active involvement in defining corporate strategy and monitoring the management of the company's activities, as well as the adequacy of the internal control and risk management system. In 2023, the peer review of the Board and its committees was also conducted, with reference to size, composition and functioning.

The peer review took place at the meeting of 7 May 2024, referring to the financial year ending 31 December 2023, and was carried out on the basis of a questionnaire administered to all Board members (as well as the Chairman of the Board of Statutory Auditors). This was followed by a collective moment of sharing and discussion of the results of the activity.

The areas specifically investigated were:

- Size and Composition;
- Role and Responsibilities of Directors;
- Effectiveness of the Board of Directors on key issues;
- Working methods, cohesion and interaction;
- Organisation of the Board of Directors' work;
- Intra-Board Committees.

In addition to the aforementioned skills and aptitudes, the opinions of individual Directors were collected with specific reference to:

- Additional competences relevant to the roles of Chairman of the Board of Directors and IntraBoard Committee;
- Specific competencies relevant to the role of Chief Executive Officer

The results of the peer review were presented to the Council at its meeting on 7 May 2024.

In summary, the Board Members expressed their appreciation for the strengths of the Board, including:

- the qualitative-quantitative profile of the Board in terms of size, composition and representation of diversity (declined in its various expressions, such as experience, professionalism, age, gender, education and international dimension)
- the balance between Independent and Non-independent Directors, which makes it possible to ensure that the Board and its Committees are managed in such a way as to reconcile the various interests, effectively resolve any conflicts and protect Shareholders;
- the positive climate of full cooperation within the Board and appreciation for the contributions made by members, which fosters trust and the balanced resolution of conflicts;
- the attendance of Board members at meetings;
- the articulation, composition, and substantial and proactive contributions made by the Intra-Board Committees;
- the adequacy and effectiveness of the current strategic planning and risk governance system.

Some of the highlights include:

- insofar as it is on the Board's agenda, the topic of sustainability should be given more space in the future, leading to its full integration into the business vision;
- despite several improvements, the flow of information to the Board can still be improved, especially in terms of timing;
- in the definition of short- to medium-term strategies, the Board would like to see its further

involvement, just as an in-depth examination of the business appears useful;

- the Board of Directors would like to be more involved on the subject of business and risk planning, through the sharing of macro-data necessary to achieve a comprehensive view that allows them to make an effective and factual contribution.

Based on the findings, an action plan will be worked on with specific follow-up initiatives that will be brought to the attention of the new Board of Directors.

Role of the Chairman of the Board of Directors

Article no. 12 (“*Convening and Conducting Board Meetings*”) of the Articles of Association in effect at the date of the Report provides that the Chairman of the Board of Directors shall convene the Board of Directors and preside over and coordinate its work. At Board of Directors’ meetings, the Chairman ensured that the necessary documentation was prepared and provided to the Directors, reasonably in advance, to enable the Board of Directors to express an informed opinion on the matters submitted to it for examination.

As of the date of the Report, the Board of Directors has not appointed a new Chairman to succeed Renato Soru, proposing to the Shareholders’ Meeting called to approve the 2023 financial statements to do so.

Secretary of the Board of Directors

The Secretary of the Board of Directors is in charge of (i) assisting the Board of Directors in the preparation of Board and Shareholders’ meetings and in the drafting of the related resolutions, and (ii) supervising and ensuring the adequacy, completeness and clarity of information flows to the Board and corporate bodies.

It is reserved to the Board of Directors to resolve, upon the Chairman’s proposal, on the appointment and revocation of the secretary and the definition of his requirements (with particular regard to professionalism) and powers, as defined in the Board Regulation.

At the date of the Report, Federica Capoccia, head of the Corporate & Legal Affairs department of the Tessellis Group, holds the position of corporate secretary following her appointment by the Board of Directors on 16 May 2022. During the financial year ended 31 December 2023, the secretary provided assistance and independent legal advice to the Directors on corporate governance matters and in relation to their rights, powers, duties and obligations to ensure the regular exercise of their powers.

Chief Executive Officer

Pursuant to Article No. 14 (“*Powers of the Board of Directors*”) of the Articles of Association in effect at the date of the Report, the Board of Directors may appoint one or more Chief Executive Officers, determining their powers within the limits of the law within the scope of those vested in them.

The Board of Directors granted executive powers to the CEO at its meeting on 16 May 2022.

As a general rule, the powers of the CEO can be exercised up to a maximum value of EUR 2.5 million, with some exceptions for which an increase of the limit to EUR 5 or 10 million is provided for.

The CEO reports to the other Directors and the Board of Statutory Auditors at Board of Directors’ meetings

and in other venues on the most important economic, financial and equity transactions carried out by the Company or its subsidiaries. Furthermore, it provides adequate and continuous information to the Board of Directors on atypical or unusual transactions whose approval is not reserved to the Board of Directors itself, as well as on the most significant activities performed within the scope of its attributions and powers. It is standard practice that, except in cases of necessity and urgency, such activities are brought before the Board of Directors so that it can deliberate on them in an informed and considered manner.

The CEO or Chief Executive Officer is primarily responsible for the management of the company; therefore, he is the person who must establish and maintain the Internal Control and Risk Management System. During the 2023 financial year, the CEO (i) oversaw the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and periodically submits them to the Board of Directors for review; (ii) implemented the guidelines defined by the Board of Directors, overseeing the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness; (iii) oversaw the adaptation of said system to the dynamics of the operating conditions and the legislative and regulatory landscape; (iv) requested the internal audit function to carry out audits on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors; and (v) promptly reported to the Control and Risk Committee (or to the Board of Directors) on problems and critical issues that emerged in the performance of its activities or of which it became aware, in order to allow the Control and Risk Committee (or the Board of Directors) to take the appropriate initiatives.

Reporting to the Council

In view of the frequency of the Meetings (and without prejudice to further episodic and/or continuous information flows, as set forth in the Board Rules), the CEO routinely reports on the activities carried out during the Board's work, also by means of the prior transmission of specific information documents.

Other Executive Directors

No other Directors on the Board are to be considered Executive Directors.

Independent Directors

Tessellis adopts the provisions of Law No. 262/2005 and the criteria of the Corporate Governance Code for qualifying Directors as independent. On the occasion of the adoption of the Self-Regulatory Principles, in the meeting of 5 April 2022, it was specified that as a rule, for the purposes of assessing independence, any relationship is considered significant if it has resulted in income equal to or greater than 50% of the annual remuneration paid by the Company in the previous year for the office of non-executive Director.

The Board of Directors, at the time of appointment and, in any case, annually when preparing the Report, assesses the independence of the Directors, considering the information provided by the individuals concerned, and adequately informs the market by publishing the Report. In light of this analysis, the Board confirmed the existence of the independence requirements for Maurizia Squinzi, Serena Torielli and Sara Testino at its meetings of 11 May 2023 and 7 May 2024; in addition, the independence of director Jeffrey Libshutz was also assessed at the meeting of 7 May 2024. In formulating its assessment of the independence of Non-Executive Directors, the Board of Directors has taken into account the cases in which, according to the Code, the independence requirements are deemed to be lacking, and has applied the principle of substance over form, indicated by the Code, in this regard. In line with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

Considering that at the date of this Report, the Board of Directors consists of six members, the percentage of Independent Directors compared to the current composition is 66.6%.

With reference to the 2022 financial year, also due to the composition of the Board of Directors' internal Committees, the Independent Directors did not deem it necessary to meet in the absence of the other Directors, considering that the topics worthy of specific examination were adequately discussed both at the Committee meetings and at the Board meetings.

The Board did not designate an Independent Director as Lead Independent Director under the conditions set forth in Recommendation no. 13 of the Code.

5.5 Managing Corporate Information

Tessellis has adopted an articulated set of rules and procedures for managing the information processed in the company, in compliance with the regulations applicable to the various types of data. These rules act on the organisational, technological and operational procedures level.

The handling of information, in particular, is supported by the information systems and the processes linked to their development, maintenance and operation, on which specific requirements and rules insist, subject to a dedicated organisational supervision.

Relevant documents for the purposes of internal management and external communication of corporate information are the *"Procedure for public disclosure of inside information"* and the *"Internal Dealing Procedure"* (available at www.Tessellis.it, documents-Procedures section), implemented on the basis of the CONSOB recommendations contained in the "Guidelines" for the management of inside information of October 2017. The Procedure for public disclosure of inside information was last updated by the Board of Directors in its meeting of 5 April 2022.

In addition, the Corporate & Legal Affairs and Investor Relations functions, which are entrusted with the task of establishing a dialogue with shareholders and institutional investors, respectively, operate actively at the Company. Among their various activities, these functions jointly prepare the text of press releases and, in accordance with the type of press release, take care of their internal approval procedure. Furthermore, they take care of their publication, also through a network of qualified external companies that professionally perform this activity.

The information function is ensured not only through press releases, but also through periodic meetings with institutional investors and the financial community, as well as extensive documentation made available on the Company's website at www.tessellis.it. Recourse to online communication, which is mainly used by the non-institutional public, is considered strategic by the Company, as it makes it possible to disseminate information uniformly.

Tessellis undertakes to systematically take care of the accuracy, completeness, continuity and updating of the financial content conveyed through the Company's website. It is also possible to contact the Company through a specific e-mail address (ir@tiscali.com).

5.6 Internal Board Committees (pursuant to Article no. 123-bis, paragraph 2), subpara d), TUF

In accordance with the Code's recommendations, the Board of Directors established certain intraBoard Committees and appointed their members.

On 16 May 2022, the Board of Directors appointed the following intra-Board Committees:

- Appointments and Remuneration Committee, composed of Serena Torielli (Chairman), Maurizia Squinzi and Sara Testino;
- Control and Risk Committee, consisting of Maurizia Squinzi (Chairman), Serena Torielli and Sara Testino; pursuant to the Board resolution of 16 May 2022, the Control and Risk Committee also performs the functions of the Related Party Transaction Committee.

The Committees remain in office until the approval of the Financial Statements as at 31 December 2024, together with the Board of Directors, the Officer in Charge of Preparation of the Company's Financial Reports, the Supervisory Board and the Head of Internal Audit.

The Board determined the composition of the Committees by favouring the competence and experience of their members and avoiding an excessive concentration of tasks.

The rules of operation of the Board of Directors apply to the intra-Board Committees, insofar as they are compatible. All Committees require the presence of a Chairman, who coordinates their meetings (minutes are taken) and informs the full Board of the topics discussed at the first useful meeting.

5.7 Composition and functioning of the Appointments and Remuneration Committee (pursuant to Article No. 123-bis, paragraph 2, subpara d), TUF)

Since March 2001, the Company's Board of Directors has established an internal Appointments and Remuneration Committee, as required by Articles No. 4 and 5 of the Code and related recommendations. The Committee in office at the date of the Report was appointed at the meeting of the Board of Directors of 16 May 2022 and is composed of three Non-Executive and Independent Directors: Serena Torielli (Chairman), Maurizia Squinzi and Sara Testino (see Table 2 for details). At least one member of the Appointments and Remuneration Committee has knowledge and experience in accounting and finance, and/or in remuneration policies.

The Company has opted to set up a single Committee that performs its functions in both nomination and remuneration matters. Specifically, the Appointments and Remuneration Committee has the following functions:

- a) Formulates opinions to the Board of Directors on its size and composition and makes recommendations on the professional figures whose presence on the Board of Directors is deemed appropriate;
- b) Proposes to the Board of Directors candidates for the office of director in cases of co-optation, where it is necessary to replace independent directors;
- c) Periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of Directors and executives with strategic responsibilities, making use in this latter regard of the information provided by the managing directors; it submits proposals to the Board of Directors on this matter;
- d) Assists the Board of Directors in drawing up the remuneration policy, by submitting proposals or expressing opinions on the remuneration of executive directors and other directors holding special offices, as well as on the setting of performance targets related to the variable component of such remuneration
- e) Monitors the concrete application of the remuneration policy – in particular, verifying the actual achievement of performance objectives – and periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

Within the scope of its functions, the Committee may make use of external consultants, at the Company's expense. The Committee meets when deemed necessary, at the request of one or more members. The provisions of the Articles of Association apply to the convening and conduct of meetings, insofar as they are compatible.

The work of the Committee is coordinated by a chairperson; the meetings are duly recorded in minutes and, as a rule, the chairperson of the Committee informs the first useful Board of Directors.

During the financial year 2023 and as at the date of the Report, the Appointments and Remuneration Committee met three times: 26 April 2023, 10 May 2023 and 6 May 2024.

On 6 May 2024, the Appointments and Remuneration Committee reviewed and approved the guidelines for the Managerial Incentive System (MBO) 2024, the MBO targets 2024 for the CEO, the report on the remuneration policy and compensation paid by Tessellis S.p.A., and the short-term variable remuneration 2024 for the CEO.

The annual remuneration report was then approved by the Board of Directors and submitted to the Shareholders' Meeting.

Directors abstain from attending meetings of the Appointments and Remuneration Committee in which proposals are made to the Board regarding their remuneration.

In carrying out its functions, the Appointments and Remuneration Committee had access to the information and corporate functions necessary to perform its duties.

The meetings were attended by all the members of the Committee and, by invitation, by all the members of the Board of Statutory Auditors.

The meetings lasted on average about 100 minutes.

5.8 Remuneration of Directors, General Managers and Key Executives

Information on the general remuneration policy, share-based remuneration plans, and the remuneration of Directors, General Managers, Key Executives and Heads of Control Functions can be found in the Remuneration Report to which reference should be made.

5.9 Internal Audit and Risk Management System – Audit and Risk Committee

The Company adhered to the Corporate Governance Code for Listed Companies back in October 2001.

In particular, following the approval of the new Corporate Governance Code approved by the Corporate Governance Committee in January 2020, Tessellis assessed its adherence to the requirements of the new code and prepared this report using the new format communicated by Borsa Italiana in February 2022. Tessellis believes that its internal control and risk management system adheres to the requirements of the Corporate Governance Code

Internal Audit System

The Internal Audit System is the set of processes aimed at monitoring the efficiency of corporate operations, the reliability of financial information, compliance with laws and regulations, and the safeguarding of corporate assets.

The Board of Directors has the apex responsibility for the Internal Audit System, for which it determines the guidelines and periodically verifies the adequacy and effective functioning, ensuring that the main corporate risks are identified and adequately managed.

In addition to a continuous comparison and exchange between the various corporate bodies involved, the Audit and Risk Committee prepares a half-yearly report on the governance system of the Company and the Group headed by Tessellis and on the activities carried out during the reporting period, on the occasion of the approval of the draft annual financial statements and half-yearly report. Attached to the report of the Audit and Risk Committee are the reports issued by the Supervisory Board and the Head of Internal Audit.

The Board of Directors examines the aforementioned disclosures and evaluates the governance system together with the Internal Audit plans. With reference to the 2023 financial year, at its meetings of 11 May and 28 September 2022, relating respectively to the approval of the draft Financial Statements as of 31 December 2022 and the half-yearly report as of 30 June 2023, the Board of Directors judged the Internal Audit System to be adequate with respect to the Company's needs, current regulations and the recommendations contained in the Code, approving the Internal Audit Plans, after consulting the Board of Statutory Auditors and the Director in charge of the Internal Audit System.

The Board has assessed the adequacy and effectiveness of the organisational, administrative and accounting structure of Tessellis S.p.A. and Tiscali Italia S.p.A., an operating company of the Tessellis Group wholly owned by Tessellis S.p.A., having strategic relevance, with particular reference to the Internal Audit System and risk management, also with respect to the characteristics of the company and the risk profile assumed. The Board assessed the general management performance, taking into consideration, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with those planned.

The Audit and Risk Committee plays a fundamental role in the Internal Audit System; for its duties and functioning, please refer to the following paragraph. The other bodies forming part of the Internal Control System are the CEO, whose functions are taken over by the CEO, and the Internal Audit function.

The CEO, in compliance with the provisions of the Corporate Governance Code, operationally implements the indications of the Board of Directors on internal control, also proceeding to the concrete identification and management of the main corporate risks, submitting them to the Board of Directors for evaluation. He proposes to the Board of Directors the appointment of the Head of Internal Audit, whose support he uses to perform his functions.

The Head of Internal Audit is provided with the appropriate means to perform his functions and does not report hierarchically to any manager of operational areas; he reports on his work to the Board of Directors, as well as to the Audit and Risk Committee and the Board of Statutory Auditors, at least every six months.

The Head of Internal Audit has the operational responsibility of coordinating the activities of the Internal Audit function, is not responsible for any operational area and has the necessary professional skills to perform the tasks for which he is responsible in line with the recommendations of the Code. In order to further strengthen the independence requirement, the Head of Internal Audit, and, therefore, the Internal Audit function, report hierarchically to the Chairman of the Audit and Risk Committee, while, administratively, they report to the Chief Executive Officer, whose powers include providing the Head of Internal Audit and his function with suitable means. When examining the work plan prepared by the Head of Internal Audit, the Audit and Risk Committee also assesses the suitability of the means and resources granted. In order to perform his duties, the Head of Internal Audit had access to all information relevant to the performance of his duties.

For the financial year 2023, in continuity with the previous year, the position of Head of Internal Audit was held by Francesca Marino, appointed by the Board of Directors, after consulting the Audit and Risk Committee and the Board of Statutory Auditors, on 16 May 2022. Francesca Marino will remain in office until the approval of the budget for the financial year 2024.

At the date of the Report, the main activities carried out in the field of internal control by the Committee and the Internal Audit function were as follows:

- Assessing the governance of the Group headed by Tessellis and the activities carried out by the various control bodies;
- Preparation of half-yearly reports for the Board of Directors on governance activities;
- Assessment of the activity of the Supervisory Board and the updating, dissemination and application of the Group's Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001;
- Implementation of the 2023 audit plan and preparation of the 2024 audit plan;
- Audit of the adequacy of administrative and accounting procedures for the preparation of the 2023 half-yearly report and financial statements in order to assess their relative effectiveness in support of the Officer in charge. This activity is also aimed at issuing the certification pursuant to Article No. 154-bis of the Consolidated Law on Finance ("TUF");
- Support for the updating of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2011, in order to ensure its full compliance with legal requirements. For this activity, the Company made use of an external specialised company and, as of the date of this report, the updating of the model is in progress;
- Approval, on 28 September 2023, of the so-called Whistleblowing Procedure pursuant to Legislative Decree no. 24 of 10 March 2023, for the purpose of managing, receiving, analysing and processing reports of possible irregular conduct, however named, carried out within the scope of

company activities and potentially in breach of the 231 Model, the Code of Ethics and/or one or more Tessellis Group company procedures.

Audit and Risk Committee

In line with the Code's recommendations, the Board of Directors set up an Audit and Risk Committee, with advisory and proposal-making functions.

On 16 May 2022, the Audit and Risk Committee was appointed, consisting of three Non-Executive and Independent Directors: Maurizia Squinzi (Chairman), Serena Torielli and Sara Testino. The Audit and Risk Committee has advisory and proposal-making functions with the aim of improving the Board of Directors' functionality and strategic guidance capacity in relation to the Internal Audit System. At least one member of the Audit and Risk Committee has experience in accounting and finance and/or risk management.

Pursuant to Article No. 6 of the Code, the Audit and Risk Committee supports the Board of Directors:

- a) Assessing, in consultation with the Officer in Charge of Preparation of the Company's Financial Reports, the Statutory Auditor and the Control Body, the correct use of accounting policies and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
- b) Assessing the suitability of the periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, in coordination with the committee, if any, provided for in Recommendation No. 1, letter a) of the Code;
- c) Reviewing the content of periodic non-financial information relevant to the Internal Audit System and risk management;
- d) Expressing opinions on specific aspects relating to the identification of the main corporate risks and supporting the evaluations and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware;
- e) Reviewing the periodic and particularly significant reports prepared by the Internal Audit Department;
- f) Monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function, to which it may entrust the Internal Audit Department with the performance of checks on specific operational areas, simultaneously notifying the Chairman of the Supervisory Body.

The Audit and Risk Committee's work is attended by the entire Board of Statutory Auditors, its Chairman or an auditor delegated by the Chairman of the Board. In light of the topics discussed from time to time, the Chairman of the Audit and Risk Committee may invite other persons, in addition to the Chief Executive Officer, to participate in its work, such as the auditing firm, the General Director or the Chief Financial Officer, if any, the Officer in Charge of preparing accounting and financial documents, etc..

Audit and Risk Committee meetings are usually held before the Board of Directors' meetings scheduled for the approval of the half-yearly and annual financial reports, and in any case at least once every six months. The Chairman of the Audit and Risk Committee shall ensure that members are provided, reasonably in advance of the meeting date, with the documentation and information necessary for the work, except in cases of necessity and urgency. A written summary of the Committee's work is in any case collected. Meetings of the Audit and Risk Committee are reported to the first useful Board of Directors meeting.

During 2023, the Audit and Risk Committee met four times, namely: 21 February, 17 April, 10 May and 27 September, while in 2024 it met on 6 May. During the meetings, the Committee examined and assessed the activities carried out when preparing the draft financial statements as of 31 December 2022, the activities carried out by Internal Audit and the Supervisory Board and the approval of the 2023 audit plan, the annual report for the Board of Directors, the activities carried out by the Supervisory Board pursuant to Legislative Decree no. 231/2001, the report of the Executive in Charge on the verification of the model and operational effectiveness of controls pursuant to Law no. 262, the report on risks and related mitigation activities. In addition, the Committee periodically monitored the progress of the industrial integration process between the Tessellis Group and the retail branch of the former Linkem, following the merger finalised in August 2022, with particular regard to the activities related to the redefinition of the organisational and managerial structure, as well as the alignment of the operating systems for the operation of business processes.

All current members of the Control and Risk Committee and the entire Board of Statutory Auditors attended the meetings.

In accordance with the items on the agenda, the meetings were attended by the Supervisory Board, the Head of Internal Audit and the Manager Responsible for Financial Reporting, and representatives of the auditing company or directors and consultants of the Company.

All meetings were duly convened and minuted and lasted an average of approximately 150 minutes.

Officer in Charge of Preparing the Company's Accounting Documents

As provided for in Article 14 of the Articles of Association and in compliance with the provisions introduced by Law No. 262/2005, on 12 September 2022, Dr. Fabio Bartoloni, Chief Financial Officer and executive of the Company, was appointed as the manager in charge of preparing the Company's accounting documents, possessing the necessary requisites and proven experience in accounting and financial matters (the "Officer in Charge").

The office will expire with the renewal of the Board of Directors scheduled on the date of approval of the financial statements for the year ending 31 December 2024.

Pursuant to Article No. 14 of the Company's Articles of Association, the Officer in Charge of preparing the Company's Accounting and Financial Reports is appointed, upon the proposal of the Chief Executive Officer, subject to the mandatory opinion of the Board of Statutory Auditors. The Officer in Charge of preparing the Company's Accounting and Financial Reports must meet the requirements of honourability laid down for Directors and have significant professional experience in administration and finance. He remains in office for a three-year term or for the shorter term established at the time of his appointment and may be re-elected.

Auditing Company

Statutory auditing is performed by a registered auditing firm appointed by the Shareholders' Meeting on the basis of a reasoned proposal by the Board of Statutory Auditors. In particular, the Shareholders' Meeting held on 30 May 2017, on the basis of a motivated proposal of the Board of Statutory Auditors, resolved, on the basis of an in-depth technical-economic analysis, to appoint Deloitte & Touche S.p.A. as the independent auditing firm for the 2017-2025 financial years.

Internal controls relating to accounting and financial reporting

The Internal Audit System on corporate reporting must be agreed upon as the process that, involving multiple corporate functions, provides reasonable assurance on the reliability of financial reporting, the reliability of accounting documents and compliance with applicable regulations. There is an obvious correlation with the risk management process, which consists of the process of identifying and analysing those factors that may jeopardise the achievement of corporate objectives, the main purpose being to determine how such risks can be managed and adequately monitored and rendered harmless as far as possible. A suitable and effective risk management system can in fact mitigate any negative effects on the Company's objectives, including the reliability, accuracy, trustworthiness and timeliness of accounting and financial information.

Description of the main features of the existing Risk Management and Internal Audit Systems in relation to the financial reporting process

A) Phases of the existing Risk Management and Internal Audit System in relation to the financial reporting process.

Identification of financial reporting risks

The risk identification activity is carried out firstly through the selection of the relevant entities (companies) at the level of the Group headed by Tessellis and, subsequently, through the analysis of the risks that reside along the corporate processes from which financial reporting originates.

This activity includes: *i)* The definition of quantitative criteria in relation to the economic and equity contribution made by the individual companies in the last financial statements and selection rules with minimum materiality thresholds. The consideration of qualitative elements is not excluded; and *ii)* The identification of significant processes, associated with material data and information, i.e. accounting items for which there is a not remote possibility of containing errors with a potential material impact on financial reporting.

For each significant account, the most relevant “assertions” are also identified, again according to assessments based on risk analysis. Assertions in financial statements are represented by existence, completeness, occurrence, valuation, rights and obligations, and presentation and disclosure. Risks thus refer to the possibility that one or more financial statement assertions may not be correctly represented, with a consequent impact on the disclosure itself.

Risk assessment on financial reporting

Risk assessment is conducted both at an overall company level and at a specific process level. The former includes the risks of fraud, incorrect functioning of computer systems or other unintentional errors.

At the process level, the risks associated with financial reporting (underestimation, overestimation of items, inaccurate reporting, etc.) are to be analysed at the level of the activities making up the processes.

Identification of controls against identified risks

Attention is first paid to the company-wide controls that can be linked to relevant data/information and assertions, which are identified and assessed both by monitoring the reflection at process level and at a general level.

Company-wide controls are aimed at preventing, identifying and mitigating any significant errors, although they do not operate at process level.

Assessment of controls against identified risks

The assessment of the control system used is a function of several elements: timing and frequency; adequacy; operational compliance; organisational assessment. The overall analysis of the controls governing each risk is defined independently as a summary of the process of assessing the level of adequacy and compliance corresponding to those controls.

These analyses summarise considerations regarding the effectiveness and efficiency of the controls governing the individual risk so that the overall assessment of risk management is broken down into assessments of existence, adequacy and compliance.

Information flows with the results of the activities performed are provided to the administrative bodies by the Officer in Charge to support the attestations to the accounting documents.

B) Roles and Departments Involved

Basically, the Officer in Charge is at the top of the system that supervises the formation of financial reporting and informs senior management thereof.

In order to pursue his mission, the Officer in Charge is empowered to dictate the organisational lines for an adequate structure within his function; he is provided with means and tools to carry out his activities; he has the possibility of collaborating with other organisational units.

A multiplicity of corporate functions contribute to the supply of economic and financial information. Therefore, the Officer in Charge establishes a systematic and profitable relationship with these functions.

The Officer in Charge makes use of the Internal Audit Department to verify the effectiveness and efficiency of the Internal Audit System for financial reporting purposes. In particular, at the beginning of the year, the controls that can be tested are identified, both at the process level and at the level of general IT controls, and testing is carried out throughout the year. The results are presented to the officer in charge and any areas for improvement are discussed with the various contacts of the functions involved.

It is considered that the model used provides sufficient guarantees for correct accounting and financial reporting.

During 2023, also with reference to post- Merger integration processes, the Officer in Charge carried out specific analyses of the risks to financial reporting and defined plans to adapt the model established pursuant to the regulations set forth in Law No. 262 of 2005 (hereinafter referred to as the “**Model 262**”) to the evolution of business and organisational processes and information systems, in connection with the integration process. In particular, a 262 Model Contact Person was appointed with the task of ensuring the mapping of controls in relation to the identified risks and coordinating the work of adapting and formalising controls by the various control owners. These activities will continue during 2023. As usual, the Internal Audit Department will ensure the execution of checks on the effectiveness and efficiency of controls through the execution of the annual programme of Model 262, with particular attention to the design of controls and through careful planning of checks with process owners in alignment with operational activities.

Supervisory Board

On 16 May 2022, the Board of Directors, with the favourable opinion of the Appointments and Remuneration Committee, appointed the Supervisory Board (hereinafter referred to as “SB”) in office at the date of this Report, composed of Maurizio Piras (Chairman) and Francesca Marino.

The SB will remain in office until the approval of the financial statements as at 31 December 2024.

Organisation, management and control model pursuant to Legislative Decree no. 231/2001

The Company has adopted an organisation, management and control model in line with the provisions of Legislative Decree no. 231/2001, in order to ensure, also formally, conditions of correctness and transparency in the conduct of company activities (hereinafter referred to as the “Organisational Model”), which consists of:

- 1) A general part, in which the purposes and principles of the Organisational Model are described and its essential components are identified and regulated;
- 2) Special parts, containing the rules that company representatives and the persons subject to their direction and supervision are required to observe for the purposes of the correct application of the Organisational Model and that provide the Supervisory Board and the other control functions with the tools to carry out monitoring, control, verification activities.

During 2023, the activity of revising and updating Model 231 was completed, in light of the recent regulatory changes relevant to the Company, with particular regard to the new predicate offences regarding non-cash payment instruments and the protection of cultural heritage, as approved by the Board of Directors on 11 May 2023. With reference, on the other hand, to the and organisational and structural changes that have affected the Tessellis Group in the 2022-2023 financial year as part of the Merger transaction, as per the information formalised at the Board of Directors’ meeting of 11 May 2023, the drafting of the catalogue of relevant offences has been completed, while the drafting of the final version of Model 231 on the so-called one company continues, which will be presented to the Board in its final version as soon as the perimeter of the procedures in place in the Company and its operating subsidiary Tiscali Italia S.p.A. is crystallised.

In compliance with the provisions of Article No. 6 of the Legislative Decree No. 231/2001, the Company has appointed a Supervisory Board with the task of overseeing the operation of and compliance with the Model and ensuring that it is updated.

On 12 November 2010, the Board of Directors adopted a code of ethics that expresses the principles of corporate ethics that must characterise the Company’s management and operational processes at all times. The Code of Ethics also contains a number of rules of conduct aimed at preventing the commission of offences as well as any conduct in conflict with the Company’s values.

The Model 231 pursuant to Legislative Decree No. 231/2001 and the Code of Ethics, as updated from time to time, are available on the Company's website, in the Documents/Organisational Model section.

The Supervisory Board shall, *inter alia*: (i) Promote and supervise the dissemination and knowledge of the Model and the implementation of the personnel training plan through training plans for the Recipients (as defined in the Organisational Model); (ii) Report to the Board of Directors any violations of the Organisational Model and/or of the laws in force of which it becomes aware in the performance of the aforementioned tasks; (iii) Supervise the effectiveness, adequacy and observance of the provisions of the Model 231 by the Recipients.

The Supervisory Board performs the following tasks: (i) Supervising the effectiveness of the model, which takes the form of verifying the consistency between the various management activities and the model established; (ii) Examining the adequacy of the model, with regard to its capacity to prevent unlawful conduct; (iii) Analysing the maintenance over time of the requirements of the model and its suitability to pursue the purposes for which it is intended; (iv) Taking care of the updating of the model, in the event that the analyses carried out make it necessary to make corrections and adjustments through the submission of proposals to adjust the model to the corporate bodies/departments capable of implementing them. Depending on the type and scope of the interventions, the proposals will be directed towards the functions of Personnel and Organisation, Administration, etc., or, in certain particularly important cases, towards the Board of Directors; and (v) Continuous monitoring, i.e. verification of the implementation and actual functionality of the proposed solutions.

The Supervisory Board reports to the Board of Directors: (i) Whenever necessary, on the formulation of proposals for any updates and adjustments to the Special Parts of the adopted Model, to be implemented by means of any amendments and additions that may be necessary; (ii) Immediately, on any ascertained violations of the adopted Model, in cases where such violations may entail the emergence of a liability on the part of the Company, so that appropriate measures may be taken. In cases where it is necessary to take appropriate measures against directors, the Supervisory Board is required to inform the Shareholders' Meeting; and (iii) Periodically, on an informative report, on at least a half-yearly basis concerning the verification and control activities performed and their outcome.

The Supervisory Board – also in light of the clarifications provided by the “*Rules of Conduct for the Board of Statutory Auditors of Listed Companies*” most recently issued by the National Council of Chartered Accountants in December 2023¹⁰ – reports to the Board of Statutory Auditors (i) immediately, with regard to ascertained violations of Model 231, in cases where such violations may entail the emergence of a liability for the Company, since the Board of Statutory Auditors must supervise the adequacy of the

¹⁰ Pursuant to Rule Q.5.5, “For the purposes of carrying out its supervisory activities, the board of auditors shall acquire information from the supervisory body concerning the task assigned to it by law of supervising the operation of and compliance with the model adopted pursuant to Legislative Decree no. 231/2001 and its updating. The Board of Auditors shall verify that the model provides for the terms and methods of the exchange of information between the supervisory body, the administrative body and the board of auditors itself.”

Company's administrative, organisational and accounting system and its proper functioning; and (ii) periodically, by transmitting the periodic information report referred to in the previous point.

5.10 Directors' Interests and Related Party Transactions

Currently, in Tessellis, at the level of self-discipline, there is a rule of removal from meetings and/or compulsory abstention from voting of the Director with an extra-corporate interest and, in any case, a regime of prior disclosure applies.

The matter is regulated by the Self-Regulatory Principles and the Board's Rules of Procedure. In compliance with the CONSOB Related Parties Regulation, the Company has adopted the Procedure for the Regulation of Related Party Transactions (hereinafter also referred to as the "*RPT Procedure*"), as last amended on 28 July 2021 and available on the website www.Tessellis.it section Documents - Procedures. In particular, the Procedure provides for:

- The establishment of a specialised intra-Board committee, competent for Related Party Transactions carried out by both Tessellis and its subsidiaries (except in the case of excluded transactions);
- The classification of Related Party Transactions into Highly Significant and Less Significant Transactions (except for those qualifying as excluded, as defined);
- The adoption of an annual economic limit of a small amount, diversified according to the physical or legal nature of the related party (EUR 50,000 and EUR 100,000 respectively);
- The definition of "Related Parties", by referring to the accounting principles applied by the Company in the preparation of its financial statements, as well as to the CONSOB Related Parties Regulation;
- Assigning to the Corporate & Legal Affairs department the activity of managing and updating the Related Parties List and, more generally, of preliminary investigation and support of the Related Parties Committee.

The Committee's opinions, of a non-binding nature, concern the Company's interest in carrying out the transaction, as well as the convenience and substantial fairness of the related conditions. In view of the issue of the opinion, a specific preliminary investigation is carried out, in which management is required to cooperate. In the event of a negative opinion by the Committee on transactions of major significance, the Board of Directors has the right to make the execution of the initiative subject to authorisation by the Shareholders' Meeting.

Related Party Transaction Committee

As of the date of the Report, the Related Party Transaction Committee is composed of the Independent Directors Maurizia Squinzi (Chairman), Serena Torielli and Sara Testino, appointed by the Board of

Directors on 16 May 2022; this Committee is competent in case of evaluation of Related Party Transactions of Greater Significance pursuant to the Procedure set forth below.

The Related Party Transaction Committee has the task of performing the functions provided for by CONSOB regulations and the RPT Procedure, which defines the rules, methods and principles aimed at ensuring the transparency and substantial and procedural correctness of Related Party Transactions entered into by Tessellis. The RPT Procedure provides for different approval processes for Related Party Transactions depending on their relevance, value and nature.

The Committee performs the following functions: (i) It expresses a reasoned, non-binding opinion on the Company's interest in the completion of transactions of lesser significance (as defined in the RPT Procedure), as well as on the appropriateness and substantial fairness of the related conditions; (ii) In the case of transactions of greater significance (as defined in the RPT Procedure), it is also involved in the negotiation and preliminary stage and subsequently expresses a reasoned, binding opinion, except for special approval procedures, on the Company's interest in the completion of the transaction in question, as well as on the appropriateness and substantial fairness of the related conditions.

During the 2023 financial year, the Related Party Transactions Committee met twice, namely on 10 May and 30 November 2023, while in 2024 it met on 2 February and 6 May. All members and all members of the Board of Statutory Auditors attended the meetings.

The Committee assessed and expressed a favourable opinion on the terms of the binding letter of intent signed between Tessellis and Istella S.p.A. – a company active in the artificial intelligence sector and 62.42% owned by Renato Soru – concerning the commitment of Tessellis or another company of the Group to subscribe a capital increase of Istella for a maximum amount of EUR 400,000, excluding option rights. For a more detailed examination, please refer to the periodic disclosure to the market pursuant to Article no. 114, paragraph 5 of Legislative Decree no. 58/98, available on the website www.Tessellis.it "Press Releases" section.

5.11 Board of Auditors

The Board of Statutory Auditors in office at the date of the Report was appointed by the Shareholders' Meeting of 24 June 2021 and will remain in office until the approval of the Financial Statements as at 31 December 2023.

The Company's Board of Statutory Auditors was appointed on the basis of the only list submitted by Amsicora S.r.l. (as of the date of submission of the list, owner of a direct and indirect shareholding equal to 14% of Tessellis' share capital), which obtained 99.5% of the votes of those present at the Shareholders' Meeting. The following were appointed as Auditors:

- Riccardo Francesco Rodolfo Zingales, Chairman of the Board of Statutory Auditors;
- Gaetano Rebecchini, Standing Auditor, in office until 16 May 2022 and subsequently replaced by

Alternate Auditor Andrea Borghini (the latter, confirmed in office by the Shareholders' Meeting of 10 January 2023);

- Rita Casu, Standing Auditor;
- Lara Cappellotto, Alternate Auditor;
- Andrea Borghini, Alternate Auditor, in office until 16 May 2022 and subsequently replaced by Antonio Zecca (the latter, confirmed in office by the Shareholders' Meeting of 10 January 2023).

Table 3 provides further detailed information on the composition of the Board of Statutory Auditors. The curricula vitae of the Statutory Auditors are available on the website www.tessellis.it, Governance – Board of Statutory Auditors section. For the Company's diversity policies, please refer to the considerations made in Section 4.3.

Appointment and Composition

Consistent with the first principle of Article No. 8 of the Code, with regard to the appointment of statutory auditors, the Articles of Association in force at the date of the Report provide for the list voting mechanism pursuant to Article no. 18 ("*Board of Statutory Auditors*"), through which the transparency and fairness of the appointment procedure is guaranteed and the rights of minority shareholders are protected.

Only Shareholders who, alone or together with other Shareholders, can prove that they collectively hold at least the percentage of the share capital required by the applicable regulations are entitled to submit lists. The lists must contain five candidates listed by means of a sequential number, starting with the one with the most seniority. For 2022, the minimum quota for the submission of minority lists established by CONSOB is 2.5% of the share capital of Tessellis (see CONSOB Determination No. 92/2024). Each shareholder may submit or contribute to the submission of only one list and each candidate may be included in only one list under penalty of ineligibility. The lists containing the proposed appointments must be filed at the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting, together with a description of the professional curricula of the persons nominated and a declaration in which said persons accept the nomination and certify that there are no grounds for ineligibility or incompatibility, and that they meet the requirements of honourableness and professionalism required by the applicable regulations and the Articles of Association. No later than twenty days before the date set for the Shareholders' Meeting, the lists and the accompanying documentation shall be made public in the manner prescribed by law.

Each Shareholder may vote for only one list. The following are elected: a) From the list that has obtained the highest number of votes, in the progressive order with which they are listed in the list, two Standing Auditors and one Alternate Auditor; b) The third Standing Auditor shall be the candidate for the relevant office indicated in first place, among the Standing Auditors, in the list that has obtained the highest number of votes after the first one, among the lists submitted and voted by shareholders who are not connected, not even indirectly, with the shareholders who have submitted or voted for the list that came first in terms of number of votes; c) The second Alternate Auditor shall be the candidate for the relevant office indicated in

the first place, among the Alternate Auditors, in the same minority list referred to in the previous point. In the event of a tie between the lists submitted and voted by shareholders who are not connected, not even indirectly, with the shareholders who submitted or voted for the list that ranked first in terms of number of votes, the candidate from the list submitted by shareholders owning the largest shareholding or, secondarily, by the largest number of shareholders shall be elected. The chairmanship of the Board of Statutory Auditors shall go to the candidate for the office of Standing Auditor indicated in first place on the list that will have obtained the highest number of votes after the first one, among the lists presented and voted by shareholders who are not connected, not even indirectly, with the shareholders who presented or voted for the list that obtained the highest number of votes. If only one list is submitted, the first three candidates in numerical order shall be elected as Standing Auditors by majority vote and the fourth and fifth candidates as Alternate Auditors, and the chairmanship of the Board of Statutory Auditors shall fall to the first candidate. If the elected Board of Statutory Auditors does not permit compliance with the gender balance provided for by the laws in force, the last elected candidates of the majority list of the most represented gender shall fall from office in the number necessary to ensure compliance with the requirement and shall be replaced by the first non-elected candidates of the same list of the less represented gender. In the absence of candidates of the least represented gender within the majority list in sufficient number to proceed with the replacement, the above criterion shall be applied to the minority lists with the highest number of votes from which the elected candidates were taken.

If, applying the above criteria, it is still not possible to identify suitable replacements, the Shareholders' Meeting shall integrate the body with the majorities required by law, ensuring that the gender balance requirement provided for by current legislation is met.

Requirements

Pursuant to Article No. 18 ("Board of Statutory Auditors") of the Articles of Association in force at the date of the Report, at least one of the Standing Auditors, and at least one of the Alternate Auditors, must be chosen from among those enrolled in the register of auditors who have exercised the activity of statutory auditing for a period of no less than three years.

The Statutory Auditors who are not in the aforesaid position must have at least three years' overall experience in the exercise of specific activities that are in any case related to the corporate purpose and, in any case, related to the telecommunications sector. Article No. 18 (Board of Statutory Auditors) also provides that persons who already hold the office of Statutory Auditor in more than five listed companies may not be appointed as Statutory Auditors.

Activities

The members of the Board of Statutory Auditors operate with autonomy and independence, in constant liaison with the Audit and Risk Committee, whose meetings they attend on a regular basis, and with the

Internal Audit Department, in line with the principles and application criteria set forth in Article No. 8 of the Code.

During the 2023 financial year, the Board of Statutory Auditors in office held 11 meetings, attended by all Statutory Auditors, with an average duration of 90 minutes. At its meeting on 25 March 2024, the Board assessed the fulfilment of the legal requirements for its members.

For the financial year 2024, 11 meetings have been scheduled, of which three have already been held.

5.12 Relations with the Shareholders

The Company considers it to be in its specific interest – as well as a duty towards the market – to establish and maintain a transparent and ongoing dialogue with institutional investors, financial analysts, as well as with the generality of shareholders and the financial community, which meets the criteria of truthfulness, timeliness, clarity coherence, completeness and symmetry of information, based on mutual understanding of roles, aimed at fostering timely and transparent information on the Company's general performance, also with reference to the corporate purpose, as well as at acquiring opinions and proposals, in a constructive perspective, and allowing for an informed exercise of the respective rights. To this end, a special Engagement Policy was adopted by the Board of Directors in its meeting of 5 April 2022, which can be consulted on the www.tessellis.it website in the "Documents" section.

The policy establishes that dialogue is carried out in full compliance with the principle of equal treatment of shareholders and that all activities functional to the dialogue with shareholders and other relevant stakeholders are carried out in compliance with the regulations in force from time to time and with the internal procedures on inside information. The Company pays particular attention to ensure that relevant information (especially price sensitive information), as well as information that by its nature or contractual obligations is to be considered confidential, is not unduly disclosed.

The information provided is proportionate and balanced with reference to the interests of the Company and stakeholders, respectively, as well as linear and consistent with previous disclosures.

The Board of Directors of Tessellis S.p.A. approved the policy in compliance with the recommendations of the Corporate Governance Code and the engagement policies adopted by institutional investors.

The subjects involved in the process of managing dialogue with shareholders and other relevant stakeholders are the Board of Directors (and within the same, each individual director) and the Investor Relations Department. In particular, the Board of Directors: *(i)* Promotes the development and maintenance of transparent and continuous forms of dialogue with shareholders in general, also taking into account the engagement policies of the main institutional investors (applicable from time to time), aimed at fostering complete information on the Company's general performance; *(ii)* Promotes initiatives aimed at fostering dialogue with the Company's other relevant stakeholders (after identifying them); and *(iii)* Is the body responsible for the adoption, dissemination, implementation and possible revision of the engagement policy.

The Investor Relations Department, dialogues with stakeholders depending on the subject matter and is responsible, in agreement with the Chief Executive Officer, for drafting proposals to amend the engagement policy to be submitted to the Board of Directors.

The Chief Executive Officer is entrusted with the task of actively working, also through the Investor Relations Department, to establish dialogue with shareholders, institutional investors and other relevant stakeholders of the Company. In particular, the Chief Executive Officer: (i) Identifies the participants on behalf of the Company in the dialogues with stakeholders, choosing from among the Company's directors and/or managers who have the most suitable knowledge and skills to provide information relevant to the dialogue with stakeholders; and (ii) Updates the Board of Directors on the dialogue activities carried out.

The Chief Executive Officer, for these purposes, has the power to involve other individual directors, the Corporate Secretary's Office and the Competent Corporate Functions on the various matters of interest and, if necessary, may also make use of external consultants.

The Investor Relations Department is in charge of ongoing interaction with institutional investors financial analysts, as well as with shareholders in general and the financial community. In particular, (i) It collects requests from institutional investors, financial analysts and shareholders in order to promote dialogue with the Company, reporting, at the appropriate times and to the extent of its competence, to the Chief Executive Officer; (ii) It coordinates, where necessary and in agreement with the CFO, with the Company's internal functions in order to carry out, in respect of requests received, an adequate preliminary investigation aimed at gathering the necessary and/or appropriate information to reply to the parties concerned; (iii) It takes care of the communication with the parties involved in the dialogue, acting as spokesperson, as far as each one is concerned, for the Chairman, the Chief Executive Officer and defining with them the contents of the communication; (iv) It proposes, coordinates and organises the initiatives aimed at establishing or fostering a dialogue with the parties involved; (v) It prepares the documentation functional to the information to be provided to the Board of Directors.

Dialogue with shareholders, institutional investors and other stakeholders, in particular in connection with or on the occasion of the Company's Shareholders' Meetings, as well as with reference to the so-called extra-meeting dialogue, covers the issues falling within the Board's competence, including in particular and in compliance with the principles of confidentiality and in a balanced manner with the company's interest in the same: corporate strategies, economic-financial outlook and dynamics, corporate governance, remuneration policies, sustainability and environmental issues, Internal Audit System and risk management. Tessellis S.p.A. communicates and interacts with shareholders on an ongoing basis through various tools and methods.

The information activity is ensured by making available, on the Company's website (<https://www.tessellis.it>), in a timely and continuous manner, the information that is relevant for institutional investors, financial analysts, as well as for the generality of shareholders. The documentation is freely available in Italian and English and includes: (i) In the "Press Releases" section, all press releases disclosed

to the market; in the “Documents” section, the Company’s periodic accounting documentation approved by the competent corporate bodies (annual and consolidated financial statements; half-yearly report; non-financial statement), as well as the Articles of Association, internal dealing communications, the report on the corporate governance system and the report on remuneration, as well as any other document whose publication is required by the applicable regulations from time to time; and (ii) In the “Governance” section, the profiles of the main administration and control bodies, as well as the documentation prepared for Shareholders’ Meetings.

Tessellis undertakes to systematically take care of the accuracy, completeness, continuity and updating of the financial contents conveyed through the Company’s website. It is also possible to contact the Company through a specific e-mail address (ir@tiscali.com).

The process of proactive and reactive engagement of shareholders and institutional investors may include, during the year: (i) The organisation of meetings and conference calls, both in group meeting and one-to-one form, with institutional analysts/investors on the Company’s performance and results; (ii) The sending to the mailing list of institutional analysts/investors of the “save the date” relating to the half-yearly conference calls, the most relevant press releases and the half-yearly presentation; (iii) The participation in roadshows, conferences (usually sector-specific), physical or virtual, with one-to-one or group meetings with institutional shareholders/investors.

The Shareholders’ Meeting represents, then, an institutional moment of privileged meeting with shareholders. To this end, Tessellis S.p.A. endeavours to make available to shareholders, in good time, all the information required by the regulations in force from time to time, offers the possibility of watching live streaming of the proceedings of the shareholders’ meeting, and allows shareholders with voting rights to ask questions on the items on the agenda (even before the meeting).

The Directors, auditors and top management of Tessellis and its subsidiaries are obliged to maintain the confidentiality of documents and information acquired in the performance of their duties. Any relations of these persons with the press and other mass media, as well as with financial analysts and institutional investors, involving confidential documents and information concerning Tessellis or the Group headed by Tessellis may only take place through the Investor Relations Department, with the exception of interviews and statements made by Executive Directors.

Company managers and, in any case, all employees and collaborators are required to keep confidential any price-sensitive documents and information acquired as a result of and in the course of the performance of their duties and may not disclose them to others except for official or professional reasons, unless such documents or information have already been made public in the prescribed forms. Such persons are prohibited from giving interviews to the press, or making public statements in general, which contain information on relevant facts, qualifiable as “privileged” within the meaning of Article No. 7 of Regulation (EU) No. 596 of 16 April 2014 on market abuse (hereinafter also referred to as “MAR”), which have not been included in press releases or documents already released to the public, or expressly authorised by

the Investor Relations Department.

In compliance with the provisions of Article No 114, paragraph 2 TUF, the Company has established procedures for the communication by the various corporate functions to the Corporate & Legal Affairs function of events deemed price sensitive.

Pursuant to Article No. 18 of the MAR, concerning the keeping of a register of persons who have access to price-sensitive information, the Company has set up a register at the Corporate & Legal Affairs function of persons who, by reason of their work or professional activity or by reason of the functions they perform, have access to this type of information. Pursuant to the aforementioned regulations, the register, which is managed electronically, contains: the identity of each person who has access to privileged information, the reason why that person was entered in the register, the date on which that person was entered in the register, and the date on which the information referring to the person was updated.

At its meeting of 28 April 2017, the Board of Directors approved the procedures for managing the register of persons with access to inside information and the corporate procedure for public disclosure of inside information, which were then updated at the Board of Directors' meetings of 27 April 2020 and 5 April 2022. The procedures are available on the Company's website, www.tessellis.it, "Documents" section.

5.13 Shareholders' Meetings

The Company encourages and facilitates Shareholders' participation in Shareholders' Meetings, providing, in compliance with the regulations on price sensitive communications, the information concerning the Company requested by Shareholders.

In order to facilitate the information and participation of its Shareholders, as well as to facilitate obtaining the documentation that, pursuant to and within the terms of the law, must be made available to them at the Company's registered office on the occasion of Shareholders' Meetings, the Company has set up a special section entitled "Governance/Shareholders' Meetings" on the website www.tessellis.it, which allows for the retrieval of such documentation in electronic format.

The Shareholders' Meeting adopted its own Shareholders' Meeting Regulations, the latest version of which, dated 29 April 2011, can be found on the Company's website in the "Documents" section.

The Shareholders' Meeting Regulations have been adopted with the intention of guaranteeing an orderly and functional conduct of the meetings, clarifying the rights and duties of all participants and establishing clear and unambiguous rules without in any way limiting or prejudicing the right of each shareholder to express their opinions and formulate requests for clarification on the items on the agenda. The Board of Directors believes that the prerogatives of the minority shareholders are respected when adopting resolutions at the Shareholders' Meeting, as the Articles of Association in force do not provide for majorities other than those indicated by law.

Pursuant to Article no. 2370 of the Italian Civil Code and Article 8 (Attendance at Shareholders' Meetings) of the Articles of Association in effect at the date of this Report, Shareholders may attend the Shareholders' Meeting if the Company has received the notice sent by the authorised intermediary pursuant to the provisions in force, certifying ownership of the shares on the record date. Those who have the right to attend the Shareholders' Meeting may be represented, pursuant to the law, by means of a proxy that may be conferred in writing or electronically, if provided for by specific regulatory provisions and according to the procedures indicated therein. The Company excludes the possibility of a person to whom the holders of voting rights may confer proxy. The Chairman of the Shareholders' Meeting is responsible for ascertaining the right to attend the Shareholders' Meeting and the validity of proxies. Shareholders' Meeting resolutions passed in accordance with the law and these Articles of Association are also binding on dissenting shareholders. In addition, in light of the most recent legislative changes introduced into the TUF by Law no. 21 of 5 March 2024, the Company will submit to the Shareholders' Meeting to be convened in the near future, a proposal to amend the current Articles of Association in order to allow participation in the Shareholders' Meeting and the exercise of voting rights also exclusively through the designated representative, in compliance with the relevant regulations.

Resolutions of Shareholders' Meetings, both ordinary and extraordinary, are valid if taken with the attendance and majorities prescribed by law.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman, if appointed, or, in his absence, by a person designated by the Shareholders' Meeting. The Shareholders' Meeting appoints a secretary, who may or may not be a shareholder, and also appoints two scrutineers from among the shareholders and auditors, if deemed appropriate. The resolutions of the Shareholders' Meeting are recorded in the minutes signed by the Chairman, the secretary and the scrutineers, if any. Where required by law and whenever he deems it appropriate, the Chairman shall have the minutes drawn up by a Notary Public. On the occasion of the Shareholders' Meetings, the Board, through the Managing Director, reported to the Shareholders' Meeting on the activities carried out and planned, and endeavoured to ensure that the shareholders were adequately informed of the necessary elements so that they could make informed decisions on the matters for which the Shareholders' Meeting was competent.

5.14 Changes since the end of the reporting period

With regard to this Section, please refer to the information contained in Section 5.4 (*"Role of the Chairman of the Board of Directors"*).

5.15 Considerations on the letter from the Chairman of the Corporate Governance Committee

The recommendations formulated in the letter sent by the Chairman of the Italian Corporate Governance

Committee on 14 December 2023 were brought to the attention of the Board, the CEO and the Independent Directors, by the Corporate Secretary, for the appropriate evaluations and actions to be taken.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT THE DATE OF THIS REPORT

| SHAREHOLDING CAPITAL STRUCTURE | | | | | |
|---|----------------|----------------------|---------------------------------------|----------|-----------------------|
| | No. of shares | No. of voting rights | Listed on Euronext Milan | Unlisted | Rights and obligation |
| Ordinary shares (specifying whether the possibility of an increase in voting rights is provided for) | 208,992,730.17 | 208,992,730.17 | 180,839,104 (ISIN IT0005496473) | - | |
| Preferred shares | | | | | |
| Multiple-voting shares | | | | | |
| Other categories of shares with voting rights | | | | | |
| Savings shares | | | | | |
| Convertible savings shares | | | | | |
| Other non-voting share classes | | | | | |
| Other | | | | | |

| OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe for newly issued shares) | | | | |
|---|-------------------|-----------------------------------|--|-----------------------------------|
| | Unlisted | No. of instruments in circulation | Category of shares for conversion/year | No. of shares for conversion/year |
| Convertible bonds | Tiscali Conv 2023 | | | |
| Warrant | | | | |

| SIGNIFICANT SHAREHOLDINGS IN THE SHARE CAPITAL | | | |
|---|--------------------|---------------------------|---------------------------|
| Declarant | Direct shareholder | Share of ordinary capital | Share % of voting capital |
| OpNet S.p.A. | OpNet S.p.A. | 59.26% | 59.26% |

6 Consolidated Financial Statements and Explanatory Notes

6.1 Income Statement

| Consolidated Income Statement | Notes | 2023 | Of which related parties | 2022 restated |
|---|-------|-----------------|--------------------------|-----------------|
| <i>(EUR 000)</i> | | | | |
| Revenues | 1 | 231,220 | 159 | 100,060 |
| Other income | 2 | 2,697 | | 1,591 |
| Procurement of external materials and services | 3 | 156,483 | 56.961 | 74,452 |
| Personnel costs | 4 | 37,046 | 1.206 | 14,882 |
| Other operating expenses (income) | 3 | 105 | | 273 |
| Write-down of trade receivables | 5 | 5,587 | | 2,134 |
| Restructuring costs and other provisions | 6 | 3,117 | | 64 |
| Depreciation | 7 | 81,569 | | 43,499 |
| Impairments of Fixed Assets | 8 | 4,751 | | |
| Operating result | | (54,741) | | (33,653) |
| Earnings from equity-accounted investees | | (396) | | (245) |
| Impact evaluation step acquisitions (3P Italy) | | | | 1,050 |
| Financial income | 9 | 138 | | 5 |
| Financial charges | 9 | 7,063 | 185 | 4,028 |
| Profit before tax | | (62,062) | | (36,871) |
| Income Taxes | 10 | 142 | | 16 |
| Net result from continuing operations | | (62,204) | | (36,887) |
| Profit (loss) from assets sold and/or held for sale | | 0 | | 0 |
| Net result for the year | 11 | (62,204) | | (36,887) |
| Attributable to: | | | | |
| - Result attributable to the parent company | | (62,373) | | (36,896) |
| - Result attributable to minority interests | 10 | 170 | | 9 |
| Earnings (Loss) per share | | | | |
| Earnings per share (in Euro units) from continuing and discontinued operations: | | | | |
| - Base | | (0.306) | | (0.329) |
| - Diluted | | (0.306) | | (0.329) |
| Earnings per share (in Euro units) from continuing operations: | | | | |
| - Base | | (0.306) | | (0.328) |
| - Diluted | | (0.306) | | (0.328) |

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Note: The Consolidated Income Statement for the financial year 2022 has been restated, compared to the one approved by the Board of Directors on 11 May 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 which took place on 1 August 2022 (the "Transaction"). The criteria and procedures for the restatement are illustrated in paragraph 6.6 of this Report.

6.2 Comprehensive Income Statement

| 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: | | |
| <i>Shareholders of the Parent Company</i> | (62,603) | (34,923) |
| <i>Minority Shareholders</i> | 170 | 9 |
| Total | (62,433) | (34,914) |

Note: The Consolidated Income Statement for the financial year 2022 has been restated, compared to the one approved by the Board of Directors on 11 May 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 which took place on 1 August 2022 (the "Transaction"). The criteria and procedures for the restatement are illustrated in paragraph 6.6 of this Report.

6.3 Statement of Assets and Liabilities

| Statement of Assets and Liabilities | Notes | 31 december 2023 | of which related parties | 31 december 2022 Restated | of which related parties |
|---|-------|---------------------|--------------------------------|------------------------------|--------------------------------|
| <i>(Thousands of Euros)</i> | | | | | |
| <i>Non-current assets</i> | | | | | |
| Goodwill | 13 | 48,292 | | 47,603 | |
| Intangible assets | 14 | 107,632 | | 123,546 | |
| Leased contracts rights of use | 15 | 10,159 | | 13,614 | |
| Customer acquisition costs | 16 | 18,354 | | 23,141 | |
| Property, plants and machinery | 17 | 55,378 | | 66,438 | |
| Investments evaluated at equity method | 18 | 5,597 | | 6,025 | |
| Other financial assets | 19 | 1,911 | | 1,900 | |
| Deferred tax assets | 20 | 16,558 | | 23,727 | |
| | | 263,881 | | 305,994 | |
| <i>Current assets</i> | | | | | |
| Inventories | 21 | 8,297 | | | |
| Trade receivables | 22 | 15,070 | 743 | 13,980 | 781 |
| Tax receivables | 23 | 123 | | 115 | |
| Other receivables and other current assets | 24 | 8,257 | 11 | 16,677 | 2,648 |
| Cash and cash equivalents | 25 | 7,711 | | 8,265 | |
| | | 39,458 | | 65,726 | |
| Total assets | | 303,339 | | 371,719 | |
| <i>Capital and reserves</i> | | | | | |
| Share Capital | | 208,993 | | 185,514 | |
| Results from previous fiscal years and other reserves | | (122,218) | | (83,490) | |
| Results for the fiscal year pertaining to the Group | | (62,373) | | (36,896) | |
| Result for the year pertaining to the Group | 26 | 24,402 | | 65,128 | |
| Minority interests | | 959 | | 1,013 | |
| Equity attributable to minority interests | 27 | 959 | | 1,013 | |
| Total Net Assets | | 25,361 | | 66,141 | |
| <i>Non-current liabilities</i> | | | | | |
| Payables to banks and other lenders | 28 | 61,003 | 4,228 | 76,309 | 8,099 |

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| | | | | | |
|--|----|----------------|--------|----------------|--------|
| Lease payables | 28 | 8,292 | | 10,727 | |
| Other non-current liabilities | 29 | 15,956 | 3,308 | 24,076 | 1,678 |
| Liabilities for pension benefits and severance pay | 30 | 7,839 | | 7,814 | |
| Provisions for liabilities and charges | 31 | 6,021 | | 10,554 | |
| Provisions for deferred taxes | 32 | 16,558 | | 23,727 | |
| | | 115,669 | | 153,207 | |
| <i>Current Liabilities</i> | | | | | |
| Payables to banks and other lenders | 28 | 20,241 | 2,853 | 14,752 | 3,510 |
| Lease payables | 28 | 4,144 | | 4,925 | |
| Payables to suppliers | 33 | 94,372 | 18,569 | 87,792 | 18,688 |
| Tax payables | 34 | 128 | | 0 | |
| Other current liabilities | 35 | 43,424 | 3,364 | 44,901 | 8,593 |
| | | 162,309 | | 152,371 | |
| Total Net Assets and Liabilities | | 303,339 | | 371,719 | |

Note: The balance sheet values shown in the 31 December 2022 column have been restated from those approved by the Board of Directors on 11 May 2023 in order to retrospectively reflect the effects of the PPA on the Transaction. The criteria and methods of the restatement are illustrated in section 6.6 of this Report.

6.4 Cash Flow Statement

| | Notes | 2023 | of which related parties | 2022 Restated | of which related parties |
|---|--------|-----------------|--------------------------|-----------------|--------------------------|
| Cash Flow Statement | | | | | |
| <i>(Thousands of Euro)</i> | | | | | |
| OPERATING ACTIVITIES | | | | | |
| Result from continuing operations | | (62,204) | (58,153) | (36,887) | (26,880) |
| <i>Adjustments for:</i> | | | | | |
| Depreciation | 7 | 81,569 | | 43,498 | |
| Income from allocation of Bonus Sud and Industria 4.0 tax credits | 2 | (1,050) | | (716) | |
| Provision for write-downs accounts receivables from customers | 5 | 5,587 | | 2,134 | |
| Capital gain on sale of participations | 2 | 0 | | (392) | |
| Write-down of assets | 8 | 4,750 | | 446 | |
| Stock Option figurative cost | 23 | 0 | | 0 | |
| Income taxes | 10 | 142 | | 16 | |
| Changes in provision for risks | 6 | 554 | | (486) | |
| Payables/ receivables and other credits write-offs | 3 - 2 | (3,559) | | 10 | |
| Other variations | 6 - 18 | 126 | | (605) | |
| Provision for severance pay | 4 | 2,633 | | 1,012 | |
| Fastweb Voucher utilization | 3 | 3,845 | | 2,557 | |
| Financial charges / income | 9 | 6,926 | | 4,021 | |
| Cash flows from operating activities before changes in working capital | | 39,319 | (58,153) | 14,608 | (26,880) |
| Changes in receivables | 22 | (5,976) | (53) | (5,001) | (69) |
| Change in stock | 21 | 18,267 | | (1) | |
| Change in trade payables | 33 | 19,279 | 3,112 | 4,510 | 24,817 |
| Change in long-term trade payables | 29 | (17,452) | | 8,908 | |
| Net change in provisions for risks and charges | 31 | (744) | | (450) | |
| Net change in the provision for severance pay | 30 | (723) | | (104) | |
| Changes in other liabilities | 35 | (9,597) | (4,939) | (18,821) | (11,770) |
| Changes in other assets | 24 | (121) | 9 | 766 | 3 |
| Changes in working capital | | 2,933 | (1,870) | (10,193) | 12,981 |
| NET CASH FLOW PROVIDED BY CONTINUING OPERATIONS | | 42,252 | (60,023) | 4,415 | (13,898) |
| INVESTMENT OPERATIONS | | | | | |
| Change in other financial assets | 18 | (39) | | (6) | |
| Acquisitions of Fixed Tangible Assets | 17 | (16,329) | (8,932) | (10,257) | (7,041) |
| Acquisition of rights of use | 15 | (1,100) | | (165) | |
| Acquisitions of Customers acquisition costs | 16 | (12,115) | | (7,652) | |
| Acquisitions of Intangible Fixed Assets | 14 | (21,146) | | (5,165) | |
| <i>o/w due to voucher utilization (no cash effect)</i> | 14-17 | 155 | | 2 | |

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| | | | | | |
|---|-------|-----------------|-----------------|----------------|-----------------|
| <i>o/w for debt discounting - capex</i> | 14-17 | (1,856) | | 0 | |
| Fees for purchase/sale of participations | | 0 | | (4,631) | |
| Net proceeds from the sale of intangible assets | | 0 | | 17,000 | |
| Change in payables to suppliers of fixed assets | 29 | 18,732 | | 17,977 | |
| NET CASH FLOW GENERATED BY (USED IN) INVESTMENT OPERATIONS | | (33,698) | (8,932) | 7,103 | (7,041) |
| FINANCING OPERATIONS | | | | | |
| Change in payables to banks and other lenders | 28 | (13,016) | (2,318) | (3,438) | |
| <i>of which:</i> | | | | | |
| <i>Repayment of principal and interest on Senior Debt</i> | | (8,723) | | (3,174) | |
| <i>Increase/Decrease in overdrafts</i> | | (4,293) | (2,318) | (264) | |
| Repayment/acceptance of financial leases | 28 | (3,979) | | (3,968) | |
| Exchange rate effect | 9 | (14) | | (136) | |
| OCI reserves | 26 | 0 | | 0 | |
| Changes in Shareholders' Equity | 26 | 7,828 | | 0 | |
| NET CASH FLOW GENERATED BY (USED IN) FINANCING OPERATIONS | | (9,181) | | (7,542) | |
| INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD | | (627) | (71,273) | 3,976 | (20,939) |
| NET CASH FLOW GENERATED BY (USED IN) DISCONTINUED OPERATIONS | | 0 | | 0 | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | 8,265 | | 3,935 | |
| CASH AND CASH EQUIVALENTS FROM CHANGE IN SCOPE OF CONSOLIDATION | | 73 | | 354 | |
| CASH AND CASH EQUIVALENTS AT YEAR-END | | 7,711 | | 8,265 | |

Note: Due to the restatement of the balance sheet and income statement figures for the year ended 31 December 2022 in order to retrospectively reflect the effects of the PPA on the Transaction, the figures included in the 2022 column are partly changed from those included in the approved financial statements as at 31 December 2022. Although these changes do not affect the value of the cash flows of the operating, investing and financing activities, they have been made in order to make the details comprising these activities more comparable. The criteria and methods of the restatement are illustrated in section 6.6 of this Report.

6.5 Statement of changes in the Shareholders' Equity

| (Migliaia di Euro) | Capital | Legal reserve | Reserve for employees benefits | Accumulated losses and other reserves | Net Equity pertaining to the Group | Minority Interests | Total |
|---|----------------|---------------|--------------------------------|---------------------------------------|------------------------------------|--------------------|---------------|
| Balance as of January 1, 2023 | 185,514 | 2,011 | 272 | (122,669) | 65,128 | 1,013 | 66,141 |
| Bond conversion | 4,000 | | | | 4,000 | | 4,000 |
| Capital increase | 19,479 | | | | 19,479 | | 19,479 |
| Accessory charges capital increase | | | | (211) | (211) | | (211) |
| Media PA Clearance | | | | (11) | (11) | | (11) |
| Variation of put option 3P Italy & Aetherna | | | | (320) | (320) | | (320) |
| Effects first consolidation Aetherna | | | | (1,061) | (1,061) | (223) | (1,284) |
| Comprehensive Income Statement Result | | | (229) | (62,374) | (62,602) | 170 | (62,433) |
| Balance as of December 31st, 2023 | 208,993 | 2,011 | 43 | (186,645) | 24,402 | 959 | 25,361 |

| (Migliaia di Euro) | Capital | Legal reserve | Reserve for employees benefits | Accumulated losses and other reserves | Net Equity pertaining to the Group | Minority Interests | Total |
|--|----------------|---------------|--------------------------------|---------------------------------------|------------------------------------|--------------------|----------------|
| Balance as of January 1, 2022 | 185,514 | 2,011 | (1,701) | (77,375) | 108,449 | | 108,449 |
| Changes in the scope of consolidation | | | | 635 | 635 | | 635 |
| Increase Goodwill 3P Italia (PPA) | | | | 293 | 293 | | 293 |
| Ancillary charges from the merger of the former Linkem retail unit | | | | (4,855) | (4,855) | | (4,855) |
| Recognition of payables for puts on minorities | | | | (3,467) | (3,467) | | (3,467) |
| Third-party assets | | | | (1,004) | (1,004) | 1,004 | |
| Comprehensive Income Statement Result | | | 1,973 | (36,896) | (34,923) | 9 | (34,914) |
| Balance as at 31 december 2022 | 185,514 | 2,011 | 272 | (122,669) | 65,128 | 1.013 | 66,141 |

Note: Shareholders' equity as of 31 December 2022 was restated from the figures approved by the Board of Directors on 11 May 2023 in order to retrospectively reflect the effects of the PPA on the Transaction. The criteria and methods of the restatement are illustrated in section 6.6 of this Report.

6.6 Purchase Price Allocation Process and Restatement of the 2022 Financial Statement Values

As illustrated in the Consolidated Financial Report as of 31 December 2022, the merger between Tessellis S.p.A. and Linkem Retail S.r.l. became effective on 1 August 2022, creating the new Tessellis Group (hereinafter referred to as the "Transaction").

From an accounting perspective, in accordance with IFRS 3, the Directors analyzed the Transaction and identified Linkem Retail S.r.l. as the acquirer under the same accounting standard, and the former Tiscali Group, specifically Tessellis S.p.A., as the acquired entity. Furthermore, the Directors determined the acquisition price based on the stock market prices as of 31 July 2022 and the number of shares in circulation on the same date, net of the shares related to the capital increase for the Merger issued on the same date. Therefore, considering a base number of shares in circulation as of 1 August 2022 amounting to 73,483,607, and a value per share of EUR 0.7122, the Transaction Price was determined to be EUR 52,335 thousand.

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Finally, the Directors proceeded to identify the fair value of the acquired assets, which were recorded in the 2022 financial statements at their carrying amount, pending the completion of the fair value determination process of the acquired net assets, with the exception of certain intangible assets amounting to EUR 17 million related to the right to use certain IP addresses in V4 technology. For these assets, the fair value determination was possible definitively, as they were sold shortly after the merger.

As a result of the above, the Tessellis Group recognized Goodwill from the Transaction amounting to EUR 124.3 million in the consolidated financial statements for 2022.

From the acquisition date until the preparation of the interim report as of 30 June 2023, as required by IFRS 3, the Directors continued activities aimed at correctly identifying the market values of the assets and liabilities acquired on 1 August 2022 (Purchase Price Allocation, or “PPA” process).

This process led to the recognition of assets and liabilities to which a portion of the acquisition price amounting to EUR 81.4 million was allocated.

The individual assets and liabilities identified during the PPA phase, and the respective values determined at the acquisition date, are as follows:

1. Assets attributable to the “TISCALI” brand, classified under specific intangible assets, valued at EUR 43.2 million (EUR 42.3 million as of 31 December 2022 after period amortization);
2. Assets related to IPv4 addresses essential for business operations, classified among other intangible assets, valued at EUR 18 million (EUR 16.5 million as of 31 December 2022 after period amortization), related to 524,000 IP addresses;
3. Assets related to IPv4 addresses not directly necessary for ordinary operations and, therefore, classified as assets available for sale among inventories, valued at EUR 26.2 million, related to 762,000 IP addresses;
4. Liabilities related to the recognition of certain tax credits in previous years, partially utilized by the acquisition date but still subject to possible disputes by the tax authority. The risk assessment of these positions led to the recognition of a Provisions for Risks for potential tax liabilities amounting to EUR 8.5 million, the write-off of related tax credits amounting to EUR 1.6 million, and the write-off of deferred income on these credits amounting to EUR 4.1 million;
5. Deferred tax liabilities amounting to negative EUR 23.7 million;
6. Deferred tax assets on past losses amounting to EUR 23.7 million, assuming linear recovery with the release of the deferred tax liabilities mentioned above.

Following the process of identifying the market value of the transferred net assets, the remaining portion of the price not allocated to specific assets and therefore attributed to Goodwill amounted to EUR 42.8 million. The Directors note that the PPA activities were finalized as of 30 June 2023, as subsequent evaluation activities did not identify any further differences between the book value of the acquired net assets and their market value.

The aforementioned evaluation activities were also carried out with the assistance of a professional appraiser to determine the fair value of the acquired assets and liabilities. The determination of the aforementioned values was carried out using the following methodologies:

1) Brand

For the Brand, the Royalty Relief Method was used. This method involves discounting the amount of prospective revenue (assuming a useful life of 20 years and a growth rate equal to the expected inflation in the Eurozone for 2023, approximately 2.7%) derived from the use of the brand. A royalty rate, derived from the purchase and sale of similar brands, was applied to these revenues (the average rate observed for comparable companies was 5%). Marketing costs were then subtracted, and a tax rate of 27.9% was applied. The net margin (derived from the process explained above) was then discounted at a rate equal to the company's 2022 WACC (7.97%). The present value of the cash flows discounted at the WACC is EUR 43.3 million.

The royalty relief approach is based on the theory that the value of an asset can be measured by what the owner of the asset would have paid in royalties if they did not own the said intellectual property and had to license it from a third party.

2) IPv4 Addresses

The valuation method used for the analysis of IPv4 addresses is the market approach. Management derived the average transaction prices through the analysis of public transaction data from a leading international dealer. Specifically, the average prices by type of size (appropriately converted into EUR) were taken from the 24 months preceding the Transaction. For IPv4 addresses in use and classified as assets, the price was multiplied by the quantity of addresses, approximately 525 thousand. For the IPv4 addresses in inventory available for sale, the average value of each reference subnet was analyzed and prudently reduced by 10% due to risks related to market volatility, liquidity, and the risk of technological obsolescence, which could, in currently unknown times, lead to a zero residual value of these assets. The unit price thus obtained was then multiplied by the quantities, approximately 762.4 thousand addresses.

3) Write-off of tax credits and related provision for risks

The balance sheet incorporated at the time of acquisition included some residual tax credits resulting from accounting entries made in the fiscal years 2020 and 2021 for certain investment grants. Specifically, these grants were related to certain incentives for investments made in some southern regions of Italy and for investments linked to the so-called "Industria 4.0" regulations.

The unique nature of the Group's business and the investments subject to these incentives led to the identification of a risk of non-compliance in the event of a tax audit during the accounting analysis before the operation. Specifically, the consultants involved in these activities had identified that the peculiar nature of the telecommunications sector raised questions about the eligibility of the investments for such incentive schemes. Following the completion of the Transaction, the Administrators considered that a portion of these credits might

be partially unrecognized by the tax authorities or that their recognition by the tax authorities might not be straightforward.

4) Deferred taxation

As required by IFRS 3, the Administrators calculated the deferred taxes related to the allocations made on the differences between the tax and statutory values of the allocated assets. The applied tax rate was 27.9%, which is the standard IRES and IRAP rate.

Additionally, it should be noted that the acquired ex-Tiscali group had a significant amount of tax losses. During the PPA, the Administrators analyzed the likelihood of recovering these taxable amounts to evaluate the allocation of part of the Goodwill to the deferred tax assets. The Administrators concluded that the recovery of these credits would be limited, in the foreseeable future, to the amount of deferred tax liabilities recognized against the PPA activities identified above. Consequently, they recorded deferred tax assets amounting to EUR 23.7 million, corresponding to the amount of deferred tax liabilities recognized against the PPA activities.

Furthermore, it should be noted that the PPA activities also involved the acquisition of control of the subsidiary 3P Italia, which led to the recognition of income related to the revaluation of the previously held stakes in 3P Italia.

Restatement of Financial Statement Values as of 31 December 2022

The values of the assets and liabilities described above have been accounted for in the books of the Tessellis Group as of the acquisition date. Consequently, the values of the assets and liabilities as of 1 August 2022 have been restated. These changes have been reported retrospectively and have therefore impacted the economic and financial values of the balance sheet as of 31 December 2022. Consequently, limited to these effects, the comparative data relating to the economic and financial situation as of 31 December 2022 have been modified compared to those approved on 12 June 2023 by the Shareholders' Meeting.

Below is a summary of the economic and financial effects resulting from the PPA procedures described above as of 31 December 2022.

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| Consolidated Income Statement | 2022 Published | PPA write-ups | 2022 Restated |
|--|-----------------|----------------|-----------------|
| <i>(Thousands of Euros)</i> | | | |
| Revenue | 100,060 | | 100,060 |
| Other incomes | 2,396 | (805,000) | 1,591 |
| Purchase of external materials and services | 74,452 | | 74,452 |
| Personnel costs | 14,882 | | 14,882 |
| Other operating expense (income) | 273 | | 273 |
| Write-downs accounts receivable from customers | 2,134 | | 2,134 |
| Restructuring costs and other provisions | 64 | | 64 |
| Write-downs of Fixed Assets | 41,097 | 2,402 | 43,499 |
| Operating result | (30,446) | (3,207) | (33,653) |
| Result from the investments evaluated at equity method | (245) | | (245) |
| 3P step acquisition change impact | | 1,050 | 1,050 |
| Financial Income | 5 | | 5 |
| Financial Expenses | 4,028 | | 4,028 |
| Income (loss) before tax | (34,714) | (2,157) | (36,871) |
| Taxation | 16 | | 16 |
| Net result from operating activities (ongoing) | (34,730) | (2,157) | (36,887) |
| Result from held for sale and discontinued operations | 0 | | 0 |
| Net result for the period | (34,730) | (2,157) | (36,887) |

| Restatement 2022 | 2022 Published | PPA Write-ups | 2022 Restated |
|--|---------------------------|--------------------------|--------------------------|
| <i>(Thousands of Euros)</i> | | | |
| Total Assets | 344,686 | 27,033 | 371,719 |
| <i>of which:</i> | | | |
| Goodwill | 127,702 | (80,100) | 47,603 |
| Intangible assets - Brands | 32,887 | 42,355 | 75,242 |
| Intangible assets - Ipv4 address | 14,748 | 16,506 | 31,253 |
| Deferred tax assets | 0 | 23,727 | 23,727 |
| Inventories - IPv4 address | 505 | 26,183 | 26,688 |
| Other current receivables | 18,311 | (1,637) | 16,673 |
| Other assets | 150,533 | (0) | 150,533 |
| Total Liabilities: | 276,681 | 28,897 | 305,578 |
| <i>of which:</i> | | | |
| Other non-current liabilities | 25,545 | (1,469) | 24,076 |
| Provisions for liabilities and charges | 2,085 | 8,469 | 10,554 |
| Deferred tax provision | 0 | 23,727 | 23,727 |
| Other current liabilities | 46,732 | (1,831) | 44,901 |
| Other liabilities | 202,320 | 0 | 202,320 |
| Shareholder's Equity | | | |
| Share capital | 185,514 | 0 | 185,514 |
| Other reserves | (83,783) | 293 | (83,490) |
| Profit/(loss) for the year | (34,739) | (2,157) | (36,896) |
| Shareholders' equity_ Group | 66,992 | (1,864) | 65,128 |
| Minority Interests | 1,013 | 0 | 1,013 |
| Shareholders' equity_ third parties | 1,013 | 0 | 1,013 |
| Total Shareholders' equity | 68,005 | (1,864) | 66,141 |

6.7 Explanatory Notes and Indications on the Comparability of Data

This consolidated financial statement (hereinafter also referred to as the "Financial Statement") for the fiscal year 2023 represents the second consolidated financial statement of the Tessellis Group, created from the Merger Transaction that took place on 1 August 2022 (as extensively described in the 2022 Annual Financial Report), and the first prepared for a full 12-month period (1 January 2023 – 31 December 2023).

Conversely, and as better indicated in the consolidated financial statements as of 31 December 2022, approved on 11 May 2023, the first fiscal year of the Group covered a reference period of 5 months, from 1 August 2022, which is the date of the Merger Transaction. For this reason, while from a financial standpoint, the balances as of 31 December 2022 include all the effects of the aforementioned Transaction, the economic and financial

balances, i.e., the statements of *i)* the Income Statement, *ii)* the Comprehensive Income Statement, *iii)* the Changes in Shareholders' Equity, and *iv)* the Cash Flow Statement, present the economic, financial, and equity flows of only the 5 months in which the Group operated. This circumstance limits the comparability of the data included in these statements between the two fiscal years presented for comparison.

The financial statements are prepared using the Euro as the accounting currency as this is the currency in which most of the Group's transactions are conducted; all values are rounded to the nearest thousand Euro unless otherwise indicated. Foreign operations are included in the consolidated financial statements according to the principles indicated in the notes below.

In preparing these financial statements, the Directors have assumed the existence of the going concern assumption, as more fully explained in section 6.8 below, and have therefore prepared the financial statements using the principles and criteria applicable to going concerns.

6.8 Going concern assessment

Management, income, equity and financial performance of the company

During 2023, the Tessellis Group operated within the framework of the provisions of the 2022- 2025 Business Plan and in line with the actions included in the 2023- 2026 Updated Business Plan, which, as a reminder, was approved by the Board of Directors on 11 May 2023, when the Directors updated the Group's economic, equity and financial projections contained in the previous 2022-2025 plan.

Although the results for 2023 were substantially in line with those expected in the 2023-2026 Updated Business Plan, during 2023 the business development targets that would have allowed a return to profit in 2025, as provided for in the 2023-2026 Updated Business Plan, were not fully achieved. For this reason, the Directors approved the 2024-2027 Updated Business Plan, with the aim of integrating the actions originally planned and returning to profit in 2026.

Critical Issues Related to the Operational, Profitability, Asset, and Financial Performance of the Company

The Directors highlight that, in 2023, the Group undertook several actions and achieved certain results that form the foundation for its future relaunch. Specifically, the Directors emphasize that in 2023, the Group:

- Increased the mobile customer base from 285,000 active customers to 328,000 customers (+15%).
- Concluded, in July, the capital increase approved by the Board of Directors on 11 May and offered to shareholders, obtaining new financial resources amounting to approximately EUR 19.5 million.
- Improved its net financial indebtedness (inclusive of trade payables and other non-current liabilities),

from EUR 121 million as of 31 December 2022 to EUR 101.4 million as of 31 December 2023, also due to the repayment of approximately EUR 10.8 million of the existing Senior financing with Banca Intesa and Banco BPM. This process continued in the first quarter of 2024, with the repayment of an additional tranche of EUR 7.5 million.

- Achieved a positive cash flow from operating activities before changes in working capital amounting to EUR 39.3 million.
- Continued the Group's recovery plan, reducing the amount of overdue taxes from EUR 3.3 million as of 31 December 2022 to EUR 2.6 million as of 31 December 2023.
- Capitalized on some unused assets through the sale of excess IP addresses, generating proceeds of approximately EUR 28.9 million.
- Was awarded a lot from the IPCEI program in December 2023 for the execution of the so-called Villanova project, concerning the development of innovative platforms for generative artificial intelligence (so-called LLM model).

Although the Directors believe that these actions have contributed and will continue to contribute to achieving the objectives included in the Updated 2024-2027 Business Plan, they note that as of 31 December 2023, there remain some critical issues as outlined below.

From a managerial perspective, 2023 confirmed a reduction in the customer base and slower-than-expected growth in revenues from value-added services. This slower growth is due to the complexity of penetrating new markets through organic development, resulting in slower progress than anticipated.

From a profitability standpoint, the Group recorded revenues of EUR 231 million in 2023, with an operating loss of EUR 54.7 million and a net loss of EUR 62.2 million. These results highlight a significant profitability imbalance, which occurred despite the presence of gains from the sale of valuable assets amounting to EUR 8.2 million. Excluding these gains, the net loss for the year would have been EUR 70.4 million.

From a financial standpoint, the Group continued to strengthen its capital through several capital increases, which had a positive impact on equity of EUR 23.3 million, net of incurred costs. However, during the same period, the loss for the year was higher, resulting in a decrease in the Group's equity from EUR 66.1 million as of 31 December 2022 to EUR 25.4 million. This remaining consolidated equity, while presenting adequate capitalization at the level of individual entities, is below the projected result for 2024. This situation could lead to a consolidated equity deficit by the end of the next financial year, in the absence of further capital increases.

From a financial perspective, the Group has reduced its debt exposure (including trade payables and other non-current liabilities) from EUR 121 million as of 31 December 2022 to EUR 101.4 million, partly due to the repayment of principal amounts related to the existing Senior Loan. However, it is noted that this Senior Loan has a final maturity date of March 2026, by which time the Company will need to secure the necessary financial resources to meet this obligation.

The above description highlights the presence of several managerial, economic, financial, and equity indicators that define uncertainties about the Group's ability to operate continuously in the near future and, in part, over the next 12 months.

The cash plan from May 2024 to July 2025 and the identified actions to support the execution of the Updated 2024-2027 Business Plan

To fully execute the actions outlined in the Updated 2024-2027 Business Plan under the indicated circumstances, the Directors have developed a cash plan for the period from May 2024 to July 2025, identifying the necessary resources for the next 15 months. This cash plan foresees a total cash requirement of approximately EUR 65 million for the period to ensure the following: *i)* compliance with all ordinary and current obligations; *ii)* payment of the installment agreements with suppliers and other creditors; *iii)* repayment of financial debts related to the Senior Loan at the scheduled maturities amounting to EUR 12.7 million in principal and estimated interest of EUR 1.5 million; and *iv)* a reduction of overdue payables to suppliers by about EUR 5 million.

The financial resources identified by the Directors include:

1. Estimated Cash as of 30 April 2024: EUR 3 million, including available lines of credit for invoice advances.
2. Sale of Additional IP Addresses: Potential sale of an additional 200,000 IP addresses currently in the portfolio, expected to generate approximately EUR 8-10 million. As of 31 December 2023, the portfolio contained approximately 700,000 IP addresses, of which about 500,000 are necessary for ordinary business operations without technological adjustments.
3. Support from Shareholder OpNet: Commitment from OpNet to subscribe to a capital increase, potentially through the conversion of credits amounting to EUR 30 million, with a commitment to defer the payment deadlines for these credits for a period of no less than 12 months.
4. Amendments to POC N&G Conditions: Signing amendments to the essential terms and maturity of the POC N&G, enabling access to approximately EUR 2 million per month from July until 31 December 2026.
5. Valuation of Non-Core Assets: Ongoing process to monetize a Data Center, with non-binding offers under evaluation as of the date of this report.
6. Issuance of New Convertible Financing: Possibility to issue new convertible financing up to EUR 25 million. This possibility is being considered by the Directors, who have shared a non-binding term sheet with a major financial institution interested in the operation.
7. Renegotiation of Senior Loan Conditions: Potential refinancing of the current Senior Loan, with a possible increase in the total debt value and rescheduling in line with the financial forecasts included in the Updated 2024-27 Business Plan.

8. Access to GID Fund: Possibility of accessing the GID Fund under art. 37 DL 41/2021 to obtain a EUR 30 million loan. The related dispute with the evaluating body, which had decided to exclude Tiscali from the benefit, is in the final phase of technical consultation by the Council of State. The Directors are optimistic about a favorable ruling by the Council of State expected by July 2024.

These measures are designed to ensure the necessary liquidity to support the Group's strategic initiatives, improve financial stability, and meet financial obligations, thus mitigating identified uncertainties regarding the Group's ability to continue as a going concern.

Uncertainties Regarding the Actions Identified to Support the Execution of the Updated 2024-2027 Business Plan

Regarding the identified actions, the Administrators highlight the following uncertainties:

1. The Updated 2024-2027 Business Plan presents the estimated economic and financial results contingent upon the successful implementation of all actions included and the realization of anticipated outcomes. However, the ability to execute all planned actions and achieve the projected results is not entirely within the control of the Directors. Consequently, the results included in the plan may not accurately represent the future outcomes of the Group.
2. Due to a market that is not fully liquid and experiencing declining prices, the financial resources from the potential sale of approximately 200,000 IP addresses might be lower than the Directors anticipate.
3. Although the Directors have received a letter from OpNet indicating its willingness to subscribe to a capital increase of about EUR 30 million, this intention is subject to obtaining the necessary consents from OpNet's financiers.
4. While the Directors are confident that the revised structure of the POC N&G, as modified on 7 May 2024, will allow for the instrument's use without significant limitations for about EUR 2 million per month, an adverse market trend could still limit the full utilization of the instrument.
5. The ability to monetize some of the Group's non-core assets, despite receiving some expressions of interest and a non-binding offer under evaluation, is partially dependent on external factors beyond the Directors' full control.
6. The issuance of new convertible financing up to EUR 25 million is subject to the successful outcome of a due diligence process by the counterparty, which has not yet commenced.
7. The potential to renegotiate the terms of the current Senior Loan, including refinancing it with a possible increase in the total debt and rescheduling it in line with the financial forecasts in the Updated 2024-2027 Business Plan, is currently uncertain given the preliminary stage of negotiations between the identified advisor and potential counterparties.

8. Access to the GID fund is contingent firstly on the positive resolution of the ongoing dispute before the Council of State and secondly on reaching an agreement with the entity responsible for disbursing the funds.

Going Concern Conclusions

In the circumstances outlined, the Administrators believe that: *i)* After analyzing the period results and examining the potential uncertainties; *ii)* Assuming adherence to the Business Plan; *iii)* Considering the high likelihood that at least some of the aforementioned actions will be completed in a timeframe compatible with financial needs; and *iv)* Taking into account OpNet's expressed intention to support the continuity of the Tessellis Group, the Group will be able to honor its obligations while maintaining an overdue level that is substantially in line with the current one.

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

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

It must be emphasised that the prognostic judgement underlying the Board of Directors' determination is liable to be contradicted by the evolution of 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 significance), so as to be able to promptly take the necessary measures.

6.9 Business Outlook

Please refer to Section 4.7.

6.10 Events after the end of reporting period

Please refer to Section 4.6.

6.11 Accounting Standards

The 2023 Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as the measures issued in implementation of Article No. 9 of Legislative Decree No. 38/2005. IFRS also includes all revised International Accounting Standards ("IAS") and all interpretations of

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the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The preparation of the consolidated financial statements 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 in applying the accounting policies and those that require the use of estimates are described in the note “Use of estimates” below.

The consolidated financial statements are audited by Deloitte & Touche S.p.A.

Pursuant to Legislative Decree No. 254 of 30 December 2016, Tessellis S.p.A., as “parent company”, has prepared a consolidated statement of a non-financial nature as a separate report to the consolidated financial statements, called the “Sustainability Report”, which contains the information required by the same Legislative Decree.

On 7 May 2024, the Company also approved the consolidated non-financial statement (the “2023 Sustainability Report”), which is subject to a limited review by Deloitte & Touche S.p.A..

The publication of the Sustainability Report 2023 is announced by means of a press release, which contains the indication of the section of the Tessellis S.p.A. website where the consolidated nonfinancial statement is published.

Financial Statement Formats

The method of presentation of the Consolidated Financial Statements as at 31 December 2023, consistent with IAS 1 – “Presentation of Financial Statements”, provides for:

- A statement of the assets/liabilities and financial status: the IFRS call for assets and liabilities to be classified as current and non-current or, alternatively, according to the order of their liquidity. The Group has chosen the current and non-current classification criteria and with the evidence, in two separate items, of “Assets disposed and/or held for sale” and “Liabilities Transferred and/or to be Transferred”.
- Comprehensive income statement: the Group decided to use two statements
 - *Income Statement*, which includes only the revenues and costs classified by type;
 - *Comprehensive Income Statement*, which includes charges and incomes directly entered in the Shareholders’ equity at net of fiscal effects.

- Cash Flow Statement:

IAS 7 provides a choice between two methods of calculating the cash flow statement: the direct method and the indirect method.

The Company’s cash flow statement has been prepared and presented according to the indirect method, and consequently, starting with the income for the year, it strips it of the effects of non-cash transactions in

order to represent the cash (or cash equivalents) generated by operations.

- The direct method, on the other hand, requires the direct reporting of receipts and payments of transactions during the financial year.
- In reference to the CONSOB resolution No. 15519 dated 27 July 2006, regarding the financial statements schemes, it is to be noted that specific sections have been added to show the significant relations with related parties as well specific notes to highlight, where applicable, significant non-recurring transactions performed during the normal course of the business activity.

All values shown in the accounting statements and explanatory notes, unless otherwise indicated, are expressed in thousands of Euros (EUR 000).

Segment Information

With its Directive (EC) No. 1358/2007 dated November 21, 2007, the Commission of European Communities ordered the introduction, in lieu of the IAS 14 "Segment Information", of the IFRS 8 "Operating Segments", which has as its scope to information to be provided in the financial statements related to the operating segments where those who prepare the financial statements is active. Operating segment means the component of an entity:

- Which undertakes revenue- and cost-generating business activities (including revenues and costs relating to transactions with other components of the same entity);
- Whose operating results are periodically reviewed at the highest operational decision-making level for the purpose of making decisions about resources to be allocated to the segment and assessing performance;
- For which separate financial statement information is available.

Differently from what is established by IAS 14, such principle requires essentially to identify and represent the results of the operating segments according to the Management Approach, that is through methods used by the management in the internal report activities to assess performance and allocate resources to the segments.

The Company applies the Management Approach regarding the definition of the segment information according to a method consistent with the operating segments in which the Group's activity is subdivided.

The Company's operating segments as of 31 December 2023 are as follows:

- Access (B2C and B2B connectivity);
- Corporate.

Seasonality of Revenues

Tiscali's business is not significantly affected by seasonality of the business.

Consolidation Criteria

The consolidation area includes the Parent Company Tessellis S.p.A. and the companies that it controls, those companies on which it holds the power, directly or indirectly, to establish financial and operating policies or those companies for which it is financially exposed and has a right over the variable results deriving from its involvement in such entities that it influences thanks to the power it can exercise over them. In the specific circumstances related to Tiscali, control coincides with the majority of the voting rights that it can exercise on occasion of the ordinary Shareholders' Meetings of the companies part of the consolidation area.

The subsidiary companies are consolidated from the date in which control has been effectively transferred to the Group and they are no longer consolidated on the date when control is transferred outside the Group.

In preparing the consolidated financial statements the assets, liabilities, costs and revenues of the consolidated companies are entered line by line in their comprehensive amount, attributing to Third Party Shareholders the specific entries in the balance sheet and income statement for the shares of Net Equity and the result of the fiscal year due to them. The accounting value of the shareholding for each controlled company is eliminated with the corresponding net equity shares of each subsidiary company including any adjustments to the fair value on the acquisition date; the resulting positive difference is posted as goodwill among intangible assets as detailed below, while any negative difference, whenever resulting after an appropriate remeasuring of the adjustments to the fair at the acquisition date ("negative goodwill") is posted in the Income Statement.

All significant transactions that occurred between companies of the Group, as well as the related balances, are erased at the time of consolidation, just like profits and losses not realised on infragroup transactions.

The Shareholders' equity shares and the result of the fiscal year pertaining to the minority shareholders are identified separately respect to the net equity and the result of the fiscal year of the Group, on the basis of the percentage held by them in the net assets of the Group.

If the losses attributable to Third Party Shareholders in a consolidated subsidiary are greater than the Net Equity pertaining to the Third Party Shareholders of the subsidiary, the surplus and an additional loss attributable to the Third Party Shareholders are posted in the Net Equity pertaining to the Third Party Shareholders of the Parent Company unless the Third Party Shareholders are subjected to a binding obligation and can make an additional investment to cover the losses.

If the subsidiary later posts profits, the profits attributable to Third Party Shareholders are attributed to the Net Equity pertaining to the Shareholders of the Parent Company until the share losses of the Third Party Shareholders, previously covered by the Parent Company shareholders, is recovered.

Shareholdings in related companies as well as in those with joint control are posted in the consolidated financial statements among the non-current assets and assessed according to the method of net equity, as established, respectively by IAS 28 (*Shareholdings in Related Companies*) and IFRS 11 (*Agreements under Jointed Control*).

The related companies are those in which the Group can exercise considerable influence but neither control nor joint control through participation to the decision on the financial and operating policies of the subsidiary company. According to the net equity method, such shareholdings are initially calculated in the balance sheet at cost of acquisition, corrected by adjustments subsequent to the acquisition of the net equity of the related companies, at net of any losses of value of each shareholding. Any surplus from the acquisition cost respect to the percentage belonging to the Group of the fair value of the related company's assets, liabilities and potential liabilities identifiable on the date of acquisition is recognised as goodwill. Such goodwill is included in the value of the investment and it is subjected to an impairment test. The lower value of the cost of acquisition respect to the percentage belonging to the Group of the fair value of the related company's assets, liabilities and potential liabilities identifiable on the date of acquisition is posted in the income statement for the fiscal year of the acquisition. The consolidated financial statements include also the shares belonging to the Group in the results of the related companies as well as those with joint control effective from the date in which the significance influence begins until the moment in which such significant influence ends. Whenever the shares pertaining to the Group in the losses of the related company exceeds the book value of the shareholding in the financial statements, the value of the shareholding is brought to zero and the shares of the additional losses are calculated only if the Group is obligated to do so.

Non-realised profits and losses deriving from transactions with related companies or joint control companies are taken out based on the value of the shareholding of the Group in such companies.

Unconsolidated investments in other unlisted companies that do not represent a Joint Venture or an associated investment, for which the fair value cannot be reliably determined, are valued at cost adjusted for impairment losses.

Consolidation Area

The consolidation scope of the Group includes the Tessellis S.p.A. (Parent company) Financial Statements and those of the companies on which the same exercises control, directly or indirectly, starting from the date in which control was acquired and up the date in which such control ends. The fully consolidated companies are reported below and on the Note *List of Controlled Companies Included in the Consolidation Scope*.

The consolidation scope as at 31 December 2022 follows:

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| Name | Registered office | Shareholding held by | Values as of 31 December 2023 (EUR/000) | | | Percentage of direct participation | Percentage of Group Participation (*) |
|-----------------------------------|-------------------|----------------------------|---|-----------|--------------------------|------------------------------------|---------------------------------------|
| | | | Share Capital | Equity | Shareholders' Net Result | | |
| Tessellis S.p.A. | Italy | Parent Company | 208,993 | 126,278 | (244) | n.a. | n.a. |
| Tiscali Italia S.p.A. | Italy | Tessellis S.p.A. | 36,994 | 51,195 | (43,278) | 100.0% | 100.0% |
| Media PA | Italy | Tiscali Italia S.p.A. | 49 | 47 | (1) | 100.0% | 100.0% |
| Linkem Services S.r.l. | Italy | Tiscali Italia S.p.A. | 70 | 246 | (21) | 85% | 85% |
| Veesible S.r.l. | Italy | Tiscali Italia S.p.A. | 200 | 214 | 42 | 75% | 75% |
| 3PItalia S.p.A. | Italy | Tiscali Italia S.p.A. | 2,000 | 2,442 | 390 | 55% | 55% |
| Aetherna S.r.l. | Italy | Tiscali Italia S.p.A. | 28 | (594) | (35) | 60% | 60% |
| Tint Holding Nv | The Netherlands | Tessellis S.p.A. | 115,519 | | | 99.5% | 99.5% |
| Tiscali International Bv | The Netherlands | Tint Holding Nv Tiscali | 115,469 | (3,833) | (228) | 100.0% | 99.5% |
| Tiscali Financial Services SA (#) | Luxembourg | International BV | 31 | (441,663) | (4.643) | 100.0% | 99.5% |

The company applies the equity method for the valuation of investments in associated companies.

It should be noted that, compared to 31 December 2023, the company Aetherna S.r.l., whose majority stake was acquired on 1 October 2023, entered the scope of consolidation. The ownership percentage in Aetherna increased from 49% as at 31 December 2023 to 60%.

As of 31 December 2023, the following companies were consolidated using the equity method:

- Janna S.c.p.a., in which Tessellis holds a 17% shareholding and exercises significant influence;
- Connecting Project S.r.l., with a 40% shareholding;
- Salesmart S.r.l., with a 40% shareholding.

Other intangible assets

Goodwill

Under IFRS 3 (Business Combinations), goodwill is recognised in the financial statements at the date control of a business is acquired and is determined as the excess of (a) over (b), where (a) represents the consideration paid and (b) the fair value of the assets acquired: Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life and is tested for impairment at least annually.

Goodwill initially recognised is subsequently reduced only for accumulated impairment losses.

In the event of a transfer of control of a previously acquired business, the corresponding value of goodwill is taken into account in determining the gain or loss on disposal.

Computer software – Patents – Trade marks – Development costs

Acquired software licences, trademarks and patents are capitalised and recognised as intangible assets at the cost incurred for the acquisition and amortised on a straight-line basis over their estimated useful life (generally three to five years).

Internally-generated intangible assets arising from costs incurred for the development of operating software under the Group's control and directly associated with the production of services, relating in particular to the “technological platforms” for accessing and managing the Tiscali network, are recognised as assets when:

- The following general conditions specified by IAS 38 for the capitalisation of intangible assets are met: (a) the asset is identifiable; (b) it is probable that the asset will generate future economic benefits; (c) the costs of developing the asset can be measured reliably;
- The Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the asset for use or sale, the manner in which it will generate probable future economic benefits, the availability of technical, financial or other resources to complete the development and its ability to measure reliably the cost attributable to the asset during its development.

During the development period, the asset is reviewed annually for impairment. Subsequent to initial recognition, development costs are measured at cost less amortisation and any accumulated impairment losses. Amortisation of the asset begins when the development is complete and the asset is available for use.

The cost is amortised by reference to the period over which the related project is expected to generate revenue for the Group. Costs associated with the development and routine maintenance of software, which do not meet the above requirements, and research costs, are charged in full to profit or loss in the period in which they are incurred.

Broadband service activation costs

Customer acquisition and activation costs are amortised on a straight-line basis over a period of 36 months.

Costs of obtaining new customers

The incremental costs incurred in obtaining new customers are capitalised linearly over a period of 36 months. Periodically, the management verifies that the application of a specific analysis criterion, namely the application of a useful life equal to the churn rate (greater than 36 months) by applying the derecognition of interrupted contracts generates different economic and financial results.

The analysis updated to 2023 shows that the simplified approach followed by management presents results that are substantially consistent – and, in any case, slightly more prudent – than those obtainable from a specific analysis.

IRUs

IRUs are classified as Concessions and Similar Rights and consist of costs incurred for the acquisition of the registration rights of use of the fiber optic network, namely the ‘transmission capacity’ and related charges; they are amortised on a straight-line basis, in the shorter of the duration of the concession defined by contract and the estimated utilisation of the right. The average duration of the contractual concession generally varies from 5 to 15 years.

Property, plants and equipment

Property, plants, machinery and equipment are stated at acquisition or production cost, including related charges, net of accumulated depreciation and any accumulated impairment losses. These tangible assets do not include revaluations.

Depreciation is calculated on a straight-line basis on the cost of the assets net of the related residual values, if any, over their estimated useful lives. Land, including that pertaining to buildings, is not depreciated.

The depreciation rates are reviewed annually and revised if the current estimated useful life differs from that estimated previously. The effects of such changes are recognised in the income statement on an estimated basis.

The minimum and maximum depreciation rates applied during the financial year 2022 are shown below:

| | |
|-----------|---------|
| Property | 3% |
| Plants | 12%-20% |
| Equipment | 12%-25% |

The ordinary maintenance costs are fully charged to the income statement in the period in which they are incurred, while maintenance expenses of an incremental nature are attributed to the assets to which they refer and depreciated over their residual useful life.

Profits arising from the assignment or take-out of assets are determined as the difference between the sales proceeds and the net carrying amount of the asset and are charged in the relevant FY income statement.

Leased Assets

As of 1 January 2019, the Tessellis Group applied IFRS 16 “Leases”, endorsed by Regulation No. 2017/1986 issued by the European Commission on 31 October 2017, which replaces IAS 17 and related interpretations. In particular, IFRS 16 eliminates the classification of leases as operating or finance leases for the purposes of preparing the financial statements of companies operating as lessees.

Accounting according to this principle provides for:

1. The recognition in the balance sheet of an asset representing the right of use and a financial liability representing the commitment to the leasing company, presented in separate items with respect to the other balance sheet components;
2. The recognition in the income statement in the income statement, under operating costs, of amortisation, depreciation and any write-downs/depreciations of the asset for right of use and, in the financial section, the interest expense accrued on the financial liability;
3. The recognition among the cash flow of the financing activities of the payments made to the leasing companies and among the operating cash flow of the notional financial charges determined by applying the amortising cost method to the financial liability.

The Group adopted this principle as from 1 January 2019, making use, as permitted by the same, of certain simplifications permitted by the provisions, listed below:

1. Use of a single discount rate to a leasing portfolio with reasonably similar characteristics;
2. Contracts with a residual duration of less than 12 months were not considered;
3. Initial direct costs were excluded from the right of use assessment at the transition date;
4. Lease contracts for which the underlying asset is a low-value asset were excluded (i.e., the assets underlying the lease contract do not exceed EUR 5 thousand when new). The contracts for which the exemption has been applied fall mainly into the following categories:

- i)* Computers, telephones and tablets;
- ii)* Printers;
- iii)* Other electronic devices;
- iv)* Furniture and furnishings.

5. With reference to company cars, non-lease components have not been separated;
6. Use of the information present at the transition date to determine the lease term, with particular reference to the exercise of extension and early closure options.

Inventories

Inventories relate to video surveillance equipment for B2B services (high value customers) and tablets or

personal computers that are provided by Tessellis as part of the Ultrainternet Fibra Voucher offer. Inventories are valued on a *FIFO* (first in, first out) basis.

Impairment losses of assets (Impairment)

Goodwill and Financial Statement sheet assets are tested (impairment tests) Annually or more frequently if there is indication of impairment. The carrying value of intangible assets with finite useful lives and property, plant and equipment is tested whenever there is an indication that the asset may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU (Cash Generating Unit), to which the asset 'belongs'. The recoverable amount is the greater amount between fair value net of sales costs and its value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. The loss of relevant impairment is recognized in the income statement under write-downs. In the event that a write-down in previous years, no longer has reason to exist, the carrying value of the asset (or cash-generating unit) is increased to the new value resulting from the estimate of its recoverable amount, but not over the net book value that the asset would have had if no impairment had been recognised for the asset loss. The reversal is recognised in the income statement.

The Company has identified two operating segments subject to information, based on the requirements of IFRS 8. For the purposes of the impairment test, however, the "Corporate" operating segment is tested together with the "Access" operating segment, as it shares with it a significant amount of assets. It should also be noted that the Corporate financial sector has mainly inter-company cash flows and of insignificant amount.

Financial Instruments

Loans and Receivables

The Receivables of the Group are stated in the items Other Non-Current Financial Assets, Trade Receivables, Other Receivables and Other Current Assets and Other Current Financial Assets, and include guarantee deposits, trade receivables, loans to others generated as part of the core business.

They are valued, in case they have a fixed term, at amortised cost using the effective interest method. When financial assets have no fixed maturity, they are valued at acquisition cost. Receivables due beyond one year, bear interest or bear interest below market are discounted using market rates.

Assessments are frequently carried out to find objective evidence of impairment of a financial asset or group of assets. If any such evidence exists, the impairment loss should be recognised as an expense in the income statement in the period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term deposits, in the latter case with a term of less than three months.

Payables and Financial Liabilities

Payables and Financial Liabilities of the Group are disclosed in the items Bonds, Due to Banks and Other Lenders, Finance Lease Liabilities, Other Non-Current Liabilities, Payables to Suppliers, and include trade payables, payables to others, the financial payables, including payables for loans received for advances on the sale of loans and finance leases. Trade payables and other payables are stated at nominal value. Borrowings are initially recognised at cost, equal to the fair value of the consideration received, net of transaction costs.

Subsequently, the loans are valued at amortised cost using the effective interest method, calculated considering the issue costs and any other premium or discount applicable to the regulation.

Financial derivatives

The Group does not use derivatives.

Liabilities due to pensions and employee severance indemnities

Employee benefits are remuneration paid by the enterprise in exchange for the work performed by the employee or by virtue of the termination of the employment relationship.

Post-employment benefits are defined on the basis of programmes, albeit not formalised, which according to their characteristics are divided into “defined contribution” and “defined benefit” programmes.

In defined-contribution plans, the company's obligation, limited to the payment of contributions to the State or to a legally distinct asset or entity (so-called fund), is determined on the basis of the contributions due.

The liability for defined benefit plans is determined on the basis of actuarial assumptions and is recognised on an accrual basis consistently with the period of service required to obtain the benefits.

For defined benefit plans, changes in the value of the net liability (so-called revaluations) arising from actuarial gains (losses), as a result of changes in actuarial assumptions used or adjustments based on past experience, and from the return on plan assets other than the component included in net interest, are recognised in other

comprehensive income. Revaluations of the net defined benefit liability, recognised in the equity reserve relating to other comprehensive income, are not subsequently reclassified to profit or loss.

Provisions for risks and charges

Provisions for risks and charges, relating to contingent liabilities of a legal and tax nature, are made against forecasts made by the Directors, based on assessments made by the Group's legal and tax advisors, as to the probable charge that it is considered reasonable will be incurred to fulfil the obligation. In the event that the Group were to be called upon, depending on the final outcome of the legal proceedings, to fulfil an obligation to an extent other than that forecast, the related effects would subsequently be reflected in the income statement.

Guarantees

The Company recognises "Guarantees and Commitments" in accordance with paragraph 14 of IFRS 7 – Financial Instruments, which requires an entity to recognise: *a)* the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities, including amounts reclassified in accordance with paragraph 3.2.23(a) of IFRS 9; and *b)* the terms and conditions of the guarantee.

In addition, paragraph 15 of the same standard specifies the following: when an entity holds assets as collateral (financial or non-financial assets) that it is permitted to sell or give back as collateral in the absence of default by the owner of the asset, it shall disclose: *(a)* the fair value of the asset held as collateral; *(b)* the fair value of any collateral asset sold or given back and whether the entity is obliged to return it; and *(c)* the terms and conditions associated with the use of the collateral asset.

Recognition of revenues

Revenues are recognised in accordance with the requirements of IFRS 15 and to the extent that it is probable that the economic benefits will flow to the Group and their amount can be reliably determined; they are reported net of discounts, allowances and returns.

Revenues for services are recognised in the income statement with reference to the stage of completion of the service and only when the result of the service can be reliably estimated.

In particular, revenues from Internet connection and voice services are recognised in the income statement based on the traffic actually produced at the reference date and/or the periodic service fee accrued at that date.

Revenues from the activation of broadband services are recognised in the income statement on a straight-line basis over a period of 24 months. Portions not accruing in the period are recognised as other current liabilities,

as deferred income.

Barter revenues, if they relate to exchanges of services of a similar nature, are recognised at the net value of the exchange made. If the underlying services have dissimilar characteristics, the values of the services are presented at fair value, unless this fair value can be reliably estimated.

Public Contributions

The Group accounts for government grants for investments in capital assets by recognising the benefits as assets. These benefits are recognised in the income statement in periods consistent with the useful life of the contributed assets and, therefore, with the depreciation of these assets. The portion that does not pass through the income statement is recorded in a liability item.

Financial income and expenses

Interest income and expenses, including interest on bonds, are recognised using the effective interest rate method.

Research and Advertising Costs

Research and advertising costs are expensed directly in the income statement in the year they are incurred.

Taxes

Income taxes include all taxes calculated on the taxable income of the companies of the Group, considering the temporary and permanent changes established by applicable legislation, based on the best possible interpretation of corporate events.

Deferred tax liabilities are generally recognised for all taxable temporary differences related to Group companies and participations in associated companies.

Any deferred tax assets, arising from temporary differences and/or tax losses carried forward, are taken over to the extent that it is considered likely that there may be future taxable tax results that allow the use of these deductible temporary differences and/or tax losses.

Earning per Share

Basic earnings per ordinary share is calculated by dividing the share of the Group's profit attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

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For the purposes of diluted earnings per ordinary share, the weighted average number of shares outstanding is adjusted by assuming the subscription of all the potential shares deriving, for example, the conversion of bonds and exercise of rights on dilutive shares and potential dilutive effect of the allocation of shares to the beneficiaries of the Stock Option plans already accrued.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, ADOPTED BY THE GROUP AS OF 1 JANUARY 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 August 2023:

- 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 to IAS 1 require an entity to disclose material information about the accounting policies applied by the Group. The amendments are intended to improve disclosures about the accounting policies applied by the Group so as 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 policy. The amendments were applied as of 1 January 2023. The adoption of these amendments had no impact on the Group's consolidated financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS IFRS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT EARLY ADOPTED BY THE GROUP AS OF 31 DECEMBER 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been early adopted by the Group as of 31 December 2023:

- On 23 January 2020, the IASB published an amendment entitled ***“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”*** and on 31 October 2022 it published an amendment entitled ***“Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”***. The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments take effect on 1 January 2024; however, earlier application is permitted.

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The Directors are currently assessing the possible effects of the introduction of this amendment on the Group's consolidated financial statements.

- On 22 September 2022, the IASB published an amendment entitled "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, 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.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023

As of the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 25 May 2023, the IASB published an amendment entitled "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but earlier application is permitted.

The Directors do not expect a material effect in the Group's consolidated financial statements from the adoption of this amendment.

- On 15 August 2023, the IASB issued an amendment entitled "**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**". The document requires an entity to apply a consistent methodology to determine whether one currency can be translated into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, 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.

USE OF ESTIMATES

The preparation of the consolidated financial statements and notes involved the use of estimates and assumptions to determine certain assets and liabilities and to measure contingent liabilities. Due to the use of estimates and assumptions, the results that will result from the occurrence of expected and/or foreseeable events may differ from those assumed. The estimates and assumptions used 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 to the following issues:

1. Estimates related to the purchase price allocation activities of the assets acquired during the Transaction (“PPA”) made on 30 June 2023 with retroactive effect to 1 August 2022;
2. Estimates related to the financial statements’ items recognised in accordance with IFRS 16;
3. Estimates related to the assumptions underlying the valuations included in the impairment test, for which reference should be made to the relative Note 11 “Impairment test”;
4. Estimates relating to provisions for risks and charges and, in particular, to provisions for risks relating to certain tax credits recorded in the past;
5. Estimate related to revenue recognition based on IFRS 15. As for the Tessellis Group, the estimation process is related to the verification of the presence of different performance obligations in some complex contracts.

6.12 Explanatory Notes

Introduction

As indicated in paragraph 6.7, “*Explanatory Notes and Indications on the Comparability of Data,*” the data reported in these explanatory notes for 2023 are partly not fully comparable with those of the previous year due to the different duration of the periods under review.

Furthermore, as mentioned in paragraph 6.6, some economic and balance sheet figures in the consolidated financial statements as of 31 December 2022 have been restated due to the retrospective application of the effects of the price allocation process from the Merger transaction between Tessellis S.p.A. and Linkem Retail S.r.l, which took place on 1 August 2022.

Revenues (Note 1)

| Revenues | 2023 | 2022 |
|-----------|------|------|
| (EUR 000) | | |

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| | | |
|--------------|----------------|----------------|
| Revenues | 231,220 | 100,060 |
| Total | 231,220 | 100,060 |

Revenues for 2023 amounted to EUR 231.2 million. For an analysis of the business performance in 2023, please refer to the management report.

No ordinary transactions were identified during the period with any single counterparty representing more than 10% of the Group's revenues.

It should be noted that all revenues are related to services provided within the Italian territory.

Other Income (Note 2)

| Other Income | 2023 | 2022 |
|---------------------|--------------|--------------|
| <i>(EUR 000)</i> | | |
| Other Income | 2,697 | 1,591 |
| Total | 2,697 | 1,591 |

Other income, amounting to a positive EUR 2.7 million, includes the following elements:

- The portion of tax credits related to investments under the Bonus Sud regulation, amounting to EUR 1.1 million, attributed to the release of the 2023 portion of deferred tax credits.
- Income from tax credits for the purchase of electricity under Law Decree no. 4/22, amounting to EUR 0.5 million.
- Other income from the write-off of supplier debt positions and the collection of receivables sold to credit recovery companies, totaling EUR 1.2 million.

It should be noted that the balance of other income as of 31 December 2022, amounting to EUR 1.6 million, has been restated from the balance included in the financial statements approved by the Board of Directors of Tessellis S.p.A. on 11 May 2023, which was EUR 2.4 million, to retrospectively reflect the effects of the PPA on the Merger Transaction.

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

| Purchase of materials and outsourced services, payroll and operating costs (income) | 2023 | 2022 |
|--|-------------|-------------|
| | | |

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| <i>(EUR 000)</i> | | |
|---|----------------|---------------|
| Line rental/traffic and interconnection costs | 130,394 | 55,805 |
| Lease and rental costs | 7,230 | 5,045 |
| Costs for portal services | 567 | 377 |
| Marketing costs | 3,108 | 4,924 |
| Other services | 15,184 | 8,301 |
| Other operating expenses (income) | 105 | 273 |
| Total | 156,588 | 74,725 |

Purchases of materials and services and other operating (income) expenses of EUR 156.6 million include the following items:

- EUR 130.4 million for line rental/traffic and interconnection costs related to fixed and Fixed Wireless Broadband and Ultrabroadband services, and Mobile services;
- EUR 7.2 million for costs related to the use of third-party assets, including leases and rentals of instrumental goods not covered under IFRS 16;
- EUR 15.2 million for other services related to maintenance and management of industrial sites, administrative offices, rentals, consulting and professional fees, billing costs, postal expenses, travel expenses, and other general costs;
- EUR 3.1 million for marketing costs;
- EUR 0.6 million for services related to the portal;
- EUR 0.1 million for other charges.

The period costs, amounting to EUR 156.6 million, show a revenue incidence of 67.7%, compared to 74.7% in the comparative period. This is mainly due to the lower incidence of marketing costs (1.3% vs. 4.9%) and other services (6.6% vs. 8.3%).

Staffing Costs (Note 4)

| Staffing Costs | 2023 | 2022 |
|-----------------------|---------------|---------------|
| <i>(EUR 000)</i> | | |
| Wages and salaries | 24,251 | 9,989 |
| Other staffing costs | 12,795 | 4,893 |
| Total | 37,046 | 14,882 |

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The period costs, amounting to EUR 37 million, show a revenue incidence of 16%, compared to 14.9% in the comparative period.

The following table reports the actual number of FTEs as of 31 December 2023:

Average Number of Employees (FTE) as of 31 December 2023:

| | 31 December 2023 |
|-----------------|------------------|
| Managers | 26 |
| Middle managers | 51 |
| Employees | 813 |
| Workers | 14 |
| Total | 904 |

The average number of FTEs as of 31 December 2023 is 941 units. This figure includes an average of 928 FTEs for Tiscali Italia Spa, 7 for 3P Italia, 6 for Vevisible, and 15 for Aetherna.

Write-downs of receivables from customers (Note 5)

| Write-downs of receivables from customers | 2023 | 2022 |
|---|--------------|--------------|
| <i>(EUR 000)</i> | | |
| Provision for doubtful customer receivables | 5,587 | 2,134 |
| Total | 5,587 | 2,134 |

The provision for doubtful customer receivables amounts to EUR 5.6 million and represents 2.4% of revenues, compared to 2.1% in 2022.

Restructuring costs and other provisions (Note 6)

| | 2023 | 2022 |
|--|--------------|-----------|
| <i>(EUR 000)</i> | | |
| Restructuring costs and other provisions | 3,117 | 64 |
| Total | 3,117 | 64 |

The item Restructuring costs and other provisions as of 31 December 2023 includes the following:

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- Personnel restructuring charges amounting to EUR 1.8 million, attributable to costs incurred under the 2023 voluntary redundancy plan. The redundancy incentive plan was signed on 25 July 2023 and will conclude on 31 May 2024. In 2023, 30 people joined the plan.
- Network infrastructure restructuring charges amounting to EUR 0.5 million.
- Write-offs of assets amounting to EUR 0.5 million.
- Inventory write-downs amounting to EUR 0.2 million.
- Provisions for employee litigation costs amounting to EUR 0.1 million.

Depreciation and amortisation (Note 7)

| | 2023 | 2022 |
|-------------------------------|---------------|---------------|
| <i>(EUR 000)</i> | | |
| Depreciation and amortisation | 81,569 | 43,499 |
| Total | 81,569 | 43,499 |

Depreciation and amortisation amounted to EUR 81.6 million.

For more details on depreciation of assets see also notes 14-15-16-17.

Impairments of Fixed Assets (note 8)

| | 2023 | 2022 |
|-----------------------------|--------------|----------|
| <i>(EUR 000)</i> | | |
| Impairments of Fixed Assets | 4,751 | 0 |
| Total | 4,751 | 0 |

The item in question as of 31 December 2023 includes the following elements:

- Capital losses realized following write-offs and disposals of assets no longer usable amounting to a total of EUR 1.2 million, of which EUR 0.5 million is attributable to write-offs of intangible assets in progress, EUR 0.2 million is attributable to leased network equipment, and EUR 0.5 million is attributable to capital losses on CPE;
- Allocation to the CPE impairment fund for EUR 3.6 million. This allocation was necessary due to the recognized lower value of certain assets.

Financial Income (Charges) (Note 9)

The breakdown of the items Financial Income (Charges) for the year 2023, which totalled a negative EUR 6.9 million, is detailed below.

| Financial Income (Charges) | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| <i>(EUR 000)</i> | | |
| Financial Income | | |
| Interest on bank deposits | 37 | 4 |
| Senior debt discount income | | 0 |
| Other financial income | 101 | 1 |
| Total | 138 | 5 |
| Financial Charges | | |
| Interest and other bank charges | 3,758 | 1,538 |
| Other financial charges | 3,305 | 2,490 |
| Total | 7,063 | 4,028 |
| Net Financial Income (Charges) | (6,925) | (4,023) |

The item Financial Charges of EUR 7.1 million includes the following elements:

- Financial charges related to interest accrued on the financing from Senior Lenders amounting to EUR 3.4 million;
- Interest expenses on financial and operational leases amounting to approximately EUR 0.8 million;
- Banking fees totaling EUR 1.4 million, mainly related to commissions on short-term credit lines, particularly SDD (SEPA Direct Debit) advance lines;
- Interest expenses on bank current accounts amounting to EUR 0.4 million;
- Default interest amounting to EUR 1.1 million related to trade payables, determined based on standard market conditions.

Income Taxes (Note 10)

| | 2023 | 2022 |
|--------------|------------|-----------|
| (EUR 000) | | |
| Income taxes | 142 | 16 |
| Total | 142 | 16 |

Current taxes refer to IRAP and IRES for the year.

Regarding the Group's prior tax losses, for which no deferred tax assets were recognized as of 31 December 2023 (except as indicated concerning the effects of the PPA), it should be noted that as of 31 December 2023, the amount of these losses totals EUR 457.9 million. This amount includes prior tax losses generated during the validity of the optional tax consolidation regime and transferred to the parent company.

Minority interests and earnings (loss) per share (Note 11)

The result attributable to minority interests, which is positive for EUR 170 thousand, was determined concerning the full consolidation of the subsidiaries Linkem Services S.r.l., 3P Italia S.p.A., Vevisible S.r.l., and Aetherna, whose ownership percentages are 85%, 54.7%, 75%, and 60%, respectively. It should be noted that the subsidiary Aetherna was consolidated starting from 1 October 2023, the date on which the majority stake in the company was acquired, increasing the shareholding from 49% to 60%.

The earnings per share from "continuing operations" is negative at EUR 0.308. This was calculated by dividing the loss from continuing operations in 2023 attributable to the ordinary shareholders of the Parent Company, amounting to EUR 62.4 million, by the weighted average number of ordinary shares outstanding during the year, totaling 202,677,451.

The diluted earnings per share from "continuing operations" is negative at EUR 0.306. This was calculated by dividing the net loss for the period attributable to the ordinary shareholders of the Parent Company, amounting to EUR 62.4 million, by the weighted average number of potential ordinary shares outstanding during the year, totaling 202,677,451.

Impairment Test (nota 12)

On 7 May 2024, the Company's Board of Directors approved the Updated 2024-2027 Business Plan, which incorporates the results of the Tessellis Group as of 31 December 2023 and extends over the 2024-2027 timeframe.

This review covered the goodwill recorded in the consolidated financial statements, the value of the net invested assets, as well as the value of the investment in Tiscali Italia recorded in the separate financial statements of Tessellis S.p.A. This review focused on the following fundamental elements: the goodwill recorded in the consolidated financial statements, the value of the net invested assets, and the value of the investment in Tiscali Italia recorded in the separate financial statements of Tessellis S.p.A.

(i) Definition of "cash-generating units"

The Group has identified the Cash Generating Units with the reportable segments. The impairment test of assets was performed on the Access CGU (which includes Tiscali Italia S.p.A., the other consolidated companies, the holding company and the dormant companies), as in fact the Access CGU is identified with the Group's consolidated area.

(ii) Criteria for estimating the recoverable amount

The value in use of the Cash Generating Units (CGUs) was determined based on the discounting of cash flows for the years 2024-2027 derived from the Updated 2024-2027 Business Plan, as well as the determination of the present values of the expected cash flows after this period, through the determination of the terminal value of the cash flows.

For the purpose of the impairment test, a time span of 4 years was therefore used.

The main assumptions used to estimate the recoverable amount relate to:

- explicit four-year forecast period (01 January 2024 – 31 December 2027);
- EBITDA resulting from market and business development assumptions;
- investments in line with the expected business development and the targeted level of profitability;
- determination of the terminal value calculated as a perpetuity based on the projection of the average of the years 2025-2027 appropriately normalised;
- discount rate ("WACC") determined on the basis of market assessments of the cost of money and risks specific to the company's core business;
- Long Term Growth ("LTG") equal to 2%, in line with the expected long-term inflation rate.

The WACC was calculated as follows:

1) Risk free rate

The market rate for a risk-free investment was calculated using the risk-free rate for German government bonds (denominated in EUR) with a 30-year maturity observed on 31 December 2023 and country risk premium. The rate is 4.24%.

2) Beta unlevered and Beta relevered

Beta unlevered was calculated as the average of the beta unlevered version of a panel of companies similar to Tiscali (by size/sector/structure). It amounts to 0.465.

Beta levered was derived by starting from beta unlevered and factoring in:

- A debt/risk capital ratio of 101.5%, derived from the average of comparables;
- A tax rate of 24%.

Including the above factors, a levered Beta rate for Tiscali is 0.823.

3) Market risk premium

The risk premium assigned by the market amounts to 5.5%.

4) Size Premium

The Size premium was calculated on the basis of the Duff and Phelps table and represents Tiscali's risk level compared to the other companies included in the panel. It is equal to 2.9%.

5) Company Specific Risk Premium

The corporate risk premium was set at 2.91% also taking into account the risks arising from the integration process.

The above factors (1 to 5) were considered in order to calculate Tessellis' cost of risk capital as at 31 December 2023, which amounts to 14.57%

6) Debt Rate

- Tiscali's relevant debt rate was set at 10%. The debt rate, calculated as the average rate expected in potential market transactions, was adjusted by eliminating the tax impact (rate of 24%), resulting in a cost of debt at 31 December 2023 of 7.6%.

Based on these parameters, the WACC used for testing is 11.06%.

At the consolidated level, the test showed a positive difference between the recoverable value and the consolidated book value.

Sensitivity analysis on the results of the impairment test

With reference to the current and expected scenario, as well as the results of the impairment tests conducted for the period ending 31 December 2023, a sensitivity analysis of the estimated recoverable amount was performed using the discounted cash flow method. The discount rate is considered to be a key parameter in estimating the recoverable amount. The sensitivity analysis performed by the Company shows that even with a WACC increased by 2% (13.06%), there would be no significant effect on the level of cover.

A sensitivity analysis on the long-term growth rate was also carried out. These analyses showed that a zero growth rate (compared to a rate of 2% used by the company) would have no significant effect on the cover level.

(iii) Consideration of external indicators of impairment

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Taking into account the current market situation, considerations were made as to the existence of external indicators of impairment with particular reference to what is expressed by the financial market. To this end, the market capitalisation of the Tessellis Group does not show any elements that differ from those resulting from the impairment procedure. In particular, as previously indicated, capitalisation at 31 December 2023 amounts to approximately EUR 154.7 million.

Goodwill (Note 13)

| Goodwill | Total |
|------------------------------|---------------|
| <i>(EUR 000)</i> | |
| Balance as at 1 January 2023 | 47,603 |
| Increase | 689 |
| 31 December 2023 | 48,292 |

Goodwill amounted to EUR 48.3 million and is broken down as follows:

- EUR 42.8 million resulting from the merger between Tessellis and the Retail Branch of Linkem service on 1 August 2022;
- EUR 4.8 million related to the acquisition of control of 3P Italia S.p.A.;
- EUR 0.7 million related to the acquisition of control of Aetherna.

The increase for the period derives from the recognition of goodwill resulting from the acquisition of control of the subsidiary Aetherna, which took place on 1 October 2023.

Intangible Assets (Note 14)

| Intangible Assets | In-house software development costs | Trademarks, Concessions, and Similar Rights | Broadband activation costs | Other intangible assets | Intangible Assets in Progress and Advances | Total |
|-------------------|-------------------------------------|---|----------------------------|-------------------------|--|---------|
| <i>(EUR 000)</i> | | | | | | |
| 1 January 2023 | 363 | 69,775 | 28,787 | 23,000 | 1,620 | 123,546 |
| Increases | 314 | 7,398 | 11,949 | 1,475 | 9 | 21,146 |
| Decreases | | | | | (432) | (432) |

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| | | | | | | |
|---------------------------------------|------------|---------------|---------------|---------------|-----------|-----------------|
| Depreciation for the period | (187) | (10,298) | (19,780) | (6,354) | | (36,620) |
| Restatements | (32) | 31 | | 1,122 | (1,134) | (13) |
| Changes in the scope of consolidation | | 23 | | 17 | | 40.24 |
| Other changes | | (54) | | 19 | | (34) |
| 31 December 2023 | 459 | 66,875 | 20,957 | 19,279 | 63 | 107,632 |

The item “*In-house software development costs*”, amounting to EUR 0.5 million, includes the development costs of customized application software for the exclusive use of the Group (net of the related amortization fund).

The balance of the item “*Trademarks, Concessions, and Similar Rights*,” amounting to EUR 66.9 million, mainly includes:

- EUR 40.2 million related to the “Tiscali” trademark;
- EUR 14.8 million for licenses and software, including software for remote activation and management of equipment installed at customer sites, licenses for the use of the VOIP platform, and software for customer management (billing, customer care);
- EUR 11.1 million for rights and multi-year charges related to the purchase of transmission capacity on a multi-year basis, in the form of concession contracts for its use (IRU – Indefeasible Right of Use). These IRUs are accounted for by the subsidiary Tiscali Italia S.p.A., with the main suppliers being Telecom Italia, Interoute, Fastweb, and Infracom;
- EUR 0.8 million for patent and industrial property rights..

Investments in 2023 amounted to EUR 7.4 million, mainly related to the development of IT platforms as part of the “One Company” project.

The item “*Broadband Service Activation Costs*” amounts to EUR 21 million and includes the costs incurred for activating new lines for residential and business customers. The increase in 2023, related to the aforementioned activities, is EUR 12 million.

“*Other Intangible Assets*” amount to EUR 19.3 million and include EUR 12.9 million of IP addresses functional to the core activities of the Group and EUR 6.3 million for the installation, configuration, and expansion of network centers. The increase during the period, amounting to EUR 1.5 million, is related to investments made for upgrading the backbone network.

This item also includes reclassifications amounting to EUR 1.1 million from “*Intangible Assets in Progress and Advances*” for assets that started amortizing in 2023.

Rights of use from leasing contracts (Note 15)

| Rights of use from leasing contracts (EUR 000) | Network Equipment Usage Rights | Real Estate Usage Rights | Total |
|---|---|-----------------------------|----------------|
| 1 January 2023 | 2,727 | 10,886 | 13,614 |
| Increases | 481 | 619 | 1,100 |
| Decreases | (403) | (44) | (447) |
| Depreciation for the period | (1,475) | (2,636) | (4,111) |
| Changes in the scope of consolidation | 4 | | 4 |
| 31 December 2023 | 1,334 | 8,825 | 10,159 |

The item “*Network Equipment Usage Rights*,” which includes operating lease contracts with a purchase option capitalized starting from 1 January 2019, amounts to EUR 1.3 million.

Increases during the period amount to EUR 0.5 million, and decreases total EUR 0.4 million. Both movements are related to company cars under leasing agreements.

The item “*Real Estate Usage Rights*,” amounting to EUR 8.8 million, includes the recognition of usage rights from the lease contract for the Sa Illetta headquarters, secondary office locations, and other POP (Point of Presence) lease contracts. This item includes increases of EUR 0.6 million during the period.

Customer acquisition costs (Note 16)

| Customer acquisition costs (EUR 000) | Total |
|---|---------------|
| 1 January 2023 | 23,141 |
| Increases | 12,115 |
| Depreciation for the period | (17,020) |
| Other changes | 117 |
| 31 December 2023 | 18,354 |

This item includes costs related to fees paid to commercial intermediaries for customer acquisition and amounts to EUR 18.3 million. The increases during the period amount to EUR 12.1 million and are related to the acquisition of new customers for both the Fixed Ultrabroadband and FWA services, as well as for the mobile service.

Property, Plant and Equipment (Note 17)

| Tangible Assets | Plants and equipment | Other tangible assets | Other tangible assets in progress | Total |
|---------------------------------------|-------------------------|-----------------------------|---|-----------------|
| <i>(EUR 000)</i> | | | | |
| <u>HISTORICAL COST</u> | | | | |
| 1 January 2023 | 68,788 | 1,206 | 8,477 | 78,471 |
| Increases | 12,937 | 229 | 3,163 | 16,329 |
| Divestments | (13,380) | | (10) | (13,390) |
| Reclassifications | 3,620 | | (3,607) | 13 |
| Write-downs | | | (970) | (970) |
| Changes in the scope of consolidation | 59 | 41 | | 99 |
| Other changes | 1 | | 1 | 2 |
| 31 December 2023 | 72,024 | 1,476 | 7,055 | 80,555 |
| <u>DEPRECIATION FUND</u> | | | | |
| 1 January 2023 | 11,954 | 79 | | 12,033 |
| Depreciation for the period | 23,616 | 202 | | 23,818 |
| Divestments | (12,858) | | | (12,858) |
| Reclassifications | | | | |
| Write-downs | 2,590 | | | 2,590 |
| Changes in the scope of consolidation | 40 | 15 | | 56 |
| Other changes | (466) | 5 | | (462) |
| 31 December 2023 | 24,876 | 301 | | 25,177 |

NET VALUE

| | | | | |
|-------------------------|---------------|--------------|--------------|---------------|
| 1 January 2023 | 56,834 | 1,127 | 8,477 | 66,438 |
| 31 December 2023 | 47,148 | 1,175 | 7,055 | 55,378 |

Plants and machinery amounting to EUR 47.1 million include specific network equipment such as routers, DSLAMs, servers, and transmission equipment installed at ULL sites.

The increases during the period include investments amounting to EUR 12.3 million, primarily related to the purchase of modems installed at the customer's premises, while the net disposals for the period amount to EUR 0.5 million (EUR 13.4 million in historical cost, net of the related accumulated depreciation for EUR 12.9 million) and mainly involve the disposal of obsolete or faulty modems.

There are also reclassifications for a historical value of EUR 3.620 million, of which (i) EUR 3.607 million are attributable to assets transferred from the category "Assets under construction" for assets that began their depreciation cycle during the period; (ii) EUR 13 thousand are related to assets transferred from the category "Intangible assets under construction and advances".

Finally, this item includes other net variations of EUR 467 thousand attributable to accounting adjustments.

Other tangible assets, with a balance of EUR 1.2 million, include furniture and furnishings, electronic and electromechanical office machines. Investments during the period amount to EUR 0.2 million.

The item "Assets under construction and advances", with a balance of EUR 7.1 million, mainly includes investments not yet completed in network infrastructure. Investments during the period amount to EUR 3.2 million and mainly refer to the acquisition costs of CPE devices for FWA services.

This item includes disposals for EUR 10 thousand and reclassifications amounting to negative EUR 3.6 million attributable to assets transferred from the category "Assets under construction" to the category "Plants and machinery" for assets that began their depreciation cycle during the period.

Investments accounted for using the equity method (Note18)

This item includes the value of the following investee companies:

- Janna, S.c.p.a. for EUR 3.7 million, a consortium company over which the Group has significant influence by virtue of certain agreements between the shareholders, and whose purpose is the

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management of a submarine fibre optic cable laid between Sardinia and the peninsula and between Sardinia and Sicily. The share held is 17%.

- Connecting Project S.r.l. for EUR 1.8 million, an Italian company specialising in offering integrated, high value-added solutions dedicated to telecommunications retail operators. The stake held is 40%.
- Salesmart S.r.l. for EUR 80,000, a company that develops advanced solutions for Digital Marketing. The interest held is 40%.

Changes in this item during the period under review are shown in the following table:

| Investments accounted for using the equity method | 31 December 2022 | Contribution for the period | Write-downs for the period | Result for the period | Change in the scope of consolidation | 31 December 2023 |
|---|------------------|-----------------------------|----------------------------|-----------------------|--------------------------------------|------------------|
| <i>(EUR 000)</i> | | | | | | |
| Janna S.C. a.r.l. | 3,719 | 200 | (200) | | | 3,719 |
| Aetherna S.r.l. | 488 | | | (256) | (232) | |
| Connecting Project S.r.l. | 1,755 | | | 44 | | 1,798 |
| Salesmart S.r.l. | 64 | | | 16 | | 80 |
| Totale | 6,025 | 200 | (200) | (196) | (232) | 5,597 |

It should be noted that the investment in Aetherna has been excluded from the item “Investments accounted for using the equity method” because, following the acquisition of control during the year, it was included in the scope of consolidation.

Shareholdings accounted for using the equity method

| Name | Registered office | Shareholding owned by | Values as of 31 December 2023 (EUR 000) | | | | | Percentage of direct participation as of 31.12.2023 | Book value Shareholding as of 31.12.23 |
|---------------------------|-------------------|-----------------------|---|---------------|----------------------|----------|-------------|---|--|
| | | | Assets | Share capital | Shareholders' Equity | Revenues | Net Results | | |
| Janna S.C.p.a. | Italy | Tiscali Italia S.p.A. | 9,164 | 5,984 | 6,963 | 0 | (1,339) | 17% | 3,719 |
| Salesmart S.r.l. | Italy | Tiscali Italia S.p.A. | 625 | 10 | 108 | 1,007 | 40 | 40% | 80 |
| Connecting Project S.r.l. | Italy | Tiscali Italia S.p.A. | 4,468 | 10 | 1,047 | 2,732 | 110 | 40% | 1,798 |

Note: It should be noted that, as at the date of this Report, the financial statements as of 31 December 2023 of the investee companies valued at equity, the values of which are shown in the table above, have not yet been formally approved by their respective Shareholders' Meetings.

Other non-current financial assets (Note 19)

| Other non-current financial assets | 31 December 2023 | 31 December 2022 |
|------------------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |

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| | | |
|-------------------------------|--------------|--------------|
| Security Deposits | 785 | 791 |
| Securities and Participations | 955 | 855 |
| Other financial assets | 171 | 253 |
| Total | 1,911 | 1,900 |

Security deposits, amounting to EUR 0.8 million, represent deposits made in the context of multi-year contracts.

The item *Securities and Participations* includes investments measured at cost, mainly acquired with the former Linkem division, such as Radoff, 2Hire, Wiseair, Invisible Cities, Oversonic Robotics, Epico Play, and other minor investments.

Other financial assets, amounting to EUR 0.2 million, relate to financial receivables from the associate Salesmart S.r.l.

Deferred Tax Assets (Note 20)

| Deferred tax assets | 31 December 2023 | 31 December 2022 |
|---------------------|------------------|------------------|
| (EUR 000) | | |
| Deferred tax assets | 16,558 | 23,727 |
| Total | 16,558 | 23,727 |

Deferred tax assets, resulting from the Purchase Price Allocation process, amount to EUR 16.6 million as of 31 December 2023. It is noted that the recovery of these assets will be consistent with the elimination of the corresponding deferred tax liabilities of the same amount.

The reduction in the period is attributable to the partial write-down of deferred tax assets made in correspondence with the absorption of deferred tax liabilities.

For more details regarding the determination of this item, please refer to paragraph 6.6.

Inventory (Note 21)

| Inventory | 31 December 2023 | 31 December 2022 |
|--------------|------------------|------------------|
| (EUR 000) | | |
| Inventory | 8,297 | 26,688 |
| Total | 8,297 | 26,688 |

Inventories amounted to EUR 8.3 million and mainly included:

- EUR 6.2 million in IPv4 addresses, corresponding to approximately 175,000 IP addresses available for sale, valued at a unit price of EUR 35 each, in line with the current market value;
- EUR 1.8 million in work in progress orders related to the subsidiary 3P Italia, including the year-end progress status of ongoing work with public administrations entrusted to 3P Italia;
- EUR 0.3 million related to the net valuation of Puma equipment inventory.

The reduction for the period is mainly attributable to the realisation of about 520,000 IP addresses recorded under inventories at the end of 2022, the sale of which generated a capital gain of EUR 8.6 million.

Trade Receivables (Note 22)

| Trade Receivables (EUR 000) | 31 December 2023 | 31 December 2022 |
|--------------------------------|------------------|------------------|
| Trade Receivables | 27,115 | 23,963 |
| Bad debt allowance | (12,044) | (9,983) |
| Total | 15,070 | 13,980 |

Trade receivables, as of 31 December 2023, amounted to EUR 15.1 million, net of write-downs totalling EUR 12 million, and related to both consumer customers, whose average receivables in unit value are, by nature, significantly fragmented, and to receivables from business customers and the public administration.

The increase in net values for the period is mainly attributable to the change in the scope of consolidation (receivables of Aetherna for invoices issued and to be issued in the amount of EUR 1 million), the increase in receivables claimed by 3P Italia from the public administration in the amount of EUR 0.2 million, receivables claimed by Vevisible for advertising sales in the amount of EUR 0.5 million, and receivables claimed from OpNet for services rendered during the year and invoiced in the final balance in the amount of approximately EUR 0.7 million. On the other hand, the net receivable from the customer base, also due to the reduction in the same, decreased by about EUR 1.4 million.

The recoverability of receivables is analysed periodically, adopting a specific policy to determine the allowance for doubtful accounts with reference to 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 collectability risk of receivables is already made when the receivables are recognised, taking into account the generic risk of receivables not past due at the reference date, which can be inferred from historical experience.

The following table shows the changes in the *Bad debt allowance* during the respective years:

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| <i>(EUR 000)</i> | 31 December 2023 | 31 December 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Bad Debt Allowance BoP | (9,983) | (9,949) |
| Disposals/Consolidation scope change | (68) | |
| Provisions | (5,588) | (2,134) |
| Utilizations | 3,595 | 2,099 |
| Bad Debt Allowance EoP | (12,044) | (9,984) |

The total allowance for the period amounted to EUR 5.6 million.

The item *utilisations* includes the write-off of credit positions that are no longer recoverable.

The following table shows the due date (gross of the bad debt provision) as at 31 December 2023:

| <i>(EUR 000)</i> | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Not overdue | 8,043 | 8,107 |
| 1 - 180 days | 8,752 | 9,605 |
| 181 - 360 days | 5,260 | 3,979 |
| More than 360 days | 5,060 | 2,272 |
| Total Trade Receivable | 27,115 | 23,963 |
| Bad debt allowance | (12,044) | (9,983) |
| Total trade receivables net of bad debt | 15,070 | 13,980 |

Below is the schedule net of the bad debt provision as at 31 December 2023:

| <i>(EUR 000)</i> | 31 December 2023 | 31 December 2022 |
|--------------------|-------------------------|-------------------------|
| Not overdue | 6,629 | 6,685 |
| 1 - 180 days | 4,417 | 4,482 |
| 181 - 360 days | 1,309 | 788 |
| More than 360 days | 2,715 | 2,026 |
| Total | 15,070 | 13,980 |

It should be noted that the amounts beyond 360 days included in the above table relate exclusively to recoverable VAT on fully written-down receivables.

Tax Receivables (Note 23)

| <i>(EUR 000)</i> | 31 December 2023 | 31 December 2022 |
|------------------|-------------------------|-------------------------|
| Tax Receivables | 123 | 115 |
| Total | 123 | 115 |

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This item mainly includes IRES (Corporate Income Tax) credits.

Other Receivables and Other Current Assets (Note 24)

| Other Receivables and Other Current Assets | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Other receivables | 2,108 | 11,285 |
| Accrued income | 71 | 4 |
| Prepaid expenses | 6,078 | 5,388 |
| Total | 8,257 | 16,677 |

The item *Other receivables* includes the following:

- Receivables from Infratel and Fastweb for voucher contributions amounting to EUR 1.2 million;
- Receivables from the tax authorities for VAT amounting to EUR 0.4 million;
- Tax credits allocated on investments related to the Bonus Sud and Industria 4.0 regulations amounting to EUR 0.3 million;
- Other receivables for minor activities amounting to EUR 0.2 million.

The reduction in *Other receivables* by EUR 9.2 million during the period is attributable to the following factors: (i) full utilization of Fastweb vouchers for EUR 3.4 million; (ii) utilization of tax credits for EUR 1.7 million; (iii) full utilization of the Opnet settlement credit for EUR 2.2 million; (iv) decrease in VAT receivables by EUR 1.6 million; (v) decrease in other minor receivables by EUR 0.3 million.

The item *Prepaid expenses*, amounting to EUR 6.1 million, includes costs already incurred but pertaining to subsequent periods, mainly related to multi-year line rental contracts, hardware and software maintenance costs, insurance, and advertising.

Cash and cash equivalents (Note 25)

Cash and cash equivalents as at 31 December 2023 amounted to EUR 7.7 million and include the Tessellis Group's liquidity, held mainly in bank accounts.

There are no time deposits or liquidity that is not readily available.

Shareholders' Equity (Note 26)

| Shareholders' Equity (EUR 000) | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Share Capital | 208,993 | 185,514 |
| Legal Reserve | 2,011 | 2,011 |
| Employee benefits reserve | 43 | 272 |
| Accumulated losses and other reserves | (124,272) | (85,773) |
| Result for the period | (62,373) | (36,896) |
| Shareholders' Equity attributable to the Group | 24,402 | 65,128 |
| Minority interest in Shareholders' Equity | 959 | 1,013 |
| Total Shareholders' Equity | 25,361 | 66,141 |

The changes in the items of equity are reported in the relevant statement.

During 2023, as mentioned in paragraph 4.3 "Tessellis Shares" of this financial report, the Issuer's share capital changed by a total of EUR 23.5 million.

As of 31 December 2023, the fully subscribed and paid-up share capital of the Company amounts to EUR 208,992,730.17, divided into 234,067,207 ordinary shares with no par value. It should also be noted that, following the capital increase on 31 July 2023, the reference shareholder OpNet S.p.A. holds a 59.26% stake in the Company's share capital.

During the period, the following negative impacts on *Other Reserves* were noted:

- EUR -1.2 million related to the effects of the first consolidation of Aetherna (consolidated from 1 October 2023), including the effects of the goodwill valuation;
- EUR -0.2 million for ancillary expenses related to capital increases;
- EUR -0.3 million related to the valuation of the put option in Aetherna;
- EUR -0.2 million for ancillary expenses related to capital increases;
- Other movements totaling EUR -1.2 million related to the effects of the first consolidation of Aetherna (consolidated from 1 October 2023), including the effects of the goodwill valuation;
- EUR 13 thousand primarily attributable to the effects of the liquidation of Media PA.

The Group's share of the loss amounted to EUR 62.4 million.

The following table shows the breakdown of shareholders' equity with reference to availability and distributability. The Group's attributable loss amounts to EUR 62.4 million.

The following table provides the composition of equity with reference to availability and distributability:

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| Statement detailing the items of equity. | | | | | | | Summary of uses in the previous 3 | |
|---|---------------|-----------------------|-----------------|--|-------------------------------------|---------------|-----------------------------------|--|
| | Amount | Possibilities for use | Available share | Distributable share without tax impact | Distributable share with tax impact | Loss coverage | Other reasons | |
| Capital | 208,993 | B | - | - | - | | | |
| Legal reserve | 2,011 | D | | | | | | |
| OCI Reserve | 43 | D | | | | | | |
| IFRS FTA Adjustment Reserve | (32,411) | D | | | | | | |
| Exchange rate difference reserve | (107) | D | | | | | | |
| Other Reserves | 78,288 | B | | | | | | |
| Previous year's earnings | (170,042) | | | | | | | |
| Operating income | (62,374) | | | | | | | |
| Total Shareholders' Equity attributable to the Group | 24,401 | | | | | | | |

Possibility of utilisation_Legend

A for capital increases

B for coverage of losses

C for distribution to shareholders

D neither available nor usable to cover losses

Equity attributable to minority interests (Note 27)

Equity attributable to minority interests as of 31 December 2023 amounts to EUR 0.9 million.

Current and non-current financial liabilities (Note 28)

Senior Loan

Regarding the Senior Loan, on 27 November 2023, it was communicated to Tiscali Italia that Banco BPM and ACO SVP S.r.l. signed an agreement whereby ACO SVP S.r.l. assumes the creditor role towards Tiscali Italia from Banco BPM, for a nominal amount of EUR 17.5 million as of 31 December 2023. The remaining debt, amounting to EUR 48.8 million, is still owed to Banca Intesa.

It should be noted that the Senior Loan includes EUR 13.8 million due in 2024, EUR 16 million due in 2025, and EUR 36.5 million due in 2026.

All other contractual terms of the Senior Loan remain unchanged.

Current Financial Liabilities

| | 31 December 2023 | 31 December 2022 |
|-------------------------------------|------------------|------------------|
| (EUR 000) | | |
| Bond loan | | |
| Payables to banks and other lenders | 20,241 | 14,752 |
| Lease payables | 4,144 | 4,925 |
| Total | 24,385 | 19,677 |

Payables to banks and other lenders – current portion

The item *Payables to Banks*, amounting to approximately EUR 20.2 million, comprises the following items:

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- The short-term Senior Loan component amounting to EUR 14.1 million;
- Bank payables totaling EUR 3.1 million;
- Other financial payables towards OpNet S.p.A., amounting to EUR 2.8 million;
- The short-term component of the Banca Intesa Sanpaolo (formerly Cassa di Risparmio dell'Umbria) loan amounting to EUR 0.2 million.

Lease payables – current portion

This item amounted to EUR 4.1 million and included the following elements:

- The short-term portion of payables for operating leases in the amount of EUR 2 million for network equipment.
- The current portion of the debt arising from the IFRS 16 accounting of the lease agreement for the Sa Illetta office in the amount of EUR 2.1 million.

Non-current financial liabilities

| | 31 December 2023 | 31 December 2022 |
|-------------------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Payables to banks and other lenders | 61,003 | 76,309 |
| Lease payables | 8,292 | 10,727 |
| Total | 69,295 | 87,036 |

Payables to banks and other lenders

This item includes the following:

- The long-term portion of the payable to Senior Lenders for EUR 49.1 million;
- The long-term portion of the Banca Intesa Sanpaolo (former Cassa di Risparmio dell'Umbria) loan for EUR 3.1 million;
- Other financial payables to Opnet S.p.A. for EUR 4.2 million;
- Financial payables arising from the recognition of the financial debt related to the put option on the minority shares of 3P Italia S.p.A. for EUR 3.5 million;
- Financial payables arising from the recognition of the financial debt related to the put option on the minority shares of Aetherna for EUR 0.3 million;
- Other bank payables of EUR 0.7 million pertaining to 3P Italia S.p.A and Aetherna.

Lease payables – long-term portion

This item includes the long-term portion of payables for operating leases in the amount of EUR 8.3 million. In particular, this amount includes the long-term portion representing the debt recognised pursuant to IFRS 16 on the lease of the Sa Illetta headquarters for EUR 6.3 million and the long-term portion representing the debt on other leases on certain network equipment for EUR 2 million.

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Net Financial Indebtedness

The Group's net financial indebtedness is depicted in the following table:

| Net Financial Indebtedness | Notes | 31 December 2023 | 31 December 2022 |
|--|--------------|-------------------------|-------------------------|
| <i>(EUR 000)</i> | | | |
| A. Cash and bank deposits | | 7,711 | 8,265 |
| B. Cash equivalents | | | |
| C. Other current financial assets | | 35 | 4 |
| D. Cash and cash equivalents (A) + (B) + (C) | | 7,746 | 8,269 |
| E. Current financial debt | (1) | 10,089 | 12,044 |
| F. Current portion of non-current financial debt | | 14,296 | 7,634 |
| G. Current financial indebtedness (E + F) | | 24,385 | 19,678 |
| H. Net current financial indebtedness (G -D) | | 16,639 | 11,408 |
| I. Non-current financial debt | (2) | 69,295 | 87,036 |
| J. Debt instruments | | | |
| K. Trade and other non-current payables | (3) | 15,438 | 22,548 |
| L. Non-current financial indebtedness (I + J + K) | | 84,733 | 109,584 |
| M. Total net financial indebtedness (H + L) | | 101,372 | 120,992 |

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

It should also be noted that the amount of payables to suppliers and other parties overdue by more than 12 months is EUR 6.2 million. It should also be noted that the severance indemnity payable to the company amounts to EUR 7.8 million.

The following table shows the reconciliation between the net financial indebtedness prepared according to the CONSOB communication and the management net financial indebtedness reported in the Management Report.

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| <i>(EUR 000)</i> | | |
| Consolidated net financial debt | 85.1 | 97.7 |
| Other cash and non-current financial receivables | 0.8 | 0.8 |
| Long-term component of trade payables and accrued tax liabilities | 15.4 | 22.5 |
| Consolidated net financial debt prepared in accordance with CONSOB Attention Notice no. 5/21 of 29 April 2021 | 101.4 | 121.0 |

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The gross financial debt (current and non-current) identified below, EUR 109.1 million, is mainly composed of the items shown in the following table:

| Composition of current and non-current debt | 31 December 2023 | Current portion | Non-current portion |
|---|------------------|-----------------|---------------------|
| <i>(EUR 000)</i> | | | |
| Senior debt (including former CR Umbria) | 66,536 | 14,296 | 52,240 |
| Long-term bank debt (3P Italia) | 748 | 0 | 748 |
| Bank debt | 3,092 | 3,092 | |
| Total senior debts and other bank debts | 70,376 | 17,388 | 52,988 |
| Payables to leasing companies | 12,437 | 4,144 | 8,292 |
| Other financial payables (including put options) | 10,868 | 2,853 | 8,015 |
| Trade and other non-current payables | 15,438 | 0 | 15,438 |
| Total payables to leasing companies and other payables | 38,743 | 6,998 | 31,745 |
| Total indebtedness | 109,119 | 24,386 | 84,733 |

The main items in the above table are as follows:

- Senior debt for EUR 63.2 million;
- Intesa Sanpaolo (former Cassa di Risparmio dell'Umbria) loan for EUR 3.3 million;
- Indebtedness to other financing institutions by 3P Italia S.p.A. and Aetherna S.r.l. for EUR 0.7 million;
- Bank debt by the subsidiary Tiscali Italia S.p.A. for EUR 3.1 million;
- Operating lease payables of EUR 12.4 million. This amount includes the operating lease agreement for the Sa Illetta office for EUR 8.3 million. The residual amount of EUR 4.1 million includes property leases, company car leases, and other operating leases related to sites and network equipment;
- Other financial payables arising from the recognition of the financial debt related to the put option on the minority shares of 3P Italia and Aetherna for a total of EUR 3.8 million;
- Other financial payables to OpNet related to the purchase device (CPE) for the provision of the FWA service, amounting to EUR 7.1 million;
- The long-term component of trade payables and accrued tax payables in the amount of EUR 15.4 million.

The table below shows the monetary and non-monetary changes in financial liabilities occurring in 2023:

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| Monetary and non-monetary changes in financial liabilities | 31 December 2022 | Cash flows (repayments)/ disbursements | Accrued interests | Change in consolidation scope_Put on Aetherna | Payables for put on minorities_3P Italy | 31 December 2023 |
|--|------------------|--|-------------------|---|---|------------------|
| <i>(EUR 000)</i> | | | | | | |
| Senior debt (incl. Former CR Umbria) | 71,887 | (8,722) | 3,372 | | | 66,537 |
| Long-term bank payables (3P Italia & Aetherna) | 490 | (93) | | 351 | | 748 |
| Bank Payables | 3,609 | (517) | | | | 3,092 |
| Leases and other financial payables | 27,261 | (8,507) | 763 | | | 19,518 |
| 3P Italia & Aetherna Put Option | 3,467 | | | 318 | 2 | 3,787 |
| Trade and other non-current payables | 22,548 | (7,255) | 145 | | | 15,438 |
| Gross Financial Indebtedness | 129,262 | (25,094) | 4,280 | 669 | 2 | 109,119 |

Event of default on outstanding debt contracts

The financial documentation relating to the Senior Loan provides, as is customary in structured finance agreements, for certain “events of default” upon the occurrence of certain events, including: (i) Breach of payment obligations; (ii) Breach of commitments under the agreement; (iii) Breach of financial covenants; (iv) Misrepresentation; (v) Failure to execute or breach of documents relating to guarantees; (vi) Significant cross-default events; (vii) Significant “warnings” or “qualifications” by the independent auditors; (viii) Insolvency, liquidation and dissolution of significant Group companies; (ix) Initiation of bankruptcy proceedings; (x) Implementation of significant forced procedures against the Group; (xi) Loss of significant litigation; (xii) Cessation 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 outstanding as at 31 December 2023 (nominal values as of 31 December 2023):

| Loan | Amount | Maturity | Financial institutions | Contractee | Guarantors |
|--------------------|--------|-----------|------------------------|-----------------------|---|
| <i>EUR million</i> | | | | | |
| Tranche A | 11.6 | 31-Mar-25 | ACO SPV. S.r.L (*) | Tiscali Italia S.p.A. | Tiscali S.p.A |
| Tranche B | 5.9 | 31-Mar-26 | ACO SPV. S.r.L (*) | | Tiscali International BV Tiscali Financial Services SA |

| Loan | Amount | Maturity | Financial institutions | Contractee | Guarantors |
|--------------------|--------|-----------|-------------------------|-----------------------|---|
| <i>EUR million</i> | | | | | |
| Tranche A | 7.7 | 31-Mar-25 | Intesa San Paolo S.p.A. | Tiscali Italia S.p.A. | Tiscali S.p.A |
| Tranche B | 41.1 | 31-Mar-25 | Intesa San Paolo S.p.A. | | Tiscali International BV Tiscali Financial Services SA |

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As indicated above, the financing includes, among the events of default, compliance with certain financial parameters listed below:

| Covenant | 31 December 2023 | Benchmark |
|----------------------------|------------------|-----------|
| Net debt \ Ebitda (<=) | 2.04 | 2.14 |
| Investments (EUR/000) (<=) | 50,690 | 61,029 |
| ARPU (>=) | 18.86 | 14.79 |
| Customer base (>=) | 1,021,625 | 965,000 |

Based on the financial estimates included in the Updated 2024-2027 Business Plan, the Directors believe that the Group will be able to comply with the financial covenants set forth in the Senior Loan agreement also in the foreseeable future.

It should be noted that as of 31 December 2023, there were no events of default.

Leases

The following table shows the present value of the minimum lease payments due:

| (EUR 000) | Minimum lease payments | | Present value of minimum lease payments | |
|--|------------------------|------------------|---|------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Not longer than 1 year | 4,755 | 5,733 | 4,144 | 4,925 |
| Longer than 1 year and not longer than 5 years | 8,879 | 11,252 | 7,993 | 9,869 |
| Longer than 5 years | 357 | 940 | 299 | 858 |
| Total | 13,991 | 17,925 | 12,437 | 15,652 |
| Less future finance charges | 1,555 | 2,273 | 0 | 0 |
| Present value of minimum lease payments | 12,437 | 15,652 | 12,437 | 15,652 |
| Included in the financial statement | | | | |
| Lease Payables (Short Term) | | | 4,144 | 4,925 |
| Lease Payables (Long Term) | | | 8,292 | 10,727 |

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| | | | | |
|--|---|---|--------|--------|
| | 0 | 0 | 12,437 | 15,652 |
|--|---|---|--------|--------|

Other non-current liabilities (Note 29)

| Other non-current liabilities (EUR 000) | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Trade payables | 14,482 | 17,945 |
| Other payables | 1,474 | 6,131 |
| Total | 15,956 | 24,076 |

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

Other non-current payables of EUR 1.5 million mainly comprises:

- EUR 1 million in long-term tax debts for bills to be regularized;
- EUR 0.2 million for customer security deposits;
- EUR 0.3 million to the company Janna S.c.p.a. (which manages an underwater fiber optic cable between Sardinia and the mainland and between Sardinia and Sicily).

Liabilities for severance pay (Note 30)

The following table shows the movements during the period:

| (EUR 000) | 31 December 2022 | Net personnel transfers to Opnet | Provisions | Uses | Payments to Funds (*) | Actuarial (gain) / loss | Change in the scope of consolidation | 31 December 2023 |
|--------------------|------------------|----------------------------------|--------------|--------------|-----------------------|-------------------------|--------------------------------------|------------------|
| Severance pay fund | 7,814 | (15) | 2,633 | (723) | (2,294) | 229 | 194 | 7,839 |
| Total | 7,814 | (15) | 2,633 | (723) | (2,294) | 229 | 194 | 7,839 |

(*) This refers to payments made to 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 the subsidiaries operating in Italy and amounted to EUR 7.8 million at 31 December 2023.

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In application of IAS 19, the methodologies called Traditional Unit Credit Method, for companies with at least 50 employees, and Projected Unit Credit Cost, were used for the valuation of the severance indemnity due as of 31 December 2006 (defined benefit plan), using the following financial parameters:

Financial Assumptions

| | |
|-----------------|-------|
| Inflation Rate: | 2.00% |
| Discount Rate: | 3.17% |

Demographic Assumptions:

| | |
|---------------------|---|
| Death rate: | ISTAT 2016 M/F Mortality tables |
| Disability: | INPS tables broken down by age and gender |
| Retirement: | 100% upon fulfilment of AGO requirements |
| Advances Frequency: | 3.50% from 18 to 65 years |
| Turnover Frequency: | 3.00% from 18 to 65 years |

A sensitivity analysis of the main valuation parameters was carried out, showing the impact on the balance sheet value of the provision for severance indemnities when these parameters change.

The table below shows the impact of these changes in percentage terms with respect to the carrying value of the fund itself:

| | % change with respect to the book value of the seerance indemnity fund |
|-----------------------|---|
| Turnover Rate + 1% | 0.6% |
| Turnover Rate - 1% | -0.7% |
| Inflation Rate + 0,5% | 3.3% |
| Inflation Rate - 0,5% | -3.2% |
| Discount rate + 0,5% | -4.9% |
| Discount rate - 0,5% | 5.4% |

With reference to the portion of severance indemnity accrued in the period and, more generally, from 2007 onwards, this treatment is considered a defined contribution plan and is not discounted.

Provisions for risks and charges (Note 31)

| | 31 December 2022 | Provisi ons | Uses | Release s | Other changes (Reclass ification s) | 31 Decemb er 2023 |
|---|------------------------|----------------|--------------|--------------|---|-------------------------|
| Fund for network infrastructure restructuring charges | 1,080 | 472 | (562) | | (248) | 741 |
| Client Supplementary Allowance Fund | 484 | 8 | | (26) | | 465 |
| Provision for employee disputes | 351 | 105 | (182) | (4) | | 271 |
| Other provisions for risks and charges | 171 | | | | | 171 |
| Tax audit risk fund (PPA) | 8,469 | | | | (4,095) | 4,374 |
| Total | 10,554 | 584 | (744) | (30) | (4,343) | 6,021 |

The *Provision for risks and charges* as of 31 December 2023 amounted to EUR 6 million and mainly included the following items:

- EUR 4.4 million related to the net provision for the Tax Audit Fund. The gross amount of the provision, allocated during the PPA accounting entries, amounts to EUR 8.5 million, of which EUR 4.1 million was reclassified in 2023 as liabilities to the tax authorities following the acceptance of certain observations made by the Revenue Agency. As of the date of this Report, payments amounting to EUR 2.2 million have been made;
- EUR 0.7 million for provisions to cover expenses for the rationalization of the network infrastructure;
- EUR 0.5 million for provisions for agents' supplementary indemnities;
- EUR 0.3 million related to provisions for legal disputes with personnel;
- EUR 0.2 million for other risk and expense funds.

The provisions made during the period, amounting to EUR 0.6 million, mainly relate to legal disputes with personnel (EUR 0.1 million) and network restructuring costs (EUR 0.5 million).

The monetary uses during the period, totaling EUR 0.7 million, pertain to settlements of employee disputes for EUR 0.2 million and uses for covering network infrastructure restructuring costs for EUR 0.5 million.

Reference should be made to the subsequent note "*Litigation, potential liabilities, and commitments*" for updates on the status of disputes, for which the provisioned risk fund is considered the best estimate of potential liabilities for the Group based on the available information.

Deferred tax provision (Note 32)

| | 31 December 2023 | 31 December 2022 |
|-----------|------------------|------------------|
| (EUR 000) | | |

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| | | |
|------------------------|---------------|---------------|
| Deferred tax provision | 16,558 | 23,727 |
| Total | 16,558 | 23,727 |

The deferred tax provision, which emerged during the Purchase Price Allocation process, amounts to EUR 16.6 million as of 31 December 2023. For more details regarding the determination of this item, please refer to Section 6.6.

Payables to suppliers (Note 33)

| Trade Payables (EUR 000) | 31 December 2023 | 31 December 2022 |
|------------------------------------|-------------------------|-------------------------|
| Trade Payables | 94,372 | 87,792 |
| Total | 94,372 | 87,792 |

Trade payables refer to commercial debts for the supply of telephone traffic, data traffic, materials, technologies, and services, as well as for the provision of multi-year investments.

As of 31 December 2023, net overdue trade payables (net of agreed payment plans with suppliers, active items, and disputes with the same suppliers) amount to EUR 16 million, compared to EUR 15.7 million as of 31 December 2022.

The increase during the period is mainly due to debts incurred for the purchase of modems necessary for service installation at customers' residences.

Tax Payables (Note 34)

Tax payable are nil.

Other Current Liabilities (Note 35)

| Other Current Liabilities (EUR 000) | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Accrued expenses | 2,561 | 3,163 |
| Deferred income | 19,069 | 19,878 |
| Other payables | 21,795 | 21,860 |
| Total | 43,425 | 44,901 |

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Accrued expenses mainly refer to personnel expenses.

Deferred income of EUR 19.1 million mainly refers to:

- The deferral of revenues from the activation of fixed and fixed wireless broadband and voice services, for the portion not pertaining to the period, amounting to approximately EUR 16.2 million;
- The deferral of revenues from the sale of transmission capacity (IRU), pertaining to future periods, amounting to approximately EUR 1.9 million;
- The short-term portion of the deferral of tax credits amounting to EUR 1 million.

Other payables of EUR 21.8 million mainly include:

- Payables to the tax authorities, social security institutions, and public entities amounting to EUR 14.6 million;
- Payables to personnel for wages amounting to EUR 2.3 million;
- Payables to personnel for severance incentives amounting to EUR 1.1 million;
- Other short-term payables amounting to EUR 0.7 million;
- Trade payables to OpNet S.p.A. amounting to EUR 3.1 million.

6.13 Other Information

Financial Instruments

Financial risk management objectives

The Group's Corporate Treasury department provides services to the business, coordinates access to financial markets, and monitors and manages the financial risk associated with the Group's operations through internal risk reports that analyse exposures by degree and magnitude of risk. These risks include market risks (including currency risks, fair value interest rate risks and price risks), credit risks and cash flow interest rate risks.

Interest rate risk management

In relation to its outstanding debt, mainly at a fixed rate, the Company believes that the risk of interest rate fluctuations is not significant, and therefore has not entered into any transactions to hedge this risk.

Liquidity Risk Management

The following table considers the maturity of financial investments for the next few years, highlighting in particular the amounts to be paid in the year 2023.

The cash flows shown in the table refer to the nominal amounts due on outstanding loans:

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| 31 December 2023 | Book value | Cash out | Shorter than 1 year | Between 1 year and 5 years | Longer than 5 years |
|--|------------|----------|---------------------|----------------------------|---------------------|
| <i>(EUR 000)</i> | | | | | |
| Guaranteed bank loan – Senior Loan | 63,246 | 68,939 | 15,028 | 53,912 | |
| Lease payables | 12,437 | 12,437 | 4,144 | 8,292 | - |
| Trade payables (short- and long- term) | 108,854 | 108,854 | 94,372 | 14,482 | |
| Other payables | 23,272 | 23,272 | 21,797 | 1,474 | |
| Account overdrafts | 3,609 | 3,609 | 3,609 | | |

Please refer to Section 6.8 for considerations on the ability to meet payment obligations falling due in less than one year in the context of the Directors’ assessment of whether the going concern assumption is met.

Fair Value

The following tables show the valuations as at 31 December 2023 of the financial instruments present at the balance sheet date:

| | 31 December 2023 | |
|------------------------------------|------------------|------------|
| | Book value | Fair value |
| - | | |
| <i>(EUR 000)</i> | | |
| Guaranteed bank loan – Senior Loan | 63,246 | 63,999 |
| Unsecured bank loans | 3,609 | 3,609 |
| Leasing liabilities | 12,437 | 12,437 |

| | 31 dicembre 2022 | |
|------------------------------------|------------------|------------|
| | Book value | Fair Value |
| - | | |
| <i>(EUR 000)</i> | | |
| Guaranteed bank loan – Senior Loan | 68,395 | 69.568 |
| Unsecured bank loans | 3,609 | 3,609 |
| Leasing liabilities | 15,652 | 15,652 |

The fair value of the above financial instruments was determined using the discounted cash flow method and taking market interest rates as a reference, increased by contractual spreads (where applicable).

Stock Options

As at 31 December 2023, there were no active stock option plans in place.

Tax Assessment by the Revenue Agency dated 23 February 2023

On 23 February 2023, the Sardinia Regional Directorate of the Revenue Agency, Fiscality and Compliance Sector, Large Entities Control Office, conducted an on-site visit at the offices of Tiscali Italia. The purpose of this visit was to perform a tax audit concerning both direct and indirect taxation and to address any tax violations, both formal and substantive, for the 2020 tax period. The audit focused on, but was not limited to, the following transactions:

1. Merger by incorporation of Aria S.r.l. and Vevisible S.r.l. into Tiscali Italia;
2. Accrual of tax credits on new investments (Bonus Sud, Industria 4.0);
3. Transformation of deferred tax assets into tax credits.

Subsequent to the completion of the audit operations, the Company, taking advantage of the “special repentance” provision under Article 1, paragraphs 174 to 178, of Law No. 197/2022 (Budget Law 2023), rectified certain violations by paying the first installment with a reduced penalty of 1/18 of the minimum, in addition to the tax and related legal interest. Additionally, the company submitted an opinion issued on the same date by the Ministry of Enterprises and Made in Italy (MIMIT), addressing specific aspects identified by the auditors as critical regarding the Industria 4.0 tax credit and the Bonus Sud tax credit.

On 19 October 2023, the Regional Tax Directorate notified the company of the PVC summarizing the results of the audit, considering the positive opinion from MIMIT, thereby dismissing some of the findings and acknowledging the repentance executed. Following the notification of the PVC, the company performed two more repentances (special and ordinary) in December 2023, and in March 2024, thereby regularizing all objections from the Office regarding the Industria 4.0 tax credit and Bonus Sud tax credit.

The total amount of the repentances made, closing the objections regarding the Industry 4.0 tax credit and Bonus Sud tax credit, amounts to EUR 4.1 million. For the purposes of the 2023 Annual Financial Report, as of 31 December 2023, the provision for risks established during the PPA operations, net of the repentances made in 2023 for EUR 4.1 million, amounts to EUR 4.4 million.

Regarding other areas of verification, the Regional Tax Directorate recognized the tax credit of EUR 179,500 for the transformation of deferred tax assets into tax credits, noting however the non-correction of the losses transformed into tax credits to be applied to the CNM for EUR 747,915, an issue already rectified in December 2023. They also noted the non-compliance with the conditions set for the carryforward of losses in the case of the merger of Aria Spa for EUR 53,772,239 and for the carryforward of ACE surpluses for EUR 867,441.

As these are unused tax losses and ACE surpluses, the findings do not result in any tax liability for the company.

Fair Value

To provide the classification of financial instruments at fair value as required by IFRS 13, determined based on the quality of the input sources used in the valuation, the fair value measurements of the Group's financial instruments have been classified into the three levels specified by IFRS 7. In particular, the fair value hierarchy is composed of the following levels:

- Level 1: Corresponds to quoted prices in active markets;
- Level 2: Corresponds to prices calculated using inputs derived from observable market data;
- Level 3: Corresponds to prices calculated using inputs other than observable market data.

It should be noted that there are no financial instruments measured at fair value based on the aforementioned parameters in 2023.

Segment reporting

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

- Access (B2C and B2B connectivity);
- Corporate.

The Corporate Segment includes the holding company Tessellis S.p.A., minor Italian companies, foreign "dormants" and consolidation adjustments and eliminations.

The income statement and balance sheet structure by business segment for the year 2023 and 2022 are shown below.

| 2023 | Access | Corporate | Total |
|--|-----------------|-----------------|-----------------|
| <i>(EUR 000)</i> | | | |
| Revenues | | | |
| From third parties | 231,202 | 18 | 231,220 |
| Infra-group | 1,904 | (1,904) | |
| Total revenues | 233,106 | (1,886) | 231,220 |
| Operating result | (54,094) | (20,874) | (54,741) |
| Earnings from equity-accounted investees | | | (396) |
| Financial income | | | 138 |
| Financial charges | | | 7,064 |
| Pre-tax results | | | (62,062) |
| Income taxes | | | 142 |
| Net result from operating activities (on-going) | | | (62,204) |

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| | |
|---|-----------------|
| Income from held for sale and discontinued operations | - |
| Net result | (62,204) |

| 2022 Redetermined | | | |
|---|-----------------|--------------|-----------------|
| (EUR 000) | Access | Corporate | Total |
| Revenues | | | |
| From third parties | 100,053 | 8 | 100,061 |
| Infra-group | 330 | (330) | () |
| Total revenues | 100,383 | (323) | 100,060 |
| Operating result Published | (29,711) | (734) | (30,445) |
| PPA write-ups | (3,207) | | (3,207) |
| Operating Profit – restated | (32,918) | (734) | (33,652) |
| Earnings from equity-accounted investees | | | (245) |
| Impact evaluation step acquisitions (3P Italy) – PPA write-up | | | 1,050 |
| Financial Income | | | 5 |
| Financial charges | | | 4,028 |
| Pre-tax profit restated | | | (36,870) |
| Income Taxes | | | 16 |
| Net result from operating activities (on-going) | | | (36,887) |
| Income from held for sale and discontinued operations | | | - |
| Net result – restated | | | (36,887) |

| 31 December 2023 | | | |
|---|----------------|---------------|----------------|
| (EUR 000) | Access | Corporate | Total |
| Assets | | | |
| Segment Assets | 249,326 | 48,417 | 297,743 |
| Investments accounted for using the equity method | 5,597 | | 5,597 |
| Equity investments in other companies | | | - |
| Goodwill/Consolidation difference | | | |
| Assets held for sale | | | |
| Total Consolidated Assets | 254,923 | 48,417 | 303,340 |
| Liabilities | | | |
| Segment liabilities | 270,452 | 7,527 | 277,980 |
| Liabilities held for sale | | | |
| Total consolidated liabilities | 270,452 | 7,527 | 277,980 |

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| 31 December 2022 | Access | Corporate | Total |
|--|----------------|----------------|----------------|
| <i>(EUR 000)</i> | | | |
| Assets | | | |
| Segment assets | 214,779 | 123,883 | 338,661 |
| Equity investments accounted for using the equity method | 6,025 | | 6,025 |
| Total consolidated assets – Published | 220,804 | 123,883 | 344,686 |
| PPA Write-ups | | 27,033 | 27,033 |
| Total consolidated assets – Restated | 220,804 | 150,916 | 371,719 |
| Liabilities | | | |
| Segment liabilities | 265,218 | 11,463 | 276,681 |
| Total consolidated liabilities – Published | 265,218 | 11,463 | 276,681 |
| PPA Write-ups | | 28,897 | 28,897 |
| Total consolidated liabilities – Restated | 265,218 | 40,360 | 305,578 |

Commitment and other Guarantees

A breakdown of guarantees given in the reporting year is shown in the table below:

| <i>(EUR 000)</i> | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Guarantees provided to third parties (Sureties) | 67,619 | 81,004 |
| Commitments | 1,600 | |
| Total | 69,219 | 81,004 |

The guarantees and sureties provided to third parties primarily relate to the guarantees for loans granted by financial institutions to the Tessellis Group, totaling EUR 66.3 million, entirely attributable to the Senior Loan. This item also includes EUR 1.3 million in other guarantees, mainly in favor of public entities for tax debts owed to those entities.

Although not significant at the consolidated level, it is noted that the Parent Company provided guarantees for credit lines and leasing in favor of the subsidiary Tiscali Italia amounting to EUR 4.75 million during the year.

Furthermore, for the financial year 2023, the Parent Company committed EUR 1.6 million to maintain the credit lines granted to the subsidiary Tiscali Italia S.p.A.

Non-recurring Transactions

Pursuant to CONSOB Resolution No. 15519 of July 27, 2006, it should be noted that from 1 January 2023 to 1 December 2023, no non-recurring transactions have been recorded.

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For the purposes of providing the information required by CONSOB Resolution No. 15519 of 27 July 2006, transactions that do not form part of the Group's ordinary activities have been considered "non-recurring," even when such transactions have occurred in previous years or are expected to occur in future years.

No non-recurring transactions have been identified in the financial year 2023.

Atypical and/or unusual transactions

Pursuant to the CONSOB Communication of 28 July 2006, it should be noted that in 2023 the Company did not engage in any atypical and/or unusual transactions, as defined in the Communication.

Related Party Transactions
Procedure

The document explaining the procedure for regulating related parties can be found at www.tessellis.it/procedure.

Transactions with non-consolidated Group companies

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

Transactions with other related parties

During the period, the Tessellis Group engaged in a number of transactions with related parties on terms and conditions deemed normal in their respective markets, taking into account the characteristics of the goods and services provided. The table below summarises the income statement and balance sheet values recorded in the Tessellis Group's consolidated financial statements as at 31 December 2023:

| Income Statement | | | |
|---|--------------|-------------|-------------|
| <i>(Eur 000)</i> | <i>Notes</i> | 2023 | 2022 |
| Monteverdi S.r.l. | 1 | (10) | (12) |
| Istella | 2 | (53) | (40) |
| CC&Soci | 3 | - | |
| Open Campus | 4 | 109 | 30 |
| Cuccureddus s.r.l. | 5 | 2 | 1 |
| Dolores Lai | 6 | (42) | (18) |
| Employees – Mr. Soru's close family members | 7 | (94) | (42) |
| Opnet S.p.A. | 8 | (54,804) | (25,603) |
| Project Group S.r.l. | 9 | (771) | (531) |
| Sababa Securities S.p.A. | 10 | (97) | (68) |

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| | | | |
|---------------------------------------|----|-----------------|-----------------|
| Connecting Project | 11 | (342) | |
| Board of Directors and Key Executives | | (2,050) | (597) |
| Total Income and Charges | | (58,153) | (26,880) |

Balance Sheet

| (EUR 000) | Notes | 31 2023 | December | 31 2022 | December |
|--|-------|------------|-----------------|------------|-----------------|
| Monteverdi S.r.l. | 1 | | (0) | | (45) |
| Istella | 2 | | 522 | | 554 |
| CC&Soci | 3 | | (475) | | (2.347) |
| Open Campus | 4 | | 143 | | 142 |
| Cuccureddus s.r.l. | 5 | | 0 | | 7 |
| Dolores Lai | 6 | | (6) | | (3) |
| Employees – Mr. Soru’s close family members | 7 | | (7) | | (8) |
| Opnet S.p.A. | 8 | | (30,523) | | (32,972) |
| Project Group S.r.l. | 9 | | (802) | | (1.762) |
| Sababa Securities S.p.A. | 10 | | - | | (514) |
| Connecting Project | 11 | | (189) | | |
| Board of Directors and Key Executives | | | (241) | | (201) |
| Receivables from the sale of Istella | 12 | | 11 | | 11 |
| Total Creditors (Suppliers) of Materials and Services | | | (31,568) | | (37,139) |

1. *Monteverdi S.r.l.: This company is partially owned by Renato Soru. The relationship in question pertains to a lease contract for a space used for the storage of company documentation.*
2. *Istella: This company is partially owned by Renato Soru. The relationship in question pertains to the provision of IT services (network equipment hosting) by Tessellis, starting from 1 October 2018. Additionally, since December 2019, Istella has been providing Tessellis with consulting services for software development and customer care automation assistance.*
3. *CC & Soci: The company CC&Soci Srl, controlled by CC Holding Srl, which holds approximately 11.8% of Amsicora S.r.l. (a shareholder of the Company with a 2.39% stake as of 31 December 2023), entered into a contract with Tessellis Spa in December 2020 for the provision of financial consultancy services. Furthermore, in December 2021, an addendum to the 2020 contract was signed, relating to financial consultancy services regarding the merger operation with Linkem Retail S.r.l.*
4. *Open Campus: This company is 80% owned by Alice Soru, daughter of Renato Soru. Tiscali Italia S.p.A. has two contracts in place with Open Campus. The first contract involves Tiscali Italia S.p.A. purchasing brand promotion services from Open Campus, while the second contract involves providing hospitality services at the Sa Illetta campus to Open Campus. The two contracts are not related.*
5. *Cuccureddus S.r.l.: Tiscali Italia S.p.A. has an ongoing contract with this company for the provision of connectivity services in the area known as Is Cuccureddus in the territory of Villasimius. The legal representative of the company is Michelangelo Soru, son of Renato Soru.*
6. *Dolores Lai: Tiscali Italia S.p.A. has a consulting contract with lawyer Dolores Lai for legal consultancy services in the field of privacy. Lawyer Lai is the spouse of Renato Soru.*
7. *Costs and debts reported in this line pertain to some close relatives of Renato Soru, who are employees of Tiscali Italia S.p.A.*

Annual Financial Report as of 31 December 2023

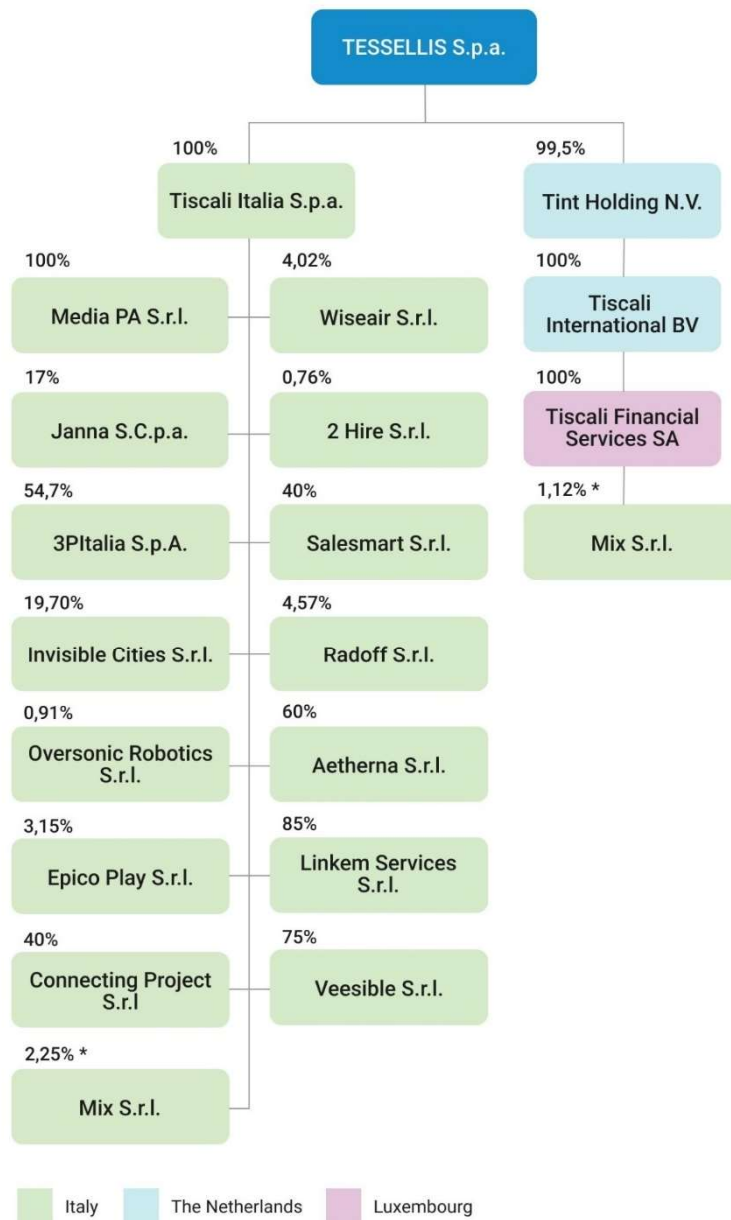
8. *OpNet S.p.A.: The main shareholder of Tessellis following the merger by incorporation of Linkem Retail S.r.l. into Tessellis S.p.A. and the simultaneous transfer of the Linkem retail branch into Tiscali Italia, completed on 1 August 2022. OpNet S.p.A.'s participation in Tessellis was 59.26% as of 31 December 2023. The relationships in question relate to: (i) provision of FWA connectivity services and leasing (sale) of CPE by OpNet S.p.A., regulated by the Service Contract signed by OpNet S.p.A. and Linkem Retail S.r.l. on 15 July 2022; (ii) financial and commercial debts related to SLB leasing and the sale of CPE as part of the Linkem retail branch incorporated into Tiscali Italia on 1 August 2022; (iii) other commercial debts pre-existing the date of incorporation into Tiscali Italia.*
9. *Project Group Italy S.r.l.: The CEO of Tessellis, Dr. Davide Rota, serves as a Board Member in this company. The relationship pertains to the CPE installation service for the activation of consumer and business customers carried out by Project Group Italy S.r.l., whose contract is included in the Business Unit incorporated into Tiscali Italia on 1 August 2022.*
10. *Sababa Securities S.p.A.: The CEO of Tessellis, Davide Rota, served as Chairman of the Board until May 2023. The relationship pertained to security services provided by Sababa Securities S.p.A. to Tiscali Italia. The economic values reported in the table above refer to the costs for the services provided until the end of May 2023.*
11. *Connecting Project S.r.l.: This company is 40% owned by Tiscali Italia S.p.A., where the CEO of Tessellis, Davide Rota, serves as a Board Member. The relationship pertains to IT maintenance and support services provided by Connecting Project S.r.l. to Tiscali Italia S.p.A.*
12. *Receivables arising from the sale of Istella. These are receivables due from the buyer of Istella (Renato Soru) in connection with the sale of the company itself carried out on 16 October 2017.*

Remuneration of directors, statutory auditors and executives with strategic responsibility

For the performance of their functions in the Parent Company and other consolidated companies, the remuneration due for the financial year 2023 to the Directors and Statutory Auditors is as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| <i>(EUR 000)</i> | | |
| Directors | 938 | 589 |
| Auditors | 177 | 169 |
| Executives with strategic responsibilities | 1,112 | 751 |
| Total | 2,227 | 1,509 |

Structure of the Tessellis Group as at 31 December 2023:



(*) le partecipazioni evidenziate in Tiscali Italia S.p.A. per il 2,25% e in Tiscali Financial Services SA per l'1,12% sono riferite alla medesima società Mix Srl.

List of Corporate Offices:

| Consolidated companies | Indirizzo |
|------------------------|-----------|
|------------------------|-----------|

Annual Financial Report as of 31 December 2023

| | | |
|------------------------|------------------------------------|---------------|
| Tessellis S.p.A. | Località Sa Illetta SS195 km 2300 | Cagliari (CA) |
| Tiscali Italia S.p.A. | Località Sa Illetta SS195 km 2300 | Cagliari (CA) |
| Tiscali Italia S.p.A. | Strada Provinciale Bari Modugno, 1 | Bari (BA) |
| Tiscali Italia S.p.A. | Via del Tratturello Tarantino, 6 | Taranto (TA) |
| Tiscali Italia S.p.A. | Viale Città d'Europa, 681 | Roma (RM) |
| Tiscali Italia S.p.A. | Via Luigi Galvani, 24 | Milano (MI) |
| Veesible S.r.l. | Località Sa Illetta SS195 km 2300 | Cagliari (CA) |
| Linkem Services S.r.l. | Viale Città d'Europa, 681 | Roma (RM) |
| 3P Italia S.r.l. | Via Comica 39 | Seregno (MB) |
| Aetherna S.r.l. | Corso Cavour 2 | Lomazzo (CO) |

Annex — Information pursuant to Article No. 149-duodecies of the CONSOB Issuers' Regulation CONSOB.

The following table, drawn up in accordance with Article no. 149-duodecies of the CONSOB Issuers' Regulations, shows the fees for work on the consolidated financial statements as at 31 December 2023 and the half-yearly report 2023, as well as for audit and non-audit services rendered by the auditing firm to the Tessellis Group. The following figures refer to the 12 months of the financial year 2023:

| Type of service | Party providing the service | Beneficiary | Fees |
|--------------------------------|-----------------------------|----------------|------------|
| <i>(EUR 000)</i> | | | |
| Financial Audit (*) | Deloitte & Touche S.p.A. | Parent Company | 384 |
| | Deloitte & Touche S.p.A. | Subsidiaries | 70 |
| Certifications required by law | Deloitte & Touche S.p.A. | Parent Company | 45 |
| | Deloitte & Touche S.p.A. | Subsidiaries | |
| Other professional services | Deloitte & Touche S.p.A. | Parent Company | - |
| | Deloitte & Touche S.p.A. | Subsidiaries | - |
| Totale | | | 499 |

()Amount including supervisory fee.*

Cagliari, 7 May 2024

The CEO



Davide Rota

The Officer in charge of Preparing the Company's Accounting Documents



Fabio Bartoloni

2023 Consolidated Financial Statements certification in compliance with Article No. 81-ter of the CONSOB Regulation No. 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned, Davide Rota in his capacity of Chief Executive Officer, and Fabio Bartoloni, in his capacity of the Officer in charge of Preparing the Company's Accounting Documents of Tessellis 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 formation of the Consolidated Financial Statements in FY 2023.

Tessellis 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 Financial Statements as at 31 December 2023:

- 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 consolidated financial statements, together with a description of the main risks and uncertainties.

Cagliari, 7 May 2024

The CEO



Davide Rota

The Officer in charge of Preparing the Company's Accounting Documents



Fabio Bartoloni

**Tessellis S.p.A. Financial Statements
as of 31 December 2023**

7 Tessellis S.p.A. – Financial Statements and Explanatory Notes

7.1 Income Statement

| <i>Income Statement</i> | <i>Notes</i> | 2023 | of which related parties | 2022 | of which related parties |
|---|--------------|--------------|--------------------------|--------------|--------------------------|
| <i>(Thousands of Euros)</i> | | | | | |
| Revenues | 1 | 2,575 | 2,557 | 3,120 | 3,102 |
| Other incomes | 1 | 0 | | 0,098 | |
| Purchase of materials and external services | 2 | (2,481) | (888) | (2,311) | (950,597) |
| Personnel cost | 3 | (26) | | (226,747) | (145,392) |
| Other operating (charges)/incomes | 4 | 0 | | (9) | |
| Write-downs of receivables from customers | 5 | (235) | | (91) | |
| Restructuring costs | 5 | 0 | | (1) | |
| Depreciations & amortizations | 0 | (1) | | 0 | |
| Operating result | | (168) | | 482 | |
| Financial Income | 6 | 118 | 116 | 11 | 11 |
| Financial Expenses | 6 | (194) | | (1,420) | |
| Income (loss) before tax | | (244) | | (927) | |
| Taxation | 7 | 0 | | 0 | |
| Net result from operating activities (ongoing) | | (244) | | (927) | |
| Result from held for sale and discontinued operations | 8 | 0 | | 0 | |
| Net result | | (244) | | (927) | |

7.2 Comprehensive Income Statement

| Comprehensive Income Statement | 2023 | 2022 |
|---|------------------|------------------|
| <i>(Euros)</i> | | |
| Result for the period | (244,035) | (927,121) |
| 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 <i>o/w (Loss)/profit from revaluation on plans with defined benefits</i> | 0 | 0 |
| Total of other elements for the comprehensive Income Statement: | 0 | 0 |
| Total result of the comprehensive Income Statement | (244,035) | (927,121) |
| To be attributed to: | | |
| <i>Shareholders of the Parent Company</i> | <i>(244,035)</i> | <i>(927,121)</i> |
| <i>Minority Shareholders</i> | <i>0</i> | <i>0</i> |
| Total | (244,035) | (927,121) |

7.3 Equity and Financial Statement

| <i>(EUR)</i> | Notes | 31 december 2023 | of which related parties | 31 december 2022 | of which related parties |
|--------------|-------|------------------|--------------------------|------------------|--------------------------|
|--------------|-------|------------------|--------------------------|------------------|--------------------------|

Annual Financial Report as of 31 December 2023

| | | | | | |
|---|----|--------------------|------------|--------------------|------------|
| <i>Non-current assets</i> | | | | | |
| Intangible assets | 9 | 60 | | 0 | |
| Investments | 10 | 157,336,473 | | 157,336,473 | |
| Other financial assets | 11 | 1,604,891 | 1,604,891 | 1,604,891 | 1,604,891 |
| | | 159,000,864 | | 158,941,364 | |
| <i>Current assets</i> | | | | | |
| Trade receivables | 12 | 2,575,019 | 2,557,019 | 5,971,539 | 5,953,539 |
| Tax credits | 13 | 97,090 | | 97,049 | |
| Other receivables and other current assets | 14 | 88,609 | 10,768 | 58,927 | 10,768 |
| Cash and cash equivalents | 15 | 152,483 | | 179,644 | |
| | | 2,913,202 | | 6,307,158 | |
| Total assets | | 161,914,066 | | 165,248,522 | |
| Share Capital | | 208,992,730 | | 185,513,965 | |
| Results from previous fiscal years and other reserves | | (82,470,928) | | (81,332,617) | |
| Results for the fiscal year pertaining to the Group | | (244,035) | | (927,121) | |
| Total Shareholders' equity | 16 | 126,277,767 | | 103,254,227 | |
| <i>Non-current liabilities</i> | | | | | |
| Other non-current liabilities | 17 | 28,064,251 | 27,868,350 | 54,236,260 | 53,859,357 |
| | | 28,064,251 | | 54,236,260 | |
| <i>Current Liabilities</i> | | | | | |
| Convertible bond | 19 | 0 | | | |
| Trade payables | 20 | 3,965,463 | 386,535 | 6,771,191 | 357,878 |
| Banks overdrafts and loans | 21 | 0 | | (42) | |
| Other current liabilities | 22 | 3,606,586 | 619,567 | 986,886 | 2,476,159 |
| | | 7,572,049 | | 7,758,035 | |
| Total Shareholders' equity and Liabilities | | 161,914,066 | | 165,248,522 | |

7.4 Statement of changes in the Shareholders' Equity

| | | | | | | |
|----------------------------------|--------------------|---------------|--------------------|---------------------|--------------------|--------------------|
| Balance as of 31 dec 2021 | 63,655,159 | 88,788 | 3,632,203 | - | (2,807,755) | 64,568,395 |
| Bond Conversion (POC) | 18,000,000 | | | | | 18,000,000 |
| Bond Fees (POC) | | | (305,223) | | | (305,223) |
| Merger Linkem Retail | 103,858,806 | | | (77,085,242) | | 26,773,564 |
| Fees on Merger Linkem Retail | | | (4,855,388) | | | (4,855,388) |
| Net result | | | | | (927,121) | (927,121) |
| Balance as of 31 dec 2022 | 185,513,965 | 88,788 | (1,528,408) | (77,085,242) | (3,734,877) | 103,254,227 |
| Capital increase | 19,478,765 | | | | | 19,478,765 |
| Bond Conversion (POC) | 4,000,000 | | | | | 4,000,000 |
| Bond Fees (POC) | | | | | | - |
| Merger Linkem Retail | | | | | | - |
| Capital increase fee | | | (211,190) | | | (211,190) |
| Net result | | | | | (244,035) | (244,035) |
| | | | | | | - |
| Balance as of 31 dec 2023 | 208,992,730 | 88,788 | (1,739,598) | (77,085,242) | (3,978,912) | 126,277,767 |

Annual Financial Report as of 31 December 2023

7.5 Cash Flow Statement

| (Thousands of Euro) | Notes | 31 december 2023 | 31 december 2023 | 31 december 2022 | of which related parties 2022 |
|---|-------|---------------------|---------------------|---------------------|-------------------------------------|
| OPERATING ACTIVITIES | | | | | |
| Result from Operating activities | | (244,035) | 1,785,328 | (927,121) | 2,016,760 |
| <i>Adjustments for:</i> | | | | | |
| Amortization of Intangible Fixed Assets | 5 | 1 | | 1 | |
| Provision for bad debts provisions/allowances (including IC) | 5 | 234,808 | | 90,610 | |
| Release of provisions for risks previously set aside | 18 | 0 | | (13,429) | |
| Income Taxes | 7 | 0 | | (42) | |
| Proventi finanziari | 6 | (117,841) | | (10,611) | |
| Financial Expenses | 6 | 194 | | 1,419,693 | |
| Other changes | 1-2 | 0 | | 224,121 | |
| Cash flows from operating activities before changes in working capital | | 67,206 | 1,785,328 | 783,223 | 2,016,760 |
| Changes in receivables | 12 | 0 | | 0 | |
| Changes in payable to suppliers | 20 | (2,058,486) | 28,657 | 3,936,810 | 132,529 |
| Net change in provisions for risk and charges | 18 | 0 | | (338,321) | |
| Changes in other liabilities | 17-22 | 2,438,738 | (1,856,591) | (1,116,830) | 1,856,141 |
| Changes in other assets | 14 | (29,724) | | (4,554,282) | |
| Changes in working capital | | 350,529 | (1,827,934) | (2,072,623) | 1,988,671 |
| AVAILABILITY CASH FLOWS GENERATED BY OPERATING ACTIVITIES | | 417,735 | (42,606) | (1,289,401) | (4,005,431) |
| INVESTMENT ACTIVITIES | | | | | |
| Acquisitions of Intangible Fixed Assets | | (60,000) | | 0 | |
| AVAILABILITY OF CASH AND CASH EQUIVALENTS FOR INVESTMENT ACTIVITIES | | (60,000) | 0 | 0 | 0 |
| FINANCIAL ACTIVITY | | | | | |
| Changes in intercompany financial assets/liabilities intercompany | 11-17 | (8,212,731) | (8,124,421) | (13,168,989) | (13,221,513) |
| Changes in other financial liabilities | 19 | (1,361) | | (6,671) | |
| Changes in bond | 19 | 0 | | 11,460,000 | |
| Changes in Net Equity | 16 | 7,828,698 | | 0 | |
| AVAILABILITY CASH ARISING FROM/(USED IN) FINANCIAL ACTIVITIES | | (385,395) | (8,124,421) | (1,715,660) | (13,221,513) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | (27.660) | (8.167.028) | (3.005.062) | (9,216,082) |
| AVAILABILITY CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 179,643 | - | 3,184,705 | - |
| CASH AND CASH EQUIVALENTS AT YEAR-END | | 151,983 | (8,167,028) | 179,643 | (9,216,082) |

Note: For comparative purposes, the column "including related parties 2022" has been integrated with intercompany items, which were excluded in the version approved by the Board of Directors on 11 May 2023.

7.6 Explanatory Notes

Tessellis S.p.A. (hereinafter also referred to as “Tessellis” or the “Company” and jointly with its subsidiaries the “Group” or the “Tessellis Group”) is a joint-stock company incorporated in Italy at the Cagliari Companies Registry Office. Tessellis is the parent company of the Tessellis Group, which offers integrated internet access, telephony and multimedia services, in particular by positioning itself in the segment of IP technology services that provide voice and internet through the same technology platform.

These financial statements are expressed in EUR (€) as this is the currency in which most of the parent company’s operations are conducted.

The profit and loss account and balance sheet, the cash flow statement, and the statement of changes in Shareholders’ Equity are presented in EUR, while the values reported in the notes to the financial statements are presented in thousands of EUR (EUR 000).

7.6.1 Introduction and Declarations of Assurance

The 2023 Financial Statements represent the separate financial statements of the Parent Company Tessellis S.p.A. and were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as with the provisions of Article No. 9 of the Law Decree No. 38/2005. IFRS also includes all revised International Accounting Standards (IAS), all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

7.6.2 Assessment of the business as a going concern

Tessellis S.p.A. closed the 2023 financial year with Shareholders’ Equity of EUR 126.3 million (EUR 103.3 million as at 31 December 2022) and a loss of EUR 0.3 million (compared to a loss of EUR 0.9 million as at 31 December 2022). As at 31 December 2023, net financial debt was negative EUR 26.3 million and mainly consisted of financial payables to Group companies (net of credit positions) in the amount of EUR 26.3 million (compared to negative EUR 52.5 million as at 31 December 2022, of which EUR 52.3 million were financial payables to Group companies, net of credit positions). These financial payables are recorded under non-current financial liabilities.

In addition, the Company’s assets mainly consist of the value of the investment in the subsidiary Tiscali Italia S.p.A. and intercompany financial assets.

Based on these considerations, therefore, and considering the Company’s predominant nature as a holding company, the Directors believe that the considerations on the Company’s going concern are closely related and inseparable from the considerations made on the Tessellis Group’s going concern.

Management, financial, equity and economic performance for the period

In 2023, the Tessellis Group operated within the framework of the 2022-2025 Industrial Plan and in accordance with the actions included in the Updated 2023-2026 Industrial Plan, which, it should be noted, was approved by the Board of Directors on 11 May 2023. At that time, the Directors proceeded to update the Group's economic, equity, and financial projections contained in the previous 2022-2025 Industrial Plan.

Although the results for the 2023 financial year were broadly in line with those expected in the Updated 2023-2026 Industrial Plan, the business evolution goals that would have enabled a return to profit by 2025, as envisaged in the Updated 2023-2026 Industrial Plan, were not fully achieved. Therefore, the Directors have approved the Updated 2024-2027 Industrial Plan, aiming to integrate the originally planned actions and return to profit in 2026.

Criticalities concerning the management, financial, equity and economic performance of the Company

The Directors highlight that in 2023, the Group undertook several actions and achieved certain results that lay the foundation for its future revival. In particular, the Directors emphasize that in 2023 the Group:

- Increased the mobile customer base from 285,000 active customers to 328,000 customers (+15%).
- Completed a capital increase in July, as resolved by the Board of Directors on 11 May and offered to shareholders, raising approximately EUR 19.5 million in new financial resources.
- Improved its net financial debt (inclusive of trade payables and other non-current liabilities), reducing it from EUR 121 million as of 31 December 2022 to EUR 101.4 million as of 31 December 2023, also due to the repayment of about EUR 10.8 million of the existing Senior Loan with Banca Intesa and Banco BPM. This process continued in the first quarter of 2024 with the repayment of an additional EUR 7.5 million tranche.
- Generated a positive cash flow from operating activities before changes in working capital of EUR 39.3 million.
- Continued the Group's recovery plan, reducing the amount of overdue taxes from EUR 3.3 million as of 31 December 2022 to EUR 2.6 million as of 31 December 2023.
- Capitalized on some non-essential assets through the sale of certain IP addresses exceeding the Group's needs for approximately EUR 28.9 million.
- Secured a lot in the IPCEI program in December 2023 for the execution of the so-called Villanova project, related to the development of innovative generative artificial intelligence platforms (LLM model).

Although the Directors believe that these actions have contributed and will continue to contribute to achieving the goals outlined in the Updated 2024-2027 Industrial Plan, they highlight that as of 31 December 2023, the following critical issues remain:

From a management perspective, 2023 confirmed a reduction in the customer base, while the increase in revenue from value-added services was lower than estimated for 2023. This was due to the complexity of penetrating new markets through organic development, which resulted in slower-than-expected growth.

From an earnings perspective, in 2023, the Group reported revenues of EUR 231 million, with an operating loss of EUR 54.7 million and a net loss of EUR 62.2 million. These results indicate a significant imbalance in profitability, which occurred despite the presence of gains from the sale of high-value assets amounting to EUR 8.2 million. Excluding these gains, the net loss for the year would have been EUR 70.4 million.

From a financial standpoint, the Group continued to strengthen its equity through several capital increases that, net of the costs incurred, had a positive equity impact of EUR 23.3 million. However, during the same period, the loss for the year was higher, and as a result, the Group's equity, which was EUR 66.1 million as of 31 December 2022, decreased to EUR 25.4 million. This remaining consolidated equity, while providing adequate capitalization at the level of individual entities, is lower than the projected result for 2024. This circumstance could lead to a consolidated equity deficit by the end of the next financial year, in the absence of new capital increases.

From a financial perspective, the Group reduced its debt exposure (inclusive of trade payables and other non-current liabilities) from EUR 121 million as of 31 December 2022 to EUR 101.4 million, also due to the repayment of principal amounts related to the existing Senior Loan. However, it is noted that this Senior Loan has a final maturity in March 2026, by which date the Company will need to secure the necessary financial resources to meet this obligation.

The above-described situation highlights the presence of various management, financial, and equity indicators that define uncertainties regarding the Group's ability to operate continuously in the near future and, in part, over the next 12 months.

The cash plan for May 2024 – July 2025 and the actions identified to support the execution of the Updated 2024-2027 Industrial Plan

To fully implement the actions outlined in the Updated 2024-2027 Industrial Plan under the given circumstances, the Directors have drafted a cash plan for the period from May 2024 to July 2025, identifying the necessary resources for the next 15 months. This cash plan anticipates a total cash requirement of approximately EUR 65 million during this period to ensure: *i)* Compliance with all ordinary and current obligations; *ii)* Payment of installments agreed upon with suppliers and other creditors; *iii)* Repayment of financial debts related to the Senior Loan, with principal repayments amounting to EUR 12.7 million and estimated interest for the period amounting to EUR 1.5 million; *iv)* A reduction of overdue payables to suppliers by approximately EUR 5 million.

The financial resources identified by the Directors include:

1. Estimated cash as of 30 April 2024, amounting to EUR 3 million, inclusive of available credit lines for invoice discounting;
2. The potential sale of an additional portion of IP addresses currently in the portfolio, estimated at about 200,000 IP addresses, with expected financial inflows of approximately EUR 8-10 million. It is noted that as of 31 December 2023, there were about 700,000 IP addresses in the portfolio, of which approximately 500,000 are currently not necessary for ordinary business operations without technological upgrades;
3. Support from the shareholder OpNet to subscribe to a capital increase, also through the conversion of credits amounting to EUR 30 million as of the date of this report, with a commitment to defer payment deadlines related to its credits for an equivalent amount for a period of no less than 12 months, pending such a capital increase;
4. The signing of certain amendments to the essential conditions of use and maturity of the N&G POC, which will allow access to this instrument for approximately EUR 2 million per month from July until 31 December 2026;
5. The potential monetization of certain assets held by the Group that are not strictly functional to the implementation of the Updated 2024-2027 Industrial Plan. In this regard, it is noted that the valuation process of a Data Center is underway, with non-binding offers being evaluated as of the date of this report;
6. The potential issuance of a new convertible loan up to EUR 25 million. This possibility is currently being evaluated by the Directors, who have received a non-binding termsheet from a leading financial institution interested in the transaction;
7. The possibility of renegotiating the terms of the current Senior Loan through refinancing, with a possible increase in the total debt value and a rescheduling in line with the financial projections included in the Updated 2024-2027 Industrial Plan;
8. The potential access to the GID Fund under Article 37 of DL 41/2021, to obtain financing of EUR 30 million, for which a dispute with the evaluating entity is pending before the Council of State. The Council of State is expected to issue a technical advisory opinion by July 2024, and the Directors are confident in a favorable outcome.

Uncertainties Regarding the Actions Identified to Support the Implementation of the Updated 2024-2027 Industrial Plan

Regarding the identified actions, the Directors highlight the following uncertainties:

1. The Updated 2024-2027 Industrial Plan presents estimates of economic and financial results contingent upon management's ability to implement all included actions and achieve the anticipated outcomes. The ability to execute all planned actions, and particularly the resulting impact, is not fully within the Directors' control. Therefore, the results included in the plan may not accurately reflect the Group's future

- performance;
2. Due to a market that is not fully liquid and has declining prices, the financial resources expected from the potential sale of approximately 200,000 IP addresses may be lower than anticipated by the Directors;
 3. Although the Directors have received a letter from shareholder OpNet expressing willingness to subscribe to a capital increase of about EUR 30 million, it is noted that this intention is subject to obtaining necessary approvals from OpNet's financial backers;
 4. While the Directors are confident that the new structure of the POC N&G, as modified on 7 May 2024, allows the tool to be used without significant limitations for approximately EUR 2 million per month, a particularly adverse market trend could still limit the full utilization of the tool;
 5. The ability to monetize some assets held by the Group, which are not strictly necessary for the implementation of the Updated 2024-2027 Industrial Plan, depends partially on external factors beyond the Directors' full control, despite some expressions of interest and a non-binding offer currently under evaluation;
 6. The ability to issue a new convertible financing of up to EUR 25 million is subject to a positive outcome of due diligence by the counterparty, which has not yet begun;
 7. The possibility of renegotiating the terms of the current Senior Loan, through refinancing with a potential increase in the total debt value and rescheduling in line with the financial projections included in the Updated 2024-2027 Industrial Plan, is currently uncertain given the preliminary status of negotiations between the Company's identified advisor and potential counterparts;
 8. Access to the GID fund is primarily subject to the positive resolution of the ongoing dispute at the Council of State and subsequently to reaching an agreement with the entity responsible for disbursement.

Conclusions on going concern

In the circumstances outlined, the Directors believe that after analyzing the periodic results and examining potential uncertainties, assuming compliance with the Industrial Plan, considering it highly likely that at least some of the above actions will be completed within times compatible with financial needs, and taking into account the willingness of the shareholder OpNet to support the continuity of the Tessellis Group, the Group is capable of meeting its obligations while maintaining a level of maturity substantially in line with the current one.

On this basis, the Directors have a reasonable expectation that the business continuity over the next 12 months is recurrent and that the Group can use the accounting principles appropriate for a going concern. This determination is naturally the result of a subjective judgment, which has compared, with respect to some of the events mentioned above, the degree of probability of their occurrence against the opposite situation.

It must be emphasized that the prognostic judgment underlying the Board of Directors' determination is susceptible to being contradicted by the evolution of facts. Precisely because it is aware of the intrinsic limits of its determination, the Board of Directors will maintain constant monitoring of the evolution of the factors

considered (as well as any further circumstance that becomes significant), so as to be able to promptly take the necessary measures.

Drafting Standards

The preparation of the financial statements 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 in applying the accounting policies and those that require the use of estimates are described in the note below *Main decisions taken in applying accounting policies and in using estimates*.

Financial statements

The financial statements consist of the financial statements (Income Statement, Statement of Assets and Liabilities, Statement of Changes in Shareholders' Equity and Statement of Cash Flows), accompanied by explanatory notes. The Income Statement has been prepared in line with the minimum content required by IAS 1 – Presentation of Financial Statements – with allocation of costs by nature; the Statement of Assets and Liabilities has been prepared according to the format showing the breakdown of “current/non-current” assets and liabilities; the Statement of Cash Flows has been prepared according to the indirect method

Accounting standards

General Principles

The financial statements were prepared in compliance with the IAS/IFRS International Financial Reporting Standards (IFRS). The main accounting standards are detailed below. These standards were applied consistently to all periods presented.

Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are recorded at adjusted cost in the presence of permanent value losses.

Under IAS 36, the value of equity investments recorded at cost is reduced in the presence of impairment losses or when circumstances indicate that the cost may not be recoverable. Should such a loss subsequently decrease or be reversed, the carrying amount is increased up to the new estimate of the recoverable amount, but not exceeding the originally recorded value.

Impairment of Assets

The book value of *Equity Investments, Other Intangible Assets and Properties, Plant and Machinery* is tested for impairment whenever there is an indication that the asset may have suffered impairment. The assets in question are tested annually or more frequently if there is any indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. The recoverable amount is the greater amount between fair value net of sales costs and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of money time value and the specific risks of the asset. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its book value, the latter is written down to its recoverable amount. The loss of relevant impairment is recognised in the income statement under write-downs. In the event that a write-down in previous years, no longer has reason to exist, the carrying value of the asset (or cash-generating unit) is increased to the new value resulting from the estimate of its recoverable amount, but not over the net book value that the asset would have had if no impairment had been recognised for the asset loss. An impairment reversal is booked to the income statement.

Other financial assets

Other financial assets are valued, consistently with IAS 39 provisions for financial assets 'available for sale', at fair value or alternatively at cost whenever fair value cannot be reliably calculated. Gains and losses from changes in fair value are directly booked to equity until the security is disposed of or is impaired, at which time the cumulative gain or loss previously booked to equity is included in the income statement for the period. The original value is reinstated in the following periods if the reasons for the write-down are considered to no longer apply.

Loans and receivables

Tessellis S.p.A.'s loans are stated under the *Other Non-Current Financial Assets, Receivables from Customers, Other Current Receivables and Assets and Other Current Financial Assets* items and are valued, if they have a fixed maturity, at amortised cost, using the effective interest rate method. When financial assets have no fixed maturity, they are valued at acquisition cost. Valuations are frequently carried out to find objective evidence of impairment of a financial asset or group of assets. If there is objective evidence, the impairment must be recorded as a cost in the income statement for the period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight and short-term deposits, in the latter case with an

original maturity of no more than three months

Debts and Financial Liabilities

The debts and financial liabilities of the Tessellis S.p.A. are disclosed in the *Payables to banks and other lenders, Other non-current liabilities, Payables to suppliers items*, and are recorded at nominal value. Financial liabilities are initially recognised at cost, equal to the fair value of the consideration received, net of transaction costs. Subsequently, the loans are valued at amortised cost using the effective interest method, calculated considering the issue costs and any other premium or discount applicable to the regulation.

Remuneration plans in the form of equity participation

There are no stock option plans at the date of this Report.

Provisions for liabilities and charges

Provisions for liabilities and charges relating to potential legal and tax liabilities, are made in respect of the predictions made by the Directors, on the basis of judgments developed by the Group legal and tax advisors, about the likely burden believed reasonable will be taken for the fulfilment of the obligation. In the event that the Group is called, in relation to the final result of such judgments, to fulfil an obligation for a sum other than that estimated, the related effects would be reflected in the income statement.

Treasury Shares

Treasury shares are recorded as a reduction of Shareholders' Equity.

Recognition of income

Revenues are recognized to the extent that it is probable that financial profits will flow to Tessellis S.p.A. and their amount can be reasonably estimated; they are represented net of discounts, allowances and returns.

Revenues from services rendered are recognised in the income statement using the percentage of completion of the service and only when the result of the service can be reliably estimated.

Financial income and expense

Receivable and payable interest is recognised using the effective interest rate method.

Taxes

Current income tax expense for the year includes current and deferred tax. *Current tax* is determined on the

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taxable income. The taxable income for tax purposes differs from the result before taxes reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years; it further excludes items that are not taxable or deductible at all. The liability for current tax is calculated using tax rates enacted at the balance sheet date.

Use of estimates

The preparation of the annual financial statements and the accompanying notes involved the use of estimates and assumptions that were deemed significant for determining the value of certain assets. Due to the use of estimates and assumptions, the results that will arise from the occurrence of expected and/or foreseeable events may differ from those anticipated. Therefore, the estimates and assumptions used are continuously reviewed, and the effects of any changes are recorded in the financial statements.

The use of estimates in the separate annual report for 2023 is particularly relevant with respect to the valuation of the equity investment held in Tiscali Italia S.p.A., whose value was subjected to a resilience check through an impairment test. As detailed further in the section “*Impairment test*” the impairment test is based on complex assumptions and estimates that are not entirely under management’s control.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2023

For information on the IFRS accounting standards, amendments and interpretations applied from 1 January 2021, please refer to Section 6.11 *Accounting Standards* in the Consolidated Explanatory Notes

Revenues and Other Income (Note 1)

Revenues are broken down as follows:ù

| Revenues | 2023 | 2022 |
|--|--------------|--------------|
| <i>(EUR 000)</i> | | |
| Revenues from services provided to Group companies | 2,557 | 3,102 |
| Revenues from services to third parties | 18 | 18 |
| Revenue | 2,575 | 3,120 |
| Other income | - | 0 |
| Other income | - | 0 |
| Total | 2,575 | 3,120 |

Revenues from services rendered to Group companies mainly refer to the invoicing of services rendered by the Company in favour of the operating subsidiary Tiscali Italia S.p.A., including charges for the licence to use

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the Tiscali brand determined as a percentage of the user company's turnover. Revenues from services rendered to foreign third parties refer to licences for the use of domains.

Revenues by geographical area are broken down in the following table:

| Revenues by geographical area | 2023 | 2022 |
|--|--------------|--------------|
| <i>(EUR 000)</i> | | |
| Revenues from services provided to Group companies | 2,557 | 3,102 |
| - <i>Italy</i> | 2,557 | 3,102 |
| Revenues from services to third parties | 18 | 18 |
| - <i>The Netherlands</i> | 18 | 18 |
| - <i>Italy</i> | 0 | 0 |
| Total | 2,575 | 3,120 |

Purchases of external materials and services (Note 2)

| | 2023 | 2022 |
|---|--------------|--------------|
| <i>EUR 000</i> | | |
| Purchase of materials and outsourced services | 2,481 | 2,311 |
| Total | 2,481 | 2,311 |

Costs for the purchase of materials and external services, shown net of the benefits of renegotiating contracts with suppliers, include professional fees of EUR 0.9 million, remuneration for the Board of Directors and the Board of Statutory Auditors of EUR 0.7 million, surcharges for late repayment of EUR 0.1 million, costs to be charged to subsidiaries amounting to EUR 0.3 million, management fees for securities and Consob supervision contributions amounting to EUR 0.2 million, personnel insurance amounting to EUR 0.1 million, and other general and external service costs of EUR 0.7 million

Personnel costs (Note 3)

| | 2023 | 2022 |
|---------------------|-------------|-------------|
| <i>(EUR 000)</i> | | |
| Wages and Salaries | (0) | 96 |
| Other Payroll costs | 26 | 130 |
| Total | 26 | 227 |

The EUR 0.1 million reduction in personnel costs compared to the previous year is mainly attributable to the transfer of an executive from Tessellis S.p.A. to Tiscali Italia S.p.A. during FY 2022.

As of 31 December 2022, there were no employees.

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Other operating (costs)/income (Note 4)

The item *Other operating (costs)/income* is nil.

| | 2023 | 2022 |
|--------------------------------|----------|----------|
| (EUR 000) | | |
| Other operating income (costs) | - | 9 |
| | 0 | 9 |

Write down of trade receivables (Note 5)

| | 2023 | 2022 |
|----------------------------------|------------|-----------|
| (EUR 000) | | |
| Write-down of trade receivables | 235 | 91 |
| Provisions for risks and charges | 0 | 1 |
| Depreciation | (1) | - |
| | 234 | 92 |

The item *Allowance for bad debts* mainly refers to the alignment of the allowance for bad debts to the value of the total receivable from the foreign affiliate Tiscali International BV.

Financial income (expenses) (Note 6)

| | 2023 | 2022 |
|--|-------------|----------------|
| (EUR 000) | | |
| Financial Income | | |
| Other financial income | 118 | 11 |
| Total Financial Income | 118 | 11 |
| Financial Charges | | |
| Interests and other charges due to banks | 181 | 547 |
| <i>Other financial charges</i> | 13 | 873 |
| Total Financial Charges | 194 | 1.420 |
| Net financial income (charges) | (76) | (1.409) |

Financial income refers to the interest accrued on the intercompany financial credit held against the foreign subsidiary Tiscali International BV.

Net financial expenses of EUR 194 thousand consisted:

- EUR 181 thousand from financial charges related to the convertible bond loan into Tiscali ordinary shares, underwritten by Nice & Green for 4 tranches for a total amount of EUR 4,000,000;

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- EUR 13 thousand from late payment interest.

Income Taxes (Note 7)

| | 2023 | 2022 |
|---------------------------|----------|----------|
| (EUR 000) | | |
| Current tax | 0 | 0 |
| Net tax for the FY | 0 | 0 |

The balance of current taxes is zero. With reference to the IRES and IRAP for the period recorded under income taxes, the reconciliation between the theoretical tax rate and the effective tax rate is provided below.

Reconciliation between current tax liability and theoretical tax liability (IRES):

| (EUR/000) | | |
|-----------------------------|--|----------------|
| (a) | Result before the taxes | (244) |
| (b) | Theoretical tax burden (24%) | - |
| (c) | temporary taxable differences in subsequent years | - |
| (d) = (a) + (c) | Total | (244) |
| | <i>temporary differences deductible in subsequent years</i> | |
| (e) | Write-downs of fixed assets | - |
| (f) | Provisions for risk | - |
| (g) | Costs deductible in subsequent years | 189 |
| (h) = (d) + (e) + (f) | Total | (55) |
| (i) | Reversal of temporary differences from previous years | (1,121) |
| (j) = (h) + (i) | Total | (1,176) |
| | <i>Differences that will not be reversed in subsequent years</i> | |
| (k) | Dividends cash in | - |
| (l) | Non deductible costs | 354 |
| (m) | Deduction for aid to economic growth | - |
| (n) = (j) + (k) + (l) + (m) | Total | (822) |
| (o) | Losses from previous years | - |
| (p) = (n) + (o) | Taxable income | (822) |
| (q) = (p) * 24% | Current income taxes for the year | 0 |

Reconciliation between current tax liability and theoretical tax liability (IRAP)

| (EUR/000) | | |
|---------------------------------|---|----------------|
| (a) | Difference between value and production costs | (167) |
| (b) | Margin of interest | (67) |
| (c) | Irrelevant items of the IRAP tax base | 261 |
| (d) = [(a) + (b) + (c)] * 5,57% | Theoretical tax burden (5.57%) | 1 |
| (e) | temporary taxable differences in subsequent years | (1,049) |
| (f) = (a) + (b) + (c) | Total | (1,023) |
| (g) | temporary differences deductible in subsequent years | |
| (h) = (f) + (g) | Total | (1,023) |
| (i) | Reversal of temporary differences from previous years | - |
| (j) = (h) + (i) | Total | (1,023) |
| (k) | Differences that will not be reversed in subsequent years | - |
| (l) | Non deductible costs | 718 |
| (m) | Deduction of permanent staff costs | - |
| (n) = (j) + (l) + (m) | Total | (305) |
| (o) = (n) | Taxable income | - |
| (p) = (o) * 24% | Current income taxes for the year | 0 |

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With reference to prior tax losses, for which no deferred tax assets were recognized as of 31 December 2023, it should be noted that the amount of prior tax losses as of 31 December 2023 is EUR 457.9 million. In the financial year 2023, the amount of the tax benefit attributable to prior tax losses present in the financial statements and not recognized among deferred tax assets but used to offset the taxable income for the period is nil.

Profit (loss) from assets sold and/or held for sale (Note 8)

The net result of discontinued operations is nil.

Intangible Fixed Assets (Note 9)

| | 31 December 2023 | 31 December 2022 |
|-------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Intangible Fixed Assets | 60 | 0 |
| Total | 60 | 0 |

The item in question includes multi-year marketing costs related to the “Tiscali” brand.

Equity investments (Note 10)

As of 31 December 2023, this item included equity investments in subsidiaries, amounting to EUR 157.3 million. This value refers exclusively to the investment in Tiscali Italia S.p.A

The following table shows the changes during the year:

| SUBSIDIARIES | 31 december 2023 | | | 31 december 2022 | | |
|-----------------------|------------------|---------------|----------------|------------------|---------------|----------------|
| | Cost | Reval/(Deval) | Book value | Cost | Reval/(Deval) | Book value |
| <i>(EUR 000)</i> | | | | | | |
| Tiscali Italia S.p.A. | 157,336 | - | 157,336 | 130,563 | 26,774 | 157,336 |
| Tint Holding N.V. | - | - | - | - | - | - |
| Total | 157,336 | - | 157,336 | 130,563 | 26,774 | 157,336 |

Comparison of net book value and relative book value of the equity investments:

| SUBSIDIARIES | Registered Offices | Share Capital | Shareholders' Equity | Result | % Held | Book Value | Difference between book value and net equity |
|-----------------------|--------------------|----------------|----------------------|-----------------|--------|----------------|--|
| <i>(EUR 000)</i> | | | | | | | |
| Tiscali Italia S.p.A. | Cagliari | 36,994 | 51,194 | (43,277) | 100% | 157,336 | 106,141 |
| Tint Holding N.V. | Rotterdam | 115,519 | | | 100% | | |
| | | 152,513 | 51,194 | (43,277) | | 157,336 | 106,141 |

Impairment Test

The impairment test was performed on the investment in Tiscali Italia S.p.A., recorded in Tessellis S.p.A. at a value of EUR 157.3 million.

The impairment test was carried out by comparing the equity value of Tiscali Italia S.p.A. with the book value of the investment itself recorded in the books of Tessellis S.p.A.. With reference to the criteria used to perform the impairment test, as well as the main parameters used, please refer to Note 12 “*Impairment test*” in the Explanatory Notes to the Consolidated Financial Statements. The impairment test showed that the equity value exceeded the value of the equity investment, therefore there was no need to write down the investment.

The sensitivity analysis carried out on the WACC and the long-term growth rate (+/- 1% compared to the reference parameters) also showed no need for impairment.

Other financial assets (Note 11)

Other non-current financial assets include financial receivables from Group companies of EUR 1.6 million

Details of financial receivables from Group companies are as follows:

| | 31 december 2023 | 31 december 2022 |
|--------------------------|---------------------|---------------------|
| <i>(EUR 000)</i> | | |
| Tiscali International BV | 1,605 | 1,605 |
| Tiscali Italia S.p.A. | - | - |
| Total | 1,605 | 1,605 |

Trade Receivables (Note 12)

| | 31 december 2023 | 31 december 2022 |
|---------------------------------|---------------------|---------------------|
| <i>(EUR 000)</i> | | |
| Receivables from Customers | 2,575 | 5,972 |
| <i>of which:</i> | | |
| <i>towards Group companies</i> | 2,557 | 5,954 |
| <i>towards third parties</i> | 18 | 18 |
| Allowance for doubtful accounts | 0 | 0 |
| Total | 2,575 | 5,972 |

The *allowance for bad debts* is nil.

Trade receivables related to intercompany positions are summarised in detail in the table below:

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| | 31 december 2023 | 31 december 2022 |
|-----------------------|------------------|------------------|
| (EUR 000) | | |
| Tiscali Italia S.p.A. | 2,557 | 5,954 |
| Total | 2,557 | 5,954 |

The breakdown of *Trade Receivables by maturity* is as follows:

| | 31 december 2023 | 31 december 2022 |
|---------------------|------------------|------------------|
| (EUR 000) | | |
| Within 12 months | 2,575 | 5,972 |
| Between 1 – 5 years | - | - |
| Beyond 5 years | - | - |
| Total | 2,575 | 5,972 |

The carrying value of trade receivables, including the allowance for bad debts, approximates their fair value.

Tax Receivables (Note 13)

| | 31 december 2023 | 31 december 2022 |
|-----------------|------------------|------------------|
| (EUR 000) | | |
| Tax receivables | 97 | 97 |
| Total | 97 | 97 |

This item mainly includes the IRAP credit claimed by the Company.

Other current receivables and sundry assets (Note 14)

| | 31 december 2023 | 31 december 2022 |
|-------------------|------------------|------------------|
| (EUR 000) | | |
| Other Receivables | 11 | 34 |
| Prepaid Expenses | 78 | 25 |
| Total | 89 | 59 |

The item Other receivables mainly includes tax receivables relating to the VAT position.

Cash and cash equivalents (Note 15)

Cash and cash equivalents at the end of the 2023 financial year amounted to EUR 0.1 million and included the company's liquidity held mainly in bank accounts. For an overall analysis of the financial position, see the section on the Report on Operations, as well as the Statement of Cash Flows.

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Shareholders' Equity (Note 16)

| | 31 december 2023 | 31 december 2022 |
|-----------------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Share capital | 208,993 | 185,514 |
| Legal reserve | 89 | 89 |
| Other reserves | (78,825) | (78,614) |
| Result from previous fiscal years | (3,735) | (2,808) |
| Result for the fiscal year | (244) | (927) |
| Total | 126,278 | 103,254 |

The changes in *Shareholders' Equity* items are detailed in the relevant table, to which reference should be made. At the end of the year, Tessellis S.p.A. showed a negative result of EUR 0.2 million, compared to the negative result of EUR 0.9 million realised in 2022.

During 2023, the Share Capital of the Issuer changed due to capital increases totaling EUR 23.5 million. For more details on the capital increases, please refer to paragraph 4.3 "*Tessellis Shares*".

The share capital of the Company (fully subscribed and paid-up) as of 31 December 2023 amounts to EUR 208,992,730.17, divided into 234,067,207 ordinary shares with no indication of nominal value. It should also be noted that following the capital increase on 31 July 2023, the main shareholder, OpNet S.p.A., holds a 59.26% stake in the Company's share capital.

The table below shows the composition of the equity with reference to its availability and distributability:

| Detailed statement of Shareholders' Equity items | Summary of uses in the last 3 accounting periods | | | | | | |
|--|--|---------------------|-----------------|-------------------------------------|---------------|-------|--|
| | Amount | Utilisation options | Available share | Distributable share with tax effect | Loss coverage | Other | |
| Share Capital | 208,992,730 | B | - | - | - | - | |
| Legal Reserve | 88,788 | D | - | - | - | - | |
| Other Reserves | (78,824,841) | D | - | - | - | - | |
| Previous Fiscal Years' Losses | (3,734,877) | | - | - | - | - | |
| Fiscal Year's Losses | (244,035) | | - | - | - | - | |
| Total | 126,277,766 | | - | - | - | - | |

Possibility of Utilization – Legend:

A for capital increases

B for loss coverage

C for distribution to shareholders

D neither available nor usable for loss coverage

Other Non-current Liabilities (Note 17)

| | 31 december 2023 | 31 december 2022 |
|-----------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Payables to Group companies | 27,868 | 53,859 |
| Other Payables | 196 | 377 |
| Total | 28,064 | 54,236 |

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Financial payables to group companies amounting to EUR 27.9 million consist of payables to the subsidiary Tiscali Italia arising from loans provided over time to the parent company.

The variation compared to the previous year is attributable to offsetting operations of credit and debit positions with the subsidiary Tiscali Italia S.p.A.

The item *Other Debts*, amounting to EUR 0.2 million, includes long-term tax debts to be regularized.

Details are shown in the table below:

| | 31 december 2023 | 31 december 2022 |
|--------------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Tiscali Italia S.p.A. | 26,263 | 52,254 |
| Tiscali International BV | 1,605 | 1,605 |
| Total | 27,868 | 53,859 |

The breakdown of *Other non-current liabilities by maturity* is as follows:

| | 31 december 2023 | 31 december 2022 |
|---------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Within 12 months | - | - |
| Between 1 – 5 years | 27,868 | 53,859 |
| Beyond 5 years | - | - |
| Total | 27,868 | 53,859 |

Provisions for risks and charges (Note 18)

The provision for risks and charges as of 31 December 2023 is nil.

Bonds and Payables to Banks and Other Lenders (Note 19)

Bonds and Payables to Banks and Other Lenders as of 31 December 2023 is nil.

Trade Payables (Note 20)

| | 31 december 2023 | 31 december 2022 |
|--|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Trade Payables to Third Parties | 3,579 | 6,413 |
| Trade Payables to Group companies for materials and services | 387 | 358 |
| Total | 3,965 | 6,771 |

Trade payables to third-party suppliers for EUR 3.6 million mainly refer to payables for the provision of professional consulting services.

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Trade payables are due within one year and their carrying value at the balance sheet date is deemed to approximate their fair value.

Trade payables to Group companies are detailed below:

| | 31 december 2023 | 31 december 2022 |
|-----------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Tiscali Italia S.p.A. | 387 | 358 |
| Total | 387 | 358 |

Tax Payables (Note 21)

| | 31 december 2023 | 31 december 2022 |
|---------------------------|------------------|------------------|
| <i>(migliaia di Euro)</i> | | |
| Tax liabilities | 0 | 0 |
| Totale | 0 | 0 |

This item is nil as of 31 December 2023.

Other Non-current Liabilities (Note 22)

| | 31 december 2023 | 31 december 2022 |
|------------------|------------------|------------------|
| <i>(EUR 000)</i> | | |
| Deferred Income | 18 | 18 |
| Other Payables | 3,589 | 969 |
| Total | 3,607 | 987 |

The item *Other Payables* is primarily comprised of payables to the tax authorities and social security institutions amounting to EUR 3 million, payables to Directors amounting to EUR 0.1 million, and interest on unpaid tax payables amounting to EUR 0.3 million. Additionally, it includes deferred income of EUR 0.02 million.

It should be noted that the Company has not recorded any non-current assets or non-current liabilities with a duration exceeding 5 years.

Guarantees Pledged and Commitments

Guarantees pledged are detailed as follows:

| | 31 december 2023 | 31 december 2022 |
|--|------------------|------------------|
| Guarantees (Sureties) Pledged to Third Parties | 71,705 | 84,669 |
| Commitments | 1,600 | 1,600 |
| | 73,305 | 86,269 |

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The item *Guarantees Pledged* amounts to EUR 66.9 million, of which EUR 66.3 million pertain to guarantees given by the parent company for loans granted by financial institutions as part of the Senior Loan refinancing. Additionally, EUR 0.6 million is related to a guarantee provided to an operator in the financial services and travel market, and EUR 33,000 pertains to sureties on real estate leases.

The remaining EUR 4.8 million pertains to sureties granted for credit lines and leasing to the subsidiary Tiscali Italia S.p.A.

The item *Commitments* refers entirely to the maintenance of credit lines granted to the subsidiary Tiscali Italia S.p.A.

Net Financial Indebtedness

In accordance with CONSOB Attention Notice no. 5/21 of 29 April 2021, net financial debt at 31 December 2023 and 2022 is summarised in the following table:

| Net Financial Indebtedness | 31 december 2023 | 31 december 2022 |
|--|-------------------------|-------------------------|
| <i>(Thousands of Euro)</i> | | |
| A. Cash and Bank deposits | 152 | 180 |
| B. Other cash equivalents | | |
| C. Securities held for trading | | |
| D. Liquidity (A) + (B) + (C) | 152 | 180 |
| E. Current loan receivables | | |
| F. Current portion of non-current financial debt | | |
| G. Current financial Indebtedness (E + F) | | |
| H. Net current financial Indebtedness (G - D) | (152) | (180) |
| I. Non current financial debt (Intercompany) | 26,263 | 52,254 |
| J. Debt instrument | | |
| K. Trade and other non-current payables | 196 | 377 |
| L. Non-current financial Indebtedness (I + J + K) | 26,459 | 52,631 |
| M. Net financial Indebtedness (H + L) | 26,307 | 52,452 |

It should be noted that there are no severance pay liabilities for the company.

Related Party Transactions

During 2023, Tessellis S.p.A. engaged in certain transactions with related parties, primarily involving intergroup relations and transactions with Directors.

These operations were conducted under market conditions. The table below summarizes the financial and economic values recorded in the company's financial statements as of 31 December 2023, resulting from transactions with related parties.

The most significant values as of 31 December 2023, summarized by counterparty, are as follows:

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| INCOME STATEMENT VALUES | | 2023 | | | | 2022 | | | |
|--|---|--------------|-------------|---------------------------|--------------|----------------|-------------|---------------------------|--------------|
| EUR/000 | | Cost | Devaluation | Interest income (expense) | Revenues | Cost | Devaluation | Interest income (expense) | Revenues |
| Tiscali Italia S.p.A. | 1 | (327) | | 116 | 2,557 | (353) | | 11 | 3,102 |
| Total Group companies | | (327) | - | 116 | 2,557 | (353) | - | 11 | 3,102 |
| Other Related Parties | | | | | | | | | |
| Board of Directors' Remuneration | | (561) | | | | (512) | | | |
| Strategic Executives' Remuneration | | | | | | (145) | | | |
| Stock Option | | | | | | | | | |
| CC & Soci | | | | | | (86) | | | |
| Other Related Parties | | (561) | - | - | - | (743) | - | - | - |
| Total Group Companies and other Related Parties | | (888) | - | 116 | 2,557 | (1,095) | - | 11 | 3,102 |

| BALANCE SHEET VALUES | | 31 december 2023 | | | | | | | | |
|--|---|------------------|-------------------|-----------------------|----------------|---------------------------------------|---------------------------------------|-----------------------|---------------------------|----------------------|
| EUR 000 | | Note | Trade Receivables | Financial receivables | Trade payables | Financial payables (within 12 months) | Financial payables (beyond 12 months) | Payables to personnel | Other Current Liabilities | Stock Option Reserve |
| Tiscali International BV | 1 | | | 1,604 | | | (1,604) | | | |
| Tiscali Italia S.p.A. | 1 | | 2,557 | | (387) | | (26,263) | | | |
| Totale imprese del Gruppo | | | 2,557 | 1,604 | (387) | - | (27,867) | - | - | - |
| Receivables from the sale of Istella | | | | 11 | | | | | | |
| Board of Directors' Remuneration | | | | | | | | | (145) | |
| Strategic Executives' Remuneration | | | | | | | | | | |
| Stock Option | | | | | | | | | | |
| CC & Soci | | | | | | | | | (475) | |
| Other Related Parties | | | - | 11 | - | - | - | - | (620) | - |
| Total Group Companies and other Related Parties | | | 2,557 | 1,616 | (387) | - | (27,868) | - | (620) | - |

| BALANCE SHEET VALUES | | 31 dicembre 2022 | | | | | | | | |
|--|---|------------------|-------------------|-----------------------|----------------|---------------------------------------|---------------------------------------|-----------------------|---------------------------|----------------------|
| EUR 000 | | Note | Trade Receivables | Financial receivables | Trade payables | Financial payables (within 12 months) | Financial payables (beyond 12 months) | Payables to personnel | Other Current Liabilities | Stock Option Reserve |
| Tiscali International BV | 1 | | - | 1,605 | - | - | (1,605) | | | |
| Tiscali Italia S.p.A. | 1 | | 5,954 | - | (358) | - | (52,254) | | | |
| Total Group Companies | | | 5,954 | 1,605 | (358) | - | (53,859) | - | - | - |
| Board of Directors' Remuneration | | | | 11 | | | | | (129) | |
| Strategic Executives' Remuneration | | | | | | | | | | |
| Stock Option | | | | | | | | | | |
| Stock Option | | | | | | | | | (2,347) | - |
| Other Related Parties | | | - | 11 | - | - | - | - | (2,476) | 0 |
| Total Group Companies and other Related Parties | | | 5,954 | 1,616 | (358) | 0 | (53,859) | 0 | (2,476) | 0 |

Litigation, contingent liabilities and commitments

There were no litigations or contingent liabilities outstanding at the date of this Financial Report as at 31

Annual Financial Report as of 31 December 2023

December 2023.

For further information on the Group's disputes, contingent liabilities and commitments, please refer to Section 4.10 *Litigation, contingent liabilities and commitments*.

Remuneration of Directors, Statutory Auditors and Executives with Strategic Responsibility

Pursuant to Article No. 78 of the implementing regulation of the Law Decree no. 58/1998, issued by CONSOB under Resolution no. 11971/99, the fees paid to Directors and Statutory Auditors follow.

Board of Directors

| Name and Surname | Position | Term of Office | Remuneration for the Position | Remuneration for the committees | Non-monetary benefits | Other forms of Remuneration | Total EUR |
|---------------------------|----------|--|-------------------------------|---------------------------------|-----------------------|-----------------------------|----------------|
| Board of Directors | | | | | | | |
| Renato Soru | Chairman | In office from 16 May 2022 to 21 February 2024 | 300,000 | - | 5,950 | - | 305,950 |
| Davide Rota | CEO | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 100,000 | - | - | - | 100,000 |
| Alberto Trondoli | Director | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 2,083 | - | - | - | 2,083 |
| Serena Maria Torielli | Director | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 25,000 | 15,000 | - | - | 40,000 |
| Maurizia Squinzi Pero | Director | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 26,000 | 15,600 | - | - | 41,600 |
| Sarà Testino Galatino | Director | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 25,000 | 10,000 | - | - | 35,000 |
| Cristiana Procopio | Director | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 2,083 | - | - | - | 2,083 |
| Andrew Theodore Holt | Director | In office from 26 April 2023 to the approval of the financial statements as of 31 Dec 2024 | 17,014 | - | - | - | 17,014 |
| Jeffrey Robert Libshutz | Director | In office from 26 April 2023 to the approval of the financial statements as of 31 Dec 2024 | 17,014 | - | - | - | 17,014 |
| Totale | | | 514,194 | 40,600 | 5,950 | - | 560,744 |

Board of Auditors

| Name and Surname | Position | Term of Office | Remuneration for the Position | Non-monetary benefits | Other forms of Remuneration | Total EUR |
|-------------------------------------|----------------------------|--|-------------------------------|-----------------------|-----------------------------|----------------|
| Statutory Auditors | | | | | | |
| Riccardo Francesco Rodolfo Zingales | Chairman | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 46,800 | - | - | 46,800 |
| Gaetano Rebecchini | Standing Statutory Auditor | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 36,400 | - | - | 36,400 |
| Rita Casu | Standing Statutory Auditor | In office from 16 May 2022 to the approval of the financial statements as of 31 Dec 2024 | 36,400 | - | - | 36,400 |
| Totale | | | | | | 119,600 |

It should also be noted that the total value of the cost incurred in 2023 for the remuneration of key management personnel amounts to approximately EUR 0.1 million.

Annex – Information pursuant to Article no. 149-duodecies of the CONSOB Issuers' Regulation

The following table, prepared pursuant to Article no. 149-duodecies of the CONSOB Issuers' Regulations, shows the fees for the financial year 2023 for audit and non-audit services rendered by the independent Auditing Firm.

Annual Financial Report as of 31 December 2023

| Type of service | Service provider | Service Recipient | Fees |
|-------------------------------|--------------------------|-------------------|------------|
| <i>(EUR 000)</i> | | | |
| Statutory audit (*) | Deloitte & Touche S.p.A. | Parent Company | 384 |
| Certification required by law | Deloitte & Touche S.p.A. | Parent Company | 45 |
| Other professional services | Deloitte & Touche S.p.A. | Parent Company | - |
| | | | 429 |

() Audit fees include the supervisory fee.*

Proposed allocation of the annual result

Dear Shareholders,

the financial statements as of 31 December 2023 that we submit for your approval closed with a negative result of EUR 244,035.32.

We propose that you approve the financial statements for the year, consisting of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Shareholders' Equity, Statement of Cash Flows and these Notes to the Financial Statements as prepared, and to decide on the allocation of the loss for the year in the context of the proposed voluntary reduction of the share capital pursuant to Article no. 2445-2446 of the Italian Civil Code, as set forth in the sixth item on the agenda of the Extraordinary Shareholders' Meeting called for 17 June 2024.

Cagliari, 7 May 2024

The Chief Executive Officer



Davide Rota

**The Officer in charge of Preparing
the Company's Accounting Documents**



Fabio Bartoloni

Financial Statements certification in compliance with Article No. 81-ter of the CONSOB Regulation no. 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned, Davide Rota in his capacity of Chief Executive Officer, and Fabio Bartoloni, in his capacity of the Officer in charge of Preparing the Company's Accounting Documents of Tessellis 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 formation of the Financial Statements in FY 2023.

Tessellis 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 Organizations 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 financial statements as of 31 December 2023:

- Are consistent with the results of accounting books and entries;
- 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 suitable for providing a true and fair view of the equity, economic and financial situation of the issuer.

Finally, we certify that the Parent Company's Management Report, presented together with the Consolidated Management Report in a single document, includes a reliable analysis of the performance and result of operations, as well as the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

Cagliari, 7 May 2024

The Chief Executive Officer



Davide Rota

**The Officer in charge of Preparing
the Company's Accounting Documents**



Fabio Bartoloni

8 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 ADSL 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. |

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| 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 clients | SoHos, small medium and large businesses. |
| Consumer clients | 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. |
| Digitale | 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. |

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| <i>Optic Fibre</i> | 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. |
| <i>GigaEthernet</i> | 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. |
| <i>Home Network</i> | 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. |
| <i>Hosting</i> | Service that consists of allocating on a web server the pages of a website, thus making it accessible from the internet network |
| <i>Incumbent</i> | Former monopoly operator active in the telecommunications field. |
| <i>IP</i> | Acronym for Internet Protocol, a protocol for interconnecting networks (Inter-Networking Protocol), created for interconnecting ungrouped networks by technology, services and handling. |
| <i>IPTV</i> | Acronym for Internet Protocol Television, a technology suited for using the IP transport technology to carry television content in digital form, using internet connections. |
| <i>IRU</i> | 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. |
| <i>ISDN</i> | 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 |
| <i>Internet Service Provider or ISP</i> | Company that provides Internet access to single users or organizations. |
| <i>Leased lines</i> | Lines whose transmission capacity is made available through leasing contracts for the transmission capacity. |

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| 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 (MDFMain 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. |

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| 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 recorded 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. |

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|---|---|
| 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 centre. |
| Server | Computer component that provides services to other components (typically client calls) via a network |
| Set-top-box or 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 voce | 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. |
| Unbundling del local loop or ULL | 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. |

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| VAS | <p>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 valueadded services provided over a network, from terminals or specialist centres 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.</p> |
| VISP | <p>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.</p> |
| VoIP | <p>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.</p> |
| VPN | <p>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.</p> |
| Virtual Local Loop Unbundling or VLLU | <p>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.</p> |

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|-------------------------|---|
| <i>xDSL</i> | 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. |
| <i>WI-FI</i> | Service for connection to the internet at high speed wirelessly. |
| <i>Wi-Max</i> | 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. |
| <i>Wholesale</i> | Services of re-sale of access services to third parties. |
| <i>WLR</i> | Acronym for Wholesale Line Rental, the resale by a telecommunications operator of the service of lines leased from the incumbent. |

