Tiscali Group
Annual Financial Report
as at 31 December 2021

The Board of Directors of Tiscali S.p.A. authorized the publication of this document on 5 April 2022. This document is available online on www.tiscali.com.

Tiscali S.p.A.

Registered office in Cagliari, Sa Illetta, SS195 Km 2.3

Share capital EUR 63,655,159.37

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

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1 Consolidated Summary Data

Income statement	2021	2020
(EUR mln)		
Revenue	144.2	144.0
Adjusted Gross Operating Result (EBITDA)	28.0	29.1
Operating Result (EBIT)	(15.7)	(14.3)
Net Result	(20.6)	(22.2)
Statement of financial position	**31 December 2021**	**31 December 2020**
(EUR mln)		
Total assets	143.2	151.4
Net Financial Debt	88.0	92.1
Net Financial Debt as per Consob	100.5	101.0
Shareholders’ equity	(81.6)	(73.0)
Investments	36.0	35.9
Operating figures	**31 December 2021**	**31 December 2020**
(thousands)		
Total number of Clients	642.6	672.7
Broadband Fixed	350.5	376.7
of which Fiber	281.3	223.2
Broadband Wireless	33.3	39.9
of which LTE	33.3	39.9
Mobile	258.8	256.2

2 Alternative Performance Indicators

In this Management Report, in addition to the traditional indicators established by the IFRS, an alternative performance indicator has been introduced (EBITDA) used by the Management of the Tiscali Group to monitor and assess its operating trend. This indicator, present also in previous financial reports (annual reports and interim financial reports), whose method of determination has not changed as compared to the past, must not be deemed a replacement for the traditional indicators established by the IFRS; in particular, since the EBITDA composition is not regulated by the accounting principles of reference, the determining criteria applied by the Tiscali Group may not be the same as the one adopted by others and, consequently, it may not be comparable.

In line with CONSOB communications on the subject, the criteria used for the construction of the Tiscali Group's EBITDA indicator are provided below. In particular, EBITDA is constructed as indicated below:

EBITDA CONSTRUCTION TABLE

(EUR 000)		
Result before taxes	**(20,343)**	**(22,127)**
+ Financial Expenses	7,535	7,964
- Financial Income	(3,249)	(440)
+ Result on Investments at equity method	365	285
Operating income	**(15,693)**	**(14,318)**
+ Restructuring costs	606	2,142
+ Depreciation and Amortization	43,043	41,324
Gross Operating Result (EBITDA)	**27,957**	**29,147**

3 Administration and Control Bodies

Board of Directors

The Board of Directors has been appointed by the Shareholders' Meeting held on 27 June 2019, and it is in office until the date of approval of the financial statements at 31 December 2021:

Chairman: Alberto Trondoli (#)
CEO: Renato Soru (#)

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

(*) Independent Auditors
(#) The Chairman is the legal representative of the Company; the Chief Executive Officer has powers of ordinary and extraordinary administration to be exercised severally or jointly in accordance with the powers granted by the Board of Directors on 27 June 2019.
(1) Audit and Risk Committee
(2) Nominations and Remunerations Committee
(3) Committee for Related Party Transactions
(4) Appointed by the Shareholders' Meeting of 24 June 2021.

Board of Auditors

The Board of Auditors has been appointed by the Shareholders' Meeting held on 24 June 2021, and it is in office until the date of approval of the Financial Statements at 31 December 2023:

Chairman:	Riccardo Zingales
Statutory Auditors:	Gaetano Rebecchini
	Rita Casu

Officer in charge of Preparing the Company's Accounting Documents:

Silvia Marchesoli

The Officer in Charge of Preparing the Company's Accounting Documents has been appointed by the Board of Directors on 28 July 2021, and is in office until the date of approval of the Financial Statements at 31 December 2021.

Auditing Company:

Deloitte & Touche S.p.A.

The Auditing firm has been appointed by the Shareholders' Meeting on 30 May 2017, for a period of nine years, from the Fiscal Year 2017 to the Fiscal Year 2025.

Management Report

4 Management Report

The Tiscali Group made use of the right to introduce the Management Report of the Parent Company and the consolidated management report in a single document, by highlighting, where appropriate, the relevant matters for the companies included in the consolidation.

4.1 Tiscali's Market Positioning

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

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

The value of the Italian telecommunications services market in 2020, including Fixed and Mobile services, was approximately EUR 28.63 billion[1]. The effects of the pandemic crisis also reverberated in the telecommunications sector, which showed a 4.8% drop in total resources. The contraction was most marked in the mobile network (-5.9%) with EUR 13.03 billion compared to EUR 13.85 billion in 2019, while the fixed network showed smaller reductions (-3.8%) with EUR 15.6 billion compared to EUR 16.22 billion in 2019.

Fixed Broadband Market Evolution

The Broadband and Ultra Broadband fixed market, the main market covered by Tiscali, in September 2021 (source: Italian Communications Authority – AGCOM, last available update), reached in Italy 18.52 million units, an increase of approximately 3.7 % year-on-year.

This increase is still driven by Ultra Broadband accesses (developed on FTTH, FTTC and Fixed Wireless Access technologies) which in September 2021 reached about 14.08 million units, with a 18.4% growth year-on-year, and represent 76% of the total. In the same period, the traditional DLS component has significantly decreased by 1.52 million units (-25.6%). The trend of technological change from DSL offers to Ultra Broadband offers, accelerated by the COVID-19 emergency, is therefore continuing.

[1] Source: Annual Report on Activities and Work Programmes, AGCOM 2021.

Tiscali's market share stands at 2.2% on an annual basis. Market leader TIM is at 42.2%, followed by Vodafone (16.5%), Fastweb (14.9%) and Wind Tre (14.1%); they were followed by Linkem (3.5%) and Eolo (3.1%).

The evolution of the market by technology shows in the Ultra Broadband area a growth in FTTH accesses of 51.2% with a total of 2.44 million accesses, a growth in FTTC accesses of 12.7% with 9.95 million and growth in Fixed Wireless Access of 16.6% with 1.68 million total accesses.

In the FTTH segment, which has the highest growth rate, in September 2021 Tiscali's market share stood at 5%.

The potential of the FTTH market is attracting new operators pursuing a convergence strategy. After the entry of SKY in June 2020, it was the turn of Poste Italiane in May 2021. The operator Linkem launched its FTTH Fibre service in late 2021 under the *Just Speed* brand, while Iliad launched its *Fibra* offering in 2022.

Mobile Market

The mobile services market in September 2021 (source: AGCOM) shows an increase in the total number of lines of 1.688 million units year-on-year: 105.8 million sims in September 2021 compared to 104.2 million in September 2020, of which 27.9 million units are "M2M" (Machine To Machine) sims accounting for 26.37% of the total, with growth of 1.54 million year-on-year, and 78 million are "human" sims that carry "voice only" and "voice+data" traffic and are slightly up year-on-year (147 thousand units).

With reference to overall sims, Tim is the market leader with a market share of 28.8%, followed by Vodafone with 28.5% and Wind Tre with 24.8%, while Iliad represents 7.7% of the market. Considering only the "human" sim segment, i.e. excluding M2Ms, Iliad reaches 10.5% and gains 1.7 percentage points year-on-year, while Wind Tre, despite a share decreasing by 1.4 percentage points year-on-year, remains the main operator with 26.8%, followed by Tim with 25.7% and Vodafone with 23.3%.

Tiscali operates in the MVNO market, which has around 10.79 million SIM cards (10.2% of the total and 13.83% of the human market). The MVNO market leader is Poste Mobile with a 42% share, accounting for 4.3% of the total mobile market and 5.7% of total sim human.

In the mobile market, Tiscali recorded growth in its customer portfolio, which stood at around 259 thousand units at 31 December 2021, a 1% increase compared to 31 December 2020 (256 thousand units with an MVNO market share of 2.4%).

Total data traffic in the market, as of September 2021, continues to grow: +28.1% year-on-year. Sims with data traffic reached 72.2% of total human traffic with consumption of 12.29 GB/month (+29.3% year-on-year) driven by the consolidated use of video, streaming and on-demand applications.

Tiscali's mobile offering is available in 7,792 Italian municipalities (TIM network), representing 99% of national coverage, the most extensive in Italy.

Online Advertising Market

The national online advertising market grew by 17.6% in 2021 compared to 2020, to a value of EUR 524 million.

Looking at the details by type of access device, it can be seen that, after the first two months of the year still lagging behind 2020, since March all devices show double-digit month-on-month growth. This leads to +17.3% for Desktops/Tablets and +18.2% for Smartphones in 2021. Entering into the details of the use of advertising content, growth continues this year through "App" (+44.1%), even if the use in "Browsing" mode also grows in double figures (+16%), which remains in absolute value the most important use (486 million). In 2021, a positive trend can be seen for several product sectors, demonstrating that digital media is now an indispensable part of companies' media mix. In particular, the growth sectors are: Apparel, Home, Distribution, Beverages, Professional Services and Personal Goods[2].

Internet penetration among the population continues to grow in 2021 by +8.2% on the average day from all devices (37.1 million Italians over the age of 2), if only smartphones are taken into account, the growth compared to 2020 is +12.8% (33.7 million Italians aged between 18 and 74[3]).
In 2021, the portal continued to develop activities relating to transactional services. Tiscali Shopping increased the number of merchants subscribing to the platform (around 200) with a significant expansion of the product catalogue, and recorded an average audience of 800,000 page views/month.

Additionally, Tiscali Tagliacosti – launched in May 2021 – allowed the company, in partnership with CloudCare, to enter the online comparator market. Tagliacosti has significantly expanded the services it offers: it allows visitors to compare the best offers on energy (electricity and gas), to compare third-party motor liability policies of leading insurance companies, and to find the most advantageous offers for long-term car rental. In the latter part of 2021, real estate services were also added and it is now possible to obtain a free valuation of a property for sale in just a few minutes. Tagliacosti has an average audience of 50,000 visits/month.

4.2 Regulatory Framework

The following summarises the main regulatory actions taken during 2021.

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[2] Source: Osservatorio FCP (Advertising Dealers Federation) – Assointernet December 2021

[3] Fonte: Audiweb December 2021

Electronic communications services on fixed networks

The regulatory instruments adopted in the course of 2021 were aimed in particular at guiding the infrastructure markets towards increasingly competitive outcomes and, at the same time, at stimulating investments in new very high bandwidth networks, the so-called VHCN (Very High Capacity Networks) in line with the strategic objectives of the Authority:

- ✓ With Resolution No. 637/20/CONS, AGCOM initiated the preliminary proceedings relating to the Fifth round of coordinated analysis of the markets for fixed network access services and, at the same time, put out for public consultation the TIM’s project for voluntary legal unbundling of the fixed access network notified to the Authority on 2 September 2020. The main players in the sector, including Tiscali, took part in the public consultation, and their contributions – published in July 2021 with Resolution No. 253/21/CONS – will be incorporated by the Authority for the purposes of preparing the draft measure on the basis of which it will decide, depending on the updated competitive environment, whether to maintain or update the current regulatory obligations. The measure is expected by 15 March 2021, unless further extended.
- ✓ With Resolution No. 110/21/CONS, the Authority initiated the preliminary investigation procedure and, at the same time, put out for consultation the commitment proposal submitted by TIM concerning co-investment in very high-capacity networks (in accordance with the procedure provided for in the new European Electronic Communications Code – Article No. 76). The proposal provides for the construction of a new VHC network in fibre to end-users' premises, or to the base station, by means of co-ownership or long-term risk sharing through co-financing or structural purchase agreements. Following the preliminary procedure, the Authority assessed the co-investment project proposed by TIM as compliant in principle with the above-mentioned European legislation on the subject and, with a view to ensuring the maximum participation of stakeholders, decided to launch a second public consultation, pursuant to Resolution No. 1/22/CONS, on 11 January 2022, on the regulatory treatment of the new VHC network object of the co-investment offer.
- ✓ Again with the aim of promoting pro-competitive market developments and fostering the deployment of ultra-wideband networks, the Authority carried out numerous regulatory activities during the year, including the following:
    - The conclusion of the procedure concerning the definition of the minimum take-up level of Ultra Broadband access services provided over very high-capacity networks, set by Resolution No. 12/21/CONS at 15% by June 2021. If achieved, this target will allow TIM to flexibly price its VULA wholesale fibre access service in contestable municipalities;

  - Activities related to the TIM copper access network decommissioning plan, which provides for the closure of over 6,000 local exchanges: in addition to approving the switch-off of TIM’s first 62 exchanges (Resolution No. 34/21/CONS), the Authority has also begun consultation on the procedures for implementing TIM's decommissioning plan (Resolution No. 99/21/CONS).

- ✓ With reference to the fixed-network interconnection markets, the identification and analysis procedure (Fourth Round), initiated in 2019 with Resolution No. 151/21/CONS, is still open, whereby the Authority proposed to remove the regulation in charge of TIM in the collection market and to notify as SMP 26 operators providing fixed-network termination services.

TIM Reference Offers

In June 2021, the Authority initiated the preliminary proceedings and public consultations concerning the approval for 2021 of the TIM Reference Offers relating respectively to ULL, SLU, colocation and WLR (Resolution No. 72/21/CIR), Bistream copper and NGA (Resolution No. 80/21/CIR) and Vula (Resolution No. 79/21/CIR).

In the first two Offers, TIM has introduced, as part of the one-off contributions for ULL and SLU activation on a non-active line (LNA), a cost component relating to the Contact Policy of EUR 2.15, in addition to the previous costs; similarly, in the Offer relating to VULA, TIM is proposing a 6.5% increase in the activation contribution for VULA FFTC LNA. Tiscali, in its contribution to the consultation, contested both proposals; it is necessary to wait for final approval by AGCOM to know whether the increases will be confirmed or modified by the Authority.

Supervision of electronic communications services, numbering and universal service

The management of numbering resources is governed, in terms of principles and tools, by the National Numbering Plan (PNN, governed by Resolution No. 8/15/CIR and subsequent amendments and additions) In this context, the most important measures were *i.* Resolution No. 85/21/CIR updating the PNN on the use of 455-code numbers for recurring donations; *ii.* Resolution No. 86/21/CIR introducing measures aimed at increasing security in cases of SIM replacement (so-called SIM swap) as part of the mobile number portability procedure; *iii.* Resolution No. 103/21/CIR by which the Authority introduced changes in relation to the timeframes and processes connected with the transfer of numbering to another operator. A technical roundtable is currently underway between AGCOM and the operators concerned for the definition of the implementation methods of the new discipline. In the matter of Universal Service, AGCOM, by Resolution No. 18/21/CIR, published in March 2021, had identified a new criterion for apportioning the burden relating to the obligation to supply for the years

1999-2009, determining the imposition of a new contribution on Tiscali.
However, in view of the appeals filed by a number of Operators, by way of precautionary petition, the MISE deemed it appropriate to suspend the collection of the universal service financing quotas until the conclusion of the proceedings.

Measures for disabled consumers

In October 2021, with Resolution No. 29021/CONS, AGCOM published new regulations on facilities for disabled consumers. In particular, the Authority provided for the extension of the scope of beneficiaries to a new category of disabled users and the adoption of further measures on transparency, customer care and substitute services, with the aim of ensuring disabled consumers equivalent access to electronic communication services.

Voucher plan for the Ultra Broadband connection

The Connectivity Voucher Plan is a measure initiated by the Ministry of Economic Development to promote and incentivise the deployment of Ultra Broadband connectivity services in all areas of the country.
The plan was implemented in two phases:

- Phase 1, started on 9 November 2020, concerned citizens with an ISEE (Indicator of the Equivalised Economic Situation) of less than EUR 20,000 and provided a grant of up to EUR 500 for the purchase of ultra-wideband connectivity services and a tablet or PC.

Tiscali was among the first operators to make the voucher offer available from the outset, offering the bundle of connectivity in FTTC and FTTH technology and a tablet, both for new customers and for its customer base still in Broadband technology. Phase 1 of the voucher plan for low-income households was closed on 24 November 2021. A new measure for households also aimed at higher incomes and only for the connectivity part is expected for 2022, but no further details are known at present.

Phase 2, which started on 1 March 2022, is intended for micro, small and medium-sized enterprises, which will be able to apply for a single voucher whose amount will vary from a minimum of EUR 300 to a maximum of EUR 2,000. The MiSE has earmarked EUR 609 million for this measure. The Plan for businesses will last until the allocated resources are exhausted, and in any case no later than 24 months from the start of the intervention by Infratel, which is expected in early 2022.

4.3 Tiscali's Shares

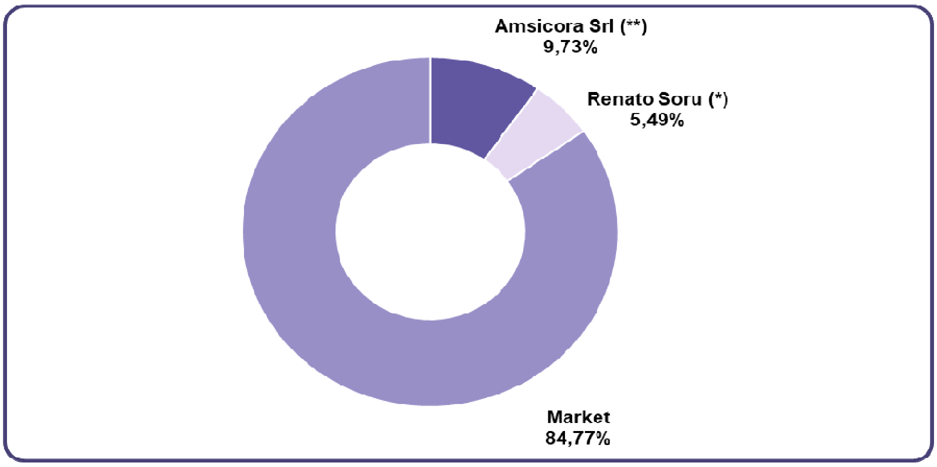
Tiscali's shares have been listed on the Italian Stock Exchange (Milan: TIS) since October 1999. As at 31 December 2021, market capitalization amounted to EUR 100,080,751 – calculated on the value of

EUR 0.01740 per share out of a total of 5,751,767,311 shares. At the date of approval by the Directors of this annual report as at 31 December 2021, the value per share amounted to EUR 0.0125, with a market capitalization of EUR 79,696,584 million (for a number of shares on the same date of 6,375,726,753).

Shares Structure:

The shares structure as at 31 December 2021 follows.

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



Source: Tiscali

(*)Directly for 4.61% and indirectly through the subsidiaries Monteverdi S.r.l. (0.31%) and Cuccureddus S.r.l. (0.58%)

(**)of which 7.01% held directly, and 2.72% granted in the form of a securities loan to Nice&Green SA

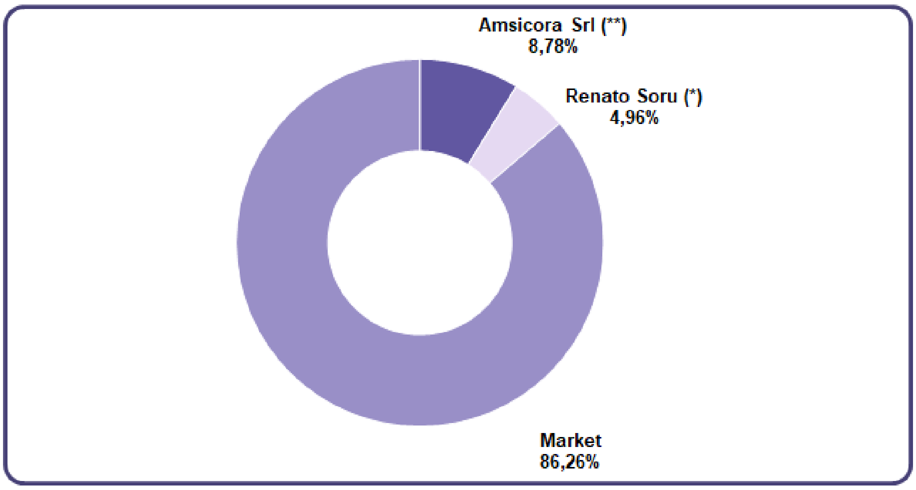
New Group Shareholding structure as of 16 March 2022

Following the share capital increases on 7 January 2022 and 16 March 2022, amounting to EUR 6 million and EUR 3 million respectively and relating to the fifth, sixth and seventh tranches of the bond loan subscribed by Nice & Green, the Issuer's share capital changed as follows:

SHARES STRUCTURE - starting from March 16th 2022		
	No. of shares	**Impact on share capital**
Ordinary shares	6,375,726,753	100%

The following is the current shares structure of Tiscali, as of 16 March 2022:

Fig. 2 Shares Structure: % ordinary share capital and of voting rights – as of 16 March 2022:



Source: Tiscali

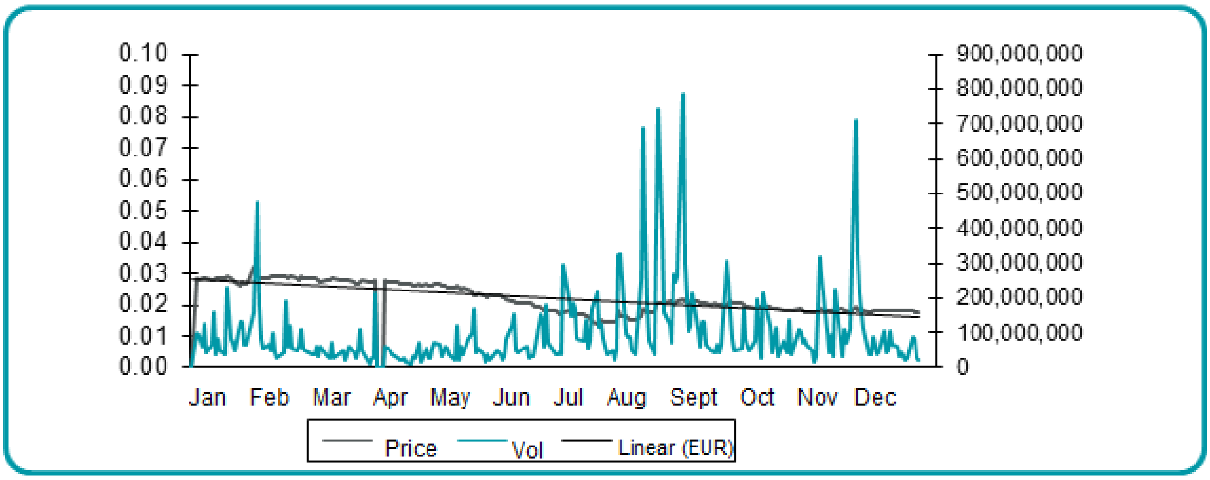
(*)Directly for 4.16% and indirectly through the subsidiaries Monteverdi S.r.l. (0.28%) and Cuccureddus S.r.l. (0.52%)

(**)of which 7.76% held directly, and 1.02% granted in the form of a securities loan to Nice&Green SA

Tiscali's Shares Trend

The graph below illustrates the performance of the Tiscali's shares during the year 2021, characterised by sustained trading volumes, particularly in February, August and November.

Fig. 2 – Shares trend during the FY 2021



Source: Bloomberg data processing

The average monthly price in the FY 2021 was EUR 0.022. The maximum price in the period was of EUR 0.0319 and it was recorded on 1 February 2021, while the minimum price of EUR 0.0142 was recorded on 19 July 2021.

Trading volumes settled on a daily average of approximately 99.1 million shares for a corresponding daily average value of EUR 2.2 million.

Average trading of Tiscali shares on the Italian Stock Exchange during the FY 2021		
	Price (EUR)	**Number of shares**
January	0.028	88,610,235
February	0.029	100,485,892
March	0.028	43,127,333
April	0.027	45,877,121
May	0.024	54,849,830
June	0.020	69,359,841
July	0.016	135,412,436
August	0.019	261,065,481
September	0.020	109,806,077
October	0.019	87,699,276
November	0.018	139,899,288
December	0.018	53,250,349
Average	**0.022**	**99,120,263**

Tiscali's total market capitalization, which for the FY 2021 amounted to EUR 119.9 million (calculated on the average annual value per share of 0.0222 out of an average annual number of shares of 5.406.496.447), compares with net equity of the parent company of EUR 64.6 million (with a consolidated equity deficit of EUR 81.6 million). The difference between average stock market capitalization and the value of consolidated equity, amounting to EUR 201.5 million, is representative of the Group's future profitability prospects, incorporated in the cash flows resulting from the business plan approved on 17 September 2021 and covering the 2021-2024 period (hereinafter referred to as the "2021-2024 Business Plan").
Market capitalization as at 31 December 2021 amounted to EUR 100 million, while as at the date of this report it amounts to EUR 79.7 million.

4.4 Main activities carried out and results achieved during the FY 2021

In terms of strategy, during 2021 Tiscali focused on the development of the Fibre market, whose coverage on the national territory is constantly expanding.

The agreements signed with major wholesale operators over the last three years currently allow Tiscali to be the Italian telecommunications operator with the largest Ultra Broadband coverage available.

Tiscali, pursuing its mission to offer equal and free access to digital life for all, was among the first operators to choose to bring FTTH services with capacity up to 1Gbps to the homes of Italians living in the so-called *extended digital divide* areas, adhering to Open Fiber's offer for areas C and D of the country, with coverage increasing from 866 Municipalities at the end of 2020 to 1,600 in December 2021 (equal to around 9 million households covered), an 84.76% increase.

The commercial agreement with TIM finalised in November 2020, in addition to allowing a rationalisation of the network, led to a gradual increase in Ultra Broadband coverage through access to the Bitstream NGA network. By the end of 2021, thanks to the completion of access to the Bitstream NGA network, Tiscali will be able to provide fibre services to approximately 28 million households and businesses: in mixed copper fibre technology to approximately 19 million households and businesses and in FTTH technology to approximately 9 million households and businesses.

Thanks to the increase in FTTH coverage, as at 30 September 2021 Tiscali has a 5% market share in this technology.

In addition, the Company has expanded its FWA service offering, thanks to wholesale agreements with Eolo and Linkem. In particular, the partnership agreement with Linkem (entered into in July 2019) for the resale of FWA service became fully operational in June 2021. With the launch of the FWA service up to 100Mb on Linkem's network (with speeds in line with the offer proposed by Tiscali on the Fastweb network), Tiscali, starting from the second half of 2021, can offer Ultra Broadband connectivity to approximately 17 million households and businesses.

Thanks to the actions described above and the marketing actions focused on Fibre offers, Ultra Broadband customers (Fibre FTTH up to 1 Giga and FTTC up to 200 and 100 Mbps, Fixed Wireless up to 100 Mbps) in December 2021 recorded an overall growth of 26.1% compared to the previous year (281,000 units as at 31 December 2021 compared to 223,000 units as at 31 December 2020).

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

Furthermore, in July 2021 Tiscali received from Ookla, a world leader in mobile and broadband network intelligence and in the testing of related applications and technologies, the award as the fastest fixed network operator in Italy in 2021 (based on Speedtest Intelligence Ookla in the first half of 2021). This is an important acknowledgement of the performance of Tiscali's services, obtained precisely at a time when the market is most demanding in terms of quality and reliability, partly as a result of the new way of enjoying football content via streaming services. This award was also conferred for the second half of 2021, confirming the Company's constant commitment to the quality of its services.

In relation to the "Connectivity Voucher Plan", the measure promoted by the Ministry of Economic Development to promote the diffusion of Ultra Broadband connectivity services throughout the Country with the objective of overcoming the *digital divide* and in support of the population with geographic and income limitations, Tiscali promptly adhered to it as from November 2020, concluding Phase 1 of the measure in November 2021. In the final months of 2021, the MiSE announced that Phase 2 of the Plan had been confirmed, reserving it for businesses. This initiative is designed for VAT numbers and Public Medium Enterprises (SMEs) registered with the REA, which do not exceed 250 employees and which want to activate an Ultra Broadband connectivity service >30Mbit/s that improves on any service already active on its premises. The financial contribution under this measure ranges from EUR 300 to EUR 2,500, depending on the type of connectivity chosen. This measure became operational as of 1 March 2022 and Tiscali is already working to make a set of voucher offers available for new customers and the customer base.

In 2021, thanks to the renewed MVNO agreements with TIM, mobile service performance was increased with the maximum speed levels attainable by 4G technology and with offers that allow it to compete even with low-cost operators (70-100 GB). Mobile customers increased slightly by 1% from 256 thousand units as at 31 December 2020 to 259 thousand units as at 31 December 2021.

In 2021, Tiscali started to relaunch its business services, which are characterised by higher margins compared to the connectivity and telephony services described above.

In this perspective, in April 2021, with the aim of increasing the offer of Cloud and Cyber Security services for its customers, Tiscali signed a multi-year agreement with ReeVo S.p.A.

ReeVo is an Italian provider listed on the AIM Italia market, with a specialisation exceeding 15 years in the provision of a complete range of Cloud, Hybrid Cloud, Multi Cloud and Cybersecurity services.

The agreement provides for a partnership between ReeVo and Tiscali for the provision of Cloud, Hybrid Cloud and Cybersecurity services to business customers and Local Public Administrations, as well as the use of the Cagliari Data Centre for the provision of its services by ReeVo.

Tiscali will have the opportunity to increase the offer of Cloud and Cyber Security services for its customers, with a very short time to market and high flexibility, innovating its offer thanks to ReeVo's expertise. Tiscali and ReeVo will be able to provide specialist support for the migration and management of services for Tiscali customers, through a team of specialised technicians.

In the area of services for the Public Administration, in November 2021, Tiscali signed a protocol agreement with ALI – Autonomie Locali, an association of local authorities, and Leganet, ALI’s service company, aimed at promoting specialised consulting activities and support services for the digital transition among local public authorities (Municipalities and aggregations of Municipalities).

The agreement will allow Tiscali to offer AgID-qualified IaaS, PaaS and SaaS services, as well as fibre connectivity in dedicated point-to-point mode (or so-called “shared gpon”), using the infrastructure available to Tiscali. The collaboration between Tiscali, ALI and Leganet will make it possible to capitalise on the important investments envisaged in the National Recovery and Resilience Plan (PNRR), specifically in the Mission of “Digitisation, Innovation and Security in the Public Administration”.

The Tiscali.it portal recorded significant growth in 2021 in average monthly traffic, with over 227 million page views and approximately 9.3 million unique browsers, continuing the strategy of enhancing the portal as a vehicle for e-commerce.
With regard to communication activities in the year 2021, performance campaigns on the web and sponsorship activities in the sports sector continued for the 2020/2021 season, with Cagliari Calcio of the Italian Serie A league (as Back Jersey Sponsor and, from the 2021/2022 season, as Second Sponsor) and as Premium Sponsor of AS Roma, as well as main provider of connectivity services of the Giallorossi {AS Roma} Club, also with the proposition of ad hoc offers on both fibre services and the creation of customised SIM cards for fans. The sponsorship with Dinamo Basket was renewed and strengthened as the team’s Gold Sponsor for the 2021-2022 season.

In December 2021, Tiscali and SIDI (Swiss Institute for Disruptive Innovation), a Swiss organisation that identifies, studies and explores opportunities and risks associated with innovations for businesses, institutions and public administrations, renewed and expanded their publishing partnership. As part of the collaboration, which focuses on content related to all-round innovation issues, Tiscali has joined “The Greenest” project, promoted by SIDI, by purchasing a plot of no less than 25,000 trees planted in Madagascar, thus creating its own corporate forest.

Furthermore, in 2021, Tiscali continued to implement the commercial agreements with TIM signed in November 2020. A series of operational and commercial agreements have been signed aimed at rationalising the Tiscali network, which will make it possible to reduce investments in network infrastructure, cut connection and traffic management costs, and accelerate the fibre migration process, resulting in improved quality of service and lower churn rates.

Strengthening the Group's capital and financial structure & new 2021-2024 Business Plan

During 2021, Tiscali implemented a number of agreements aimed at strengthening the Company's capital structure, and at the same time prepared the new 2021-2024 Business Plan.
This process was articulated in subsequent steps, represented below:

a) *Agreement with Nice & Green SA to issue a Mandatory Convertible Bond*

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

As of 31 December 2021, Tiscali has issued 6 tranches of EUR 3 million each, on 26 May 2021, 10 June 2021, 26 July 2021, 7 September 2021, 14 December 2021 and 30 December 2021 respectively, the first 4 of which were converted into Tiscali shares on 31 December 2021, on 31 May 2021, 7 July 2021, 30 July 2021 and 24 September 2021 respectively. The fifth and sixth tranches were both converted on 7 January 2022. It should also be noted that on 25 January 2022, the last tranche of EUR 3 million was also subscribed and converted into Tiscali shares on 16 March 2022.

In the transaction, Tiscali was advised by CC&Soci S.r.l. for the financial profiles and by Chiomenti for the legal profiles, while Nice&Green was assisted by Nctm.

b) *New 2021 – 2024 Business Plan and Senior Loan Amendment Agreements*

In 2021, Tiscali started a negotiation process with the lending banks Intesa San Paolo and Banco BPM aimed at obtaining a rescheduling of the Senior Loan repayment plan, and an extension of the final instalment due date from 2024 to 2026.
At the same time, Tiscali updated its Business Plan, extending the projection of the previous Business

Plan by one year, updating the assumptions on the basis of the changed economic and financial context and on the basis of the results obtained from the actions undertaken during 2021 (hereinafter referred to as the “2021-2024 Business Plan”).

The assumptions to reshape the repayment plan of the Senior Loan (hereinafter also referred to as the “New Financial Manoeuvre”) were incorporated in the 2021-2024 Business Plan, and contributed to the definition of a consistent and profitable management of the cash flows at the service of the business over the period of the plan.

In June-July 2021, the 2021-2024 Business Plan, including the New Financial Manoeuvre, was subjected to an Independent Business Review by EY as independent expert. The EY report, which expressed a positive opinion on the reasonableness of the assumptions underlying the plan itself, was issued on 19 July 2021.

In August-September 2021, the same Plan was subjected to asseveration procedure pursuant to Article No. 67, Paragraph 3, Letter D of the Bankruptcy Law. The asseveration was carried out by an independent expert (Giovanni Naccarato).

The negotiation of the New Financial Manoeuvre was completed on 7 October 2021, with the signing of the “Senior Loan Amendment Agreements” with Intesa San Paolo and Banco BPM (see next paragraph for further details). At the same time, the asseveration on the Business Plan was issued on 7 October 2021.

The 2021-2024 Business Plan

On 17 September 2021, the Board of Directors approved the 2021-2024 Business Plan, including the New Financial Manoeuvre negotiated with the Lending Banks.

Further consolidating the approach, already adopted in previous years, aimed at the development and rationalisation of the Group with a view to a Smart Telco, the approved Plan pursues the implementation of corporate strategies according to precise guidelines aimed at:

- Achievement of balance sheet profit in 2023;
- B2C: focus on converged Fibre – 4G Mobile offers with margin increase and upselling of new value-added services;
- B2B: strengthening sales channels and proposing new offers in line with digital transformation and inclusive of Iaas and Saas cloud services, also thanks to the opportunities offered by the PNRR;
- Enhancement of customer base thanks to the acceleration of fibre migration with consequent improvement in service quality and reduction in churn rate, also supported by the improvement of the service mix and the growth of evolved digital caring;
- Repositioning of the brand on digital services, strengthening sales on digital channels and

new sales network in the physical channel;

- Portal: new e-commerce services sales strategy and launch of Tiscali Tagliacosti;
- Minimisation of non-customer related investments and further reduction of network costs thanks to the agreement signed with Tim on fixed and MVNO .

From a financial point of view, the Plan includes:

- The New Financial Manoeuvre provided for in the Amendment Agreements signed on 7 October 2021 (whose details are described in the following paragraph);
- The issue of the POC (and consequent capital increase) for EUR 21 million;
- Other cash effects arising from the allocation/utilisation of tax credits under the Bonus Sud and Industria 4.0 regulations, and commercial financing arising from the agreements with OpenFiber and TIM.

Rescheduling of Senior Debt Financing Agreements

On 7 October 2021, the Tiscali Group entered into a rescheduling agreement (hereinafter also referred to as the “Senior Loan Amendment Agreements” or the “Amendment Agreements”) with Intesa San Paolo and Banco BPM relating to the Group’s medium- and long-term senior debt, with a nominal value of EUR 75.9 million at the date of the Agreements, as well as the loan with Banca Intesa (formerly CR Umbria) with a nominal value of EUR 3.5 million.

The Amendment Agreements provided for amendments to the agreements signed in March 2019, and in particular the rescheduling of the repayment schedules, extending their maturity date from 2024 to 2026.

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

- Repayment Plan defined as follows:
  - Two-year *grace period* (2021 and 2022) on the capital due;
  - Repayment of EUR 5.75 million in 2023 in two equal six-monthly instalments (March and September);
  - Repayment of EUR 13.75 million in 2024 in two equal six-monthly instalments (March and September);
  - Repayment of EUR 17 million in 2025 in two equal six-monthly instalments (March and September);
  - Repayment of the remaining debt of EUR 39.4 million on 31 March 2026.

- Interest rate unchanged from the March 2019 Agreements;
- Redefinition or elimination of certain contractual covenants to realign them to the changed

Group performance assumptions included in the 2021-2024 Business Plan;

- Modification of certain contractual clauses:
    - Business acquisitions. The price limit for business acquisitions has been extended, from EUR 2.5 million (provided for in the March 2019 Agreements) to EUR 10 million. In addition, the business being acquired may be different but complementary to Tiscali's (whereas in the previous Agreements the business had to be identical or similar to Tiscali's);
    - Debt limit. The collateral debt limit was increased with respect to senior debt. In particular, the indebtedness related to leasing agreements for data centres was extended to EUR 10 million (in the previous version of the Agreements the limit was EUR 3.5 million) and the limit related to indebtedness towards telco operators was extended from EUR 10 million to EUR 20 million.

The implementation of the New Financial Manoeuvre, also considering the underwriting of the POC and the possibility of underwriting a further EUR 21 million with respect to what had already been underwritten as of the date of publication of this report, will allow the Company to raise resources to meet its short/medium-term liquidity needs, allowing for a profitable management of cash flows at the service of the business over the course of the plan (for more details on the new agreements with the Lending Banks, please refer to Note 25).

Integration project between the Tiscali Group and the retail branch of the Linkem Group

During the 2021 financial year, Tiscali worked on the implementation of an industrial integration transaction through a merger by incorporation of Linkem Retail S.r.l. (hereinafter referred to as the "**Transaction**"). Linkem Retail is a company incorporated in 2021 to which the business unit related to the retail business was contributed by the parent company Linkem Spa.

On 30 December 2021, the Boards of Directors of Tiscali S.p.A. and Linkem Retail S.r.l. approved the plan for the merger by incorporation of Linkem Retail S.r.l. into Tiscali S.p.A..

The purpose of the Merger deed is to integrate in a single corporate and commercial reality the Tiscali Group and the retail branch of the Linkem Group in order to develop synergies, consolidate and strengthen the market position, as a result of which, Tiscali will be the fifth operator in the fixed market and the first in the segment of Ultra Broadband accesses in FWA+FTTH technologies – the most innovative and promising – with an overall market share equal to 19.4% (Source data: AGCOM), strategically positioned to exploit the potential of FTTH and 5G FWA technologies.

The aim of the Transaction is to exploit the market and development opportunities associated with the implementation of PNRR through the offer of fixed, mobile, 5G, cloud and smart city services dedicated to households, businesses and public administrations.

Also on 30 December 2021, Linkem has conferred to Linkem Retail, the branch of business related to Linkem Group's commercial activities, it being understood that the effectiveness of the transfer will take place immediately before the completion of the Merger and in substantial concomitance with it. In particular, the Linkem's going concern object of transfer includes: all the existing relationships with retail, consumer and business customers, the staff employed for the management of the aforesaid relationships, some shareholdings that carry out similar activities, the existing contracts with authorized resellers, as well as the service and retail sale contracts.

Moreover, in order to bring back all retail activities to the same corporate level, it is expected that – immediately after the completion of the Merger and in substantial concomitance with it – the Linkem branch of business will be subject to contribution, by Tiscali, in favour of the operating company Tiscali Italia S.p.A. (100% controlled by Tiscali).

Terms and Conditions of the Merger

First of all, it should be noted that the Board of Directors of Tiscali resolved to propose to the Shareholders' Meeting a proposal to merge the Tiscali shares according to a 1:100 ratio (hereinafter referred to as the "Post-Merger Shares").

The Merger project has been prepared on the basis of the Half-Year Financial Report as at 30 June 2021 for the acquiring company (Tiscali), and a balance sheet as at 30 November 2021 for the company acquired (Linkem Retail). The Boards of Directors of Tiscali and Linkem Retail, after having examined and endorsed the assessments of their respective advisors, approved the exchange ratio, based on the number of shares currently outstanding, equal to no. 5.0975 Tiscali Post-Merger Shares for every Euro 1.00 of Linkem Retail share capital held by Linkem. As a result of the Merger, Linkem will become the owner of a 62% stake in Tiscali's share capital. In addition, an adjustment mechanism has been provided for to compensate for the conversion of tranches 5, 6 and 7 of the POC which took place in 2022, whereby Linkem will also hold 62% of the Company following the issue of the new shares to service this conversion.

In addition to the legal conditions, the Transaction is conditional on the fulfilment, by 31 July 2022, of a series of conditions precedent, including certain standard conditions for transactions of this type, such as, by way of example, obtaining the relevant authorisations, including any antitrust and Golden Power authorisations, the completion of the necessary trade union procedures, the non-occurrence of a material adverse event under the Merger Deed, the admission to listing of the newly issued Tiscali shares, as well as, in particular, the following:

- The approval of the Merger by the Extraordinary Shareholders' Meeting of Tiscali with the so-called *whitewash mechanism* pursuant to Article No. 49, Paragraph 1, Letter g), of the CONSOB Regulation n. 11971/99 (i.e. the "Issuers' Regulation") with the consequent absence of any obligation to make a public tender offer on the shares of the company resulting from the Merger and the approval of the Merger by the Extraordinary Shareholders' Meeting of Linkem Retail;

- The obtainment of consents from the respective financial counterparts with which financing contracts and/or bond loans and/or rescheduling agreements are in place, which provide for the consent with respect to extraordinary reorganisation operations;

- The completion of the mutual legal, tax and accounting/financial due diligence initiated by Tiscali's and Linkem's advisors on 22 November 2021, with a satisfactory outcome in the reasonable opinion of a professional investor;

- The full issue and conversion of the first 7 tranches of bonds foreseen by the bond loan subscribed by Tiscali and reserved to Nice&Green S.A;

- The elaboration, drafting and approval by Tiscali's Board of Directors of a business plan whose terms and conditions have been previously approved also by Linkem's Board of Directors;

- The procurement by Tiscali of the financial resources (in the form of equity or quasi-equity) necessary to fully cover the financial requirements set out in the business plan for at least the 12 months following the effective date of the Merger;

- The signature of a Service Agreement – and the related approval of its terms and conditions by Tiscali's Related Party Committee – between Linkem and Linkem Retail concerning the provision of network services;

- The signature of a Guarantee and Indemnity Agreement on market terms and conditions.

At the current stage of the process, the effective date of the merger is estimated to be 1 July 2022.

Right of Withdrawal

In consideration of the fact that the corporate purpose of the acquiring company is consistent in terms of sector and range of activities with that of the company acquired, no right of withdrawal pursuant to

Article No. 2437 of the Italian Civil Code will apply to the shareholders of the companies participating in the Merger who did not take part in the relevant Shareholders' Meeting resolutions, nor will there be any further grounds for withdrawal pursuant to that provision and/or other provisions of law.

Tiscali’s Shares Structure as a result of the Merger

Based on Tiscali’s share capital at today’s date, and therefore not considering further potential capital increases deriving from the issuance of new tranches of the POC compared to what has already occurred at the date of publication of this report, at the effective date of the Merger: *(i)* Linkem will hold a participation equal to 62% of Tiscali’s share capital, *(ii)* Amsicora S.r.l. will hold a participation equal to approximately 3.7% of Tiscali’s share capital (of which approximately 2.67% held directly and the remaining 1.03% on loan to Nice&Green S.A.), *(iii)* Renato Soru will hold a participation equal to approximately 2.09% of Tiscali’s share capital. Furthermore, Linkem, Amsicora S.r.l. and Renato Soru have signed a Shareholders’ Agreement in order to regulate the mutual commitments in the context of the Merger in relation, principally, to certain lock-up and voting commitments of Amsicora and Soru as well as to the governance of the Issuer after the completion of the Merger. Notice of this Shareholders’ Agreement will be given in accordance with regulatory and legal terms and procedures.

Timing of the Transaction

We highlight the key dates and activities of the Merger process, which began in December 2021, and will end with the effective date of the Merger itself, which is expected to be 1 July 2022.

3 December 2021 – Following a joint petition filed with the Court of Cagliari on 3 December 2021, Deloitte&Touche S.p.A. was appointed as independent expert for the preparation of the report on the fairness of the exchange ratio pursuant to Article No. 2501-*sexies* of the Italian Civil Code.

30 December 2021 – on 30 December 2021, the Boards of Directors of Tiscali S.p.A. and Linkem Retail S.r.l. – a company wholly owned by Linkem S.p.A. – approved the Merger project for the incorporation of Linkem Retail S.r.l. into Tiscali S.p.A. As part of the operation, a Merger Deed between Tiscali S.p.A., Linkem S.p.A. and Linkem Retail S.r.l., and a Shareholders’ Agreement between Amsicora, Renato Soru and Linkem S.p.A. was signed on that date. The Board of Directors also approved the grouping of Tiscali S.p.A. shares (as described above) and the draft of the Service Agreement between Linkem and Linkem Retail, which regulates the terms and conditions for the provision of network services.

At the beginning of March, in view of the Extraordinary Shareholders’ Meeting of Tiscali called to approve the Merger, Linkem Retail mandated Georgeson to launch a proxy solicitation pursuant to Article No. 135 *et sequitur* of the Issuers’ Regulation.

25 March 2022 – Deloitte & Touche S.p.A. issued its Report on the fairness of the Exchange Ratio.

5 April 2022 – On this date, in addition to the approval by the Board of Directors of Tiscali S.p.A. of this Draft Financial Statements 2021, the integrative Agreement of the Shareholders' Agreements between Amsicora, Renato Soru and Linkem S.p.A. is definitively signed.

11 April 2022 – On that date, the Information Document pursuant to Article No. 70 of the Issuers' Regulations (RE) is expected to be published, in order to provide Tiscali shareholders with the necessary information on the Merger, as a significant transaction pursuant to Annex No. 38 of the same Issuers' Regulations.

22 April 2022 – Preliminary approval of the terms of the combined Tiscali post-merger business plan (subject to the approval of the Merger and the signing of the service contract) by the Board of Directors of Tiscali and the Board of Directors of Linkem

After 22 April, discussions will begin with the financing institutions to obtain their consent to the Merger Deed and to renegotiate certain terms of the contracts (the set of covenants) with a view to enabling the transaction

26 April 2022 – That date has the following schedule:

- The Shareholders' Meeting of Linkem Retail s.r.l. called to approve the Merger project;

- The Extraordinary Shareholders' Meeting of Tiscali S.p.A. called to approve the Merger project (and the consequent capital increase to service the Merger), as well as the regrouping of the Tiscali shares, the issuance of the New POC and the related capital increase to service the same;

- The Tiscali Italia Shareholders' Meeting called to approve the contribution of the business unit.

27 April 2022 – On that date, the formal filing of the Prospectus, integrated with the financial data as at 31 December 2021 and with the information related to the Post-Merger Business Plan, is expected;

16 May 2022 – On that date, the Ordinary Shareholders' Meeting of Tiscali is scheduled and called to approve the Financial Statements as at 31 December 2021 and to appoint the Board of Directors;

27 May 2022 – On this date, the approval of the terms and conditions of the Services Agreement by Tiscali's Related Parties Committee is expected.

Thereafter, once the period of opposition to the merger by the Company's creditors has ended, the union consultations have been completed and consent to the merger transaction has been obtained from the Lenders, the following is expected:

27 June 2022 – On that date the Board of Directors of Linkem and Tiscali will definitively approve the post-merger Business Plan (assuming that the Banks' requests are met);

By 30 June 2022, Tiscali and Linkem will verify that all the conditions precedent provided for in the Merger Agreement are met (or waived)

30 June 2022 – On that date, the Merger Deed is expected to be executed.

The Merger will become effective on 1 July 2022. On that date, *(i)* the contribution of Linkem's business unit to Linkem Retail, *(ii)* the Merger and *(iii)* the contribution of the business unit to Tiscali Italia will become effective at the same time.

Subsequently, the newly issued shares will be admitted to listing on the Euronext Milan market.

Consultants in the Transaction

In relation to the transaction Tiscali is assisted by: CC & Soci, as financial advisor; Equita SIM S.p.A., which issued a fairness opinion on the fairness from a financial point of view of the exchange ratio; BDO, which performed the accounting due diligence; and the law firm Chiomenti for legal and tax profiles. Linkem S.p.A. and Linkem Retail are assisted by Banca Akros S.p.A. as financial advisor, which issued a fairness opinion on the fairness from a financial point of view of the exchange ratio; Studio Spada Partners for fiscal and accounting due diligence; and Gianni & Origoni law firm for legal profiles.

Research and Development

No research and development activities were carried out in 2021, which resulted in the capitalisation of personnel costs and consultancy services.

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

4.5.1 Economic situation of the Group

Consolidated Income Statement	**2021**	**2020**
(EUR mln)		
Revenue	144.2	144.0
Other income	12.1	10.8
Purchase of external materials and services	105.2	100.5
Personnel costs	17.6	18.8
Other operating expense (income)	0.5	0.3
Write-downs accounts receivable from customers	5.0	6.2
Gross Operating Result (EBITDA)	**28.0**	**29.1**
Restructuring costs	0.6	2.1
Depreciations & amortizations	43.0	41.3
Operating result (EBIT)	**(15.7)**	**(14.3)**
Result from the investments evaluated at equity method	(0.4)	(0.3)
Financial Income	3.2	0.4
Financial Expenses	7.5	8.0
Income (loss) before tax	**(20.3)**	**(22.1)**
Taxation	0.3	0.1
Net result from operating activities (ongoing)	**(20.6)**	**(22.2)**
Result from held for sale and discontinued operations	0.0	0.0
Net result for the period	(20.6)	(22.2)
Minority interests	0.0	0.0
Group Net Result	**(20.6)**	**(22.2)**

Profit and Loss Statement of the Group	**2021**	**2020**
(EUR mln)		
Revenue	**144.2**	**144.0**
Access Broadband revenues	109.8	114.4
of which fixed Broadband	101.2	104.4
of which Broadband FWA	8.5	10.0
Revenues from MVNO	**15.7**	**15.2**
Business service revenues and Wholesale	**12.1**	**7.1**
of which business service	5.4	4.9
of which Wholesale	6.6	2.2
Media and value-added service revenues	**3.2**	**2.5**
Other revenues	**3.5**	**4.8**
Gross operating margin	**51.2**	**53.9**
Indirect operating costs	**29.8**	**29.1**
Marketing and sales	3.3	2.7
Personnel costs	17.6	18.8
Other indirect costs	8.9	7.6
Other (income) / expenses	**(11.6)**	**(10.5)**
Write-down of receivables	**5.0**	**6.2**
Gross Operating Result (EBITDA)	**28.0**	**29.1**
Restructuring costs	0.6	2.1
Depreciations & amortizations	43.0	41.3
Operating result (EBIT)	**(15.7)**	**(14.3)**
Net Result pertaining to the Group	**(20.6)**	**(22.2)**

In the comments below, Non-Recurring Items have been used to refer to accounting effects of a non-ordinary nature pursuant to CONSOB Resolution No. 15519 of 27 July 2006 (the "Non-Recurring Items'". Details of these items are provided in the Explanatory Notes in the section "Non-Recurring Transactions".

Income trend for the period

The gross operating result (EBITDA) for the year was EUR 28 million compared to EUR 29.1 million in 2020.
This negative change of EUR 1.1 million can be broken down as follows:

- An improvement, net of Non-Recurring Items, of EUR 3.9 million (17.4%);
- A lower positive impact of Non-Recurring Items in the financial year 2021 of Euro 5.1 million (impact on EBITDA in 2021 of positive Euro 1.8 million, compared to positive Euro 6.8 million in 2020).

The Operating Result (EBIT), net of Provisions, Write-Downs and Restructuring Costs, was negative EUR 15.7 million, worsening compared to the 2020 figure of negative EUR 14.3 million. The decrease of EUR 1.4 million is the result of the combined effect of:

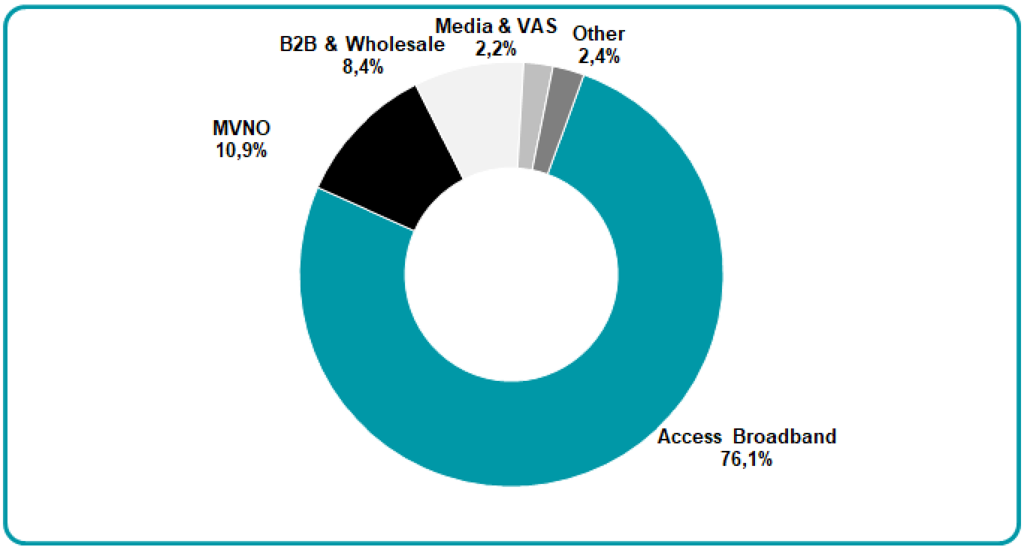
- An improvement in EBIT net of Non-Recurring Items of EUR 1.4 million.

The Group's net loss amounted to EUR 20.6 million, compared to a negative EUR 22.2 million in 2020. The EUR 1.6 million improvement for the period resulted from the combined effect of:

- an improvement in the net result, net of Non-recurring Items, of EUR 1.2 million
- a greater positive impact of Non-Recurring Items in the year 2021 in the amount of EUR 0.5 million (due to the presence of Non-Recurring Items with an impact on the net result in 2021 of a positive EUR 5 million, compared to a positive EUR 4.6 million in 2020).

Revenues by Business Areas

Breakdown of revenues by business line and access mode



Source: Tiscali

<u>Broadband Access</u>

This segment generated revenue in 2021 of EUR 109.8 million (EUR 101.2 million from "Fixed Access" and EUR 8.5 million from "Fixed Wireless Access"), a decrease of 4% compared to the 2020 figure (EUR 114.4 million).

The change is attributable to the following elements:

- BroadBand Fixed decrease of EUR 3.2 million (-3%), attributable to the decrease in the number of customers (from 377 thousand in 2020 to 351 thousand in 2021). The number of Fibre customers increased significantly in 2021 (+26.1%), from about 223 thousand units as of 31 December 2020 to about 281 thousand units as of 31 December 2021;

- Broadband Fixed Wireless revenues decreased by about EUR 1.4 million compared to 2020, due to the decrease in the customer portfolio (from about 40 thousand units at 31 December 2020 to about 33 thousand units at 31 December 2021).

Evolution of the customer base (lines)

Active Customer Base (/000)		**31/12/2021**	**31/12/2020**
Total Broadband Fixed		350,542	376,690
	o/w Fiber	281,340	223,186
Total Broadband Wireless		33,277	39,886
	o/w LTE	33,277	39,886
Mobile (6 months in-out)		258,819	256,161
Total Customers		**642,638**	**672,737**

MVNO

Mobile revenues of EUR 15.7 million as at 31 December 2021 showed an increase of 3.1% compared to the 2020 figure of EUR 15.2 million.

The customer base shows a growth of 1% compared to 2020, from approximately 256 thousand units as of 31 December 2020 to approximately 259 thousand units as of 31 December 2021. In terms of average number/month over the period, the increase in customers is 2.8% (average customers in 2021 are approximately 257 thousand units compared to approximately 250 thousand units average customers in 2020).

Business Services and Wholesale

Revenues from Business Services (VPN services, housing, hosting, domains and leased lines) and from Wholesale of network infrastructure and services (IRU, resale of voice traffic) to other operators (which exclude those related to access and/or voice products aimed at the same customer segment already included in the respective business lines) amounted to EUR 12.1 million in 2021, up 69.3% from EUR 7.1 million in 2020.

Media

As at 31 December 2021, revenues from the Media segment (mainly related to the sale of advertising space) amounted to approximately EUR 3.2 million and increased by EUR 0.7 million compared to the 2020 figure (EUR 2.5 million) thanks to the growth in advertising sales and revenues generated by the launch of new transactional services (Tiscali Shopping and Tiscali Tagliacosti).

Other Revenues

Other Revenues amounted to approximately EUR 3.5 million in 2021, down EUR 1.3 million from the equivalent figure for 2020 (EUR 4.8 million).

Indirect Operating Costs in 2021 amounted to EUR 29.8 million, in line with the figure recognised in 2020 (EUR 29.1 million).

Indirect Operating Costs included:

- marketing costs: amounting to approximately EUR 3.3 million, up by EUR 0.6 million compared to the 2020 figure of EUR 2.7 million;
- personnel costs: amounting to EUR 17.6 million (12.2% of revenues), down compared to 2020 (EUR 18.8 million, accounting for 13% of revenues), due to the reduction in the workforce following a Redundancy Incentive Plan prepared by the Company and included in the 2021-2024 Business Plan (from 480 FTE as at 31 December 2020 to 464 FTE as at 31 December 2021) and the use of social shock absorbers in the management of the COVID-19 pandemic;
- other indirect costs: amounting to about EUR 8.9 million and up by EUR 1.3 million compared to 2020 (EUR 7.6 million).

Other (income)/expenses

Other Income (net of other expenses), amounting to EUR 11.6 million, includes the accrued portion of tax credits on investments under the "Bonus Sud" and Industria 4.0 Regulations for a total amount of EUR 2.5 million. This item also includes net proceeds from transactions on debt positions for about

EUR 9.1 million, of which EUR 3.7 million for the write-off of payables to public entities.

<u>Other Items</u>

The Provision for Bad Debts amounted to EUR 5 million in 2021, compared to EUR 6.2 million in 2020. The ratio of this item to revenue decreased from 4.3% as at 31 December 2020 to 3.5% as at 31 December 2021.

Depreciation and Amortisation for the period amounted to EUR 43 million, up EUR 1.7 million from EUR 41.3 million in 2020.

In 2021, Provisions for Restructuring Charges amounted to EUR 0.6 million compared to EUR 2.1 million recognised in 2020, and mainly included provisions of EUR 0.3 million for corporate restructuring charges related to the exit of certain executives and employees, provision for tax penalties and interest of EUR 0, 3 million, provision of EUR 0.4 million for Telecom penalties as a result of the lower number of technical sites terminated with respect to what was provided for in the contract, provision for other charges of EUR 0.4 million, releases of prior provisions for litigation, for closure of cases, of about EUR 0.8 million.

The Operating Result (EBIT), net of Provisions, Write-Downs and Restructuring Costs, is a negative EUR 15.7 million, compared to the 2020 figure of a negative EUR 14.3 million. The 2021 figure, as shown above, is impacted by Non-Recurring Items of EUR 1.8 million, while in 2020 Non-Recurring Items amounted to a positive EUR 4.6 million.

Net Financial Expenses amounted to EUR 7.5 million, compared to EUR 8 million in 2020.

Financial Income amounted to EUR 3.2 million and related to discounting income related to the extension of the Senior Loan repayment schedule from 2024 to 2026 under the Senior Loan Modification Agreements signed on 7 October 2021.

In 2020, Financial Income of EUR 0.4 million was related to the release of the value of the put option resulting from the conversion of the bond realised in 2020.

4.5.2 Equity and Financial Position of the Group

Consolidated Statement of Equity and Liabilities	31 December 2021	31 December 2020
(EUR mln)		
Non-current assets	106.8	114.0
Current assets	36.5	37.4
Total Assets	**143.2**	**151.4**
Net equity of the Group	(81.6)	(73.0)
Total net equity	**(81.6)**	**(73.0)**
Non-current liabilities	108.6	38.6
Current liabilities	116.3	185.8
Total Net equity and Liabilities	**143.2**	**151.4**

Assets

Non-Current Assets

Non-Current Assets as at 31 December 2021 amounted to EUR 106.8 million (EUR 114 million as at 31 December 2020) and included property, plant and equipment and intangible assets, rights of use and customer acquisition costs totalling EUR 102.3 million (a decrease of EUR 7.2 million compared to 31 December 2020) and financial assets (including equity-accounted investees) totalling EUR 4.5 million, in line with the figure recorded as at 31 December 2020 (EUR 4.5 million).

The EUR 7.2 million decrease in fixed assets can be broken down into the following macro factors:

- investments of EUR 36 million, including EUR 15.7 million in customer acquisition and service activation costs and EUR 20.3 million for network infrastructure and equipment;
- depreciation and amortisation for the period of EUR 43 million;
- disposals of EUR 0.5 million;
- positive adjustments of prior-year items of EUR 0.3 million.

Current Assets

Current assets as at 31 December 2021 amounted to EUR 36.5 million (EUR 37.4 million as at 31 December 2020) and mainly include:

- trade Receivables of EUR 8.8 million, compared to EUR 9.6 million as at 31 December 2020;
- cash and cash equivalents of EUR 11.6 million (EUR 4.4 million as at 31 December 2020);
- other current receivables and sundry assets of EUR 15.9 million (EUR 22.9 million as at 31 December 2020). This item includes *(i)* Tax credits allocated on investments in relation to the "Bonus Sud" and Industria 4.0 Regulations for EUR 8.5 million – the portion of the credits pertaining to the FY 2021, recognised under Other Income, is EUR 2.5 million; *(ii)* Receivables from Infratel for voucher contributions in the amount of EUR 2.5 million; *(iii)* Prepaid expenses related to the deferral of service costs in the amount of EUR 2.4 million; *(iv)* Receivables from tax authorities for VAT in the amount of EUR 1.4 million; *(v)* Other receivables from tax authorities and social security institutions in the amount of EUR 0.4 million; and *(vi)* Other receivables and advances to suppliers for the remaining amount of EUR 0.7 million.

Shareholders' Equity

Consolidated Shareholders' Equity was a negative EUR 81.6 million as at 31 December 2021, compared to EUR 73 million as at 31 December 2020.

The change is attributable to the following factors:

- Loss for the period of EUR 20.6 million;
- Increase due to the conversion of the four tranches of the bond loan subscribed by Nice & Green SA for a total of EUR 12 million;
- Decrease of about EUR 39 thousand for charges connected to the conversion of the POC tranches;
- Decrease in the reserve for employee benefits for EUR 37 thousand resulting from the IAS19 calculation.

Liabilities

Non-Current Liabilities

Non-current liabilities as at 31 December 2021 amounted to EUR 108.6 million, compared to EUR 38.6 million as at 31 December 2020. The increase of EUR 70 million is attributable to:

- an increase of EUR 64.7 million for the items related to financial indebtedness (for which reference should be made to the section on “Financial Position of the Group” below);
- an increase of EUR 6.7 million in Other Non-Current Liabilities, of which EUR 5.3 million related to the deferral of the medium-/long-term portion of the tax credits of EUR 8.5 million recognised as current assets (see the “Current Assets” description);
- a decrease in the reserve for severance indemnities of EUR 0.1 million;
- a decrease in the provision for risks and charges for EUR 1.3 million.

Current Liabilities

Current Liabilities amounted to EUR 116.3 million compared to EUR 185.8 million as at 31 December 2020.

The decrease of EUR 69.5 million compared to 31 December 2020 is determined by: *(i)* A decrease of EUR 67.7 million attributable to the reclassification of the long-term portion of the Senior Loan (for which reference should be made to the paragraph below Financial Situation of the Group); *(ii)* An increase of EUR 6 million for payables related to the convertible bond loan subscribed by Nice & Green SA, and related to the fifth and sixth tranches of shares subscribed and not yet converted at 31 December 2021; *(iii)* An increase of EUR 10.4 million in trade payables; *(iv)* An increase of EUR 0.1 million in tax payables; *(v)* A reduction of EUR 18.3 million in other current liabilities.

The EUR 18.4 million decrease in Other Current Liabilities is the combined effect of: *(i)* A decrease of EUR 1.9 million in Deferred Income related to the deferral of the long-term portion of tax credits for EUR 8.5 million recognised under Current Assets (see description under “Current assets”); *(ii)* A decrease in Other Deferred Income for EUR 3 million; *(iii)* A decrease in Payables to tax authorities and social security institutions for EUR 10.2 million (mainly attributable to the decrease in VAT payables for EUR 5 million due to payments made during the year by the Company); *(iv)* A decrease in Payables to public entities for EUR 3.7 million; and *(vi)* An increase in Other short-term payables for EUR 0.4 million.

As at 31 December 2021, Net Trade Payables past due (net of payment plans agreed with suppliers, accounts receivable and in dispute with the same suppliers) amounted to EUR 21.4 million (of which

EUR 2.8 million past due by more than 12 months). At the same date, Overdue Financial Payables, consisting of finance leases (net of credit positions) amounted to approximately EUR 0.4 million.
Tax Payables past due amount to about EUR 5.3 million (of which EUR 5 million past due by more than 12 months). Overdue social security payables amount to EUR 0.1 million.
As at 31 December 2021, payment reminders had been received in the ordinary course of business. As of that date, the main payment reminders received by the Company, following the settlement of certain positions, amounted to a total of EUR 2.7 million, of which the residual unpaid, as they are under negotiation, objection or instalment plans, amounted to EUR 1 million.

4.5.3 Financial Situation of the Group

As at 31 December 2021, the Tiscali Group had cash and cash equivalents of EUR 11.6 million (EUR 4.4 million at 31 December 2020), while net financial debt at the same date was negative EUR 88 million (EUR 92.1 million as at 31 December 2020).

As previously indicated, the Senior Loan Amendment Agreements, signed on 7 October 2021, defined an extension of the debt repayment schedule. Compared to the previous agreements of March 2019, the maturity date of the final instalment of the debt was postponed from March 2024 to March 2026. On 7 October 2021, the amortised cost of the Senior Loan was restated based on the new parameters of the Amendment Agreement. The delta between the new discounted value and the previous one, amounting to EUR 3.2 million, was recognised as discounting income in the income statement.

Net Financial Position	**Note**	**31 December 2021**	**31 December 2020**
(EUR 000)			
A. Cash and bank deposits		11.6	4.4
B. Cash equivalents			
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		***11.6***	***4.4***
E. Current financial receivables			
F. Non-current financial receivables		**0.7**	**0.8**
G. Current bank payables		2.1	1.5
H. Current portion of bonds issued	(1)	6.0	0.0
I. Current part of long-term loans	(2)	0.2	68.4
J. Other current financial payables	(3)	8.8	8.9
K. Current financial indebtedness (G) + (H) + (I) + (J)		***17.1***	***78.8***

L. Net current financial indebtedness *(K)-(D)-(E)-(F)*		**4.7**	**73.6**
M. Non-current bank loans	(4)	70.2	3.5
N. Bonds issued			
O. Other non-current financial payables	(5)	13.1	15.1
P. Non-current financial indebtedness *(M)+(N)+(O)*		**83.3**	**18.5**
Q. Net financial indebtedness *(L)+(P)*		**88.0**	**92.1**

Notes:

(1) The item related to the Convertible Bond refers to the issue of the fifth and sixth tranches of the POC converted into Tiscali ordinary shares on 7 January 2022;
(2) It includes the current portion of the debt to Senior Lenders in the amount of EUR 0.2 million;
(3) It includes the following: i) The short-term portion of finance lease payables related to network infrastructure investments and capitalised lease contracts in application of IFRS 16 for a total of EUR 7.8 million (including the short-term portion of the Sa Illetta lease contract in application of IFRS 16 for EUR 2.6 million); ii) Payable to Sarda Factoring for EUR 1 million
(4) It includes the long-term portion of the payable to Senior Lenders for EUR 66.7 million and other long-term bank loans for EUR 3.4 million.
(5) It includes the long-term portion of financial lease payables related to network infrastructure investments and capitalised lease contracts in application of IFRS 16 for a total of EUR 13 million (including the short-term portion of the Sa Illetta lease contract in application of IFRS 16 for EUR 9.6 million).

The table below includes security deposits under “Other liquid assets” and “Non-current financial receivables”. For the sake of completeness, we also provide below the reconciliation of the above financial indebtedness with the financial indebtedness prepared in light of CONSOB Attention Notice No. 5/21 of 29 April 2021 and reported in the Explanatory Notes.

(EUR mln)	**31 December 2021**	**31 December 2020**
Consolidated net financial debt	**88.0**	**92.1**
Non-current financial receivables	0.7	0.8
Long-term trade payables and instalment tax payables	11.7	8.1
Consolidated net financial debt prepared on the basis of CONSOB communication No. 5/21 dated 29 April 2021	**100.5**	**101.0**

It should be noted that the amount of payables to suppliers and other parties overdue by more than 12 months was EUR 7.8 million as at 31 December 2021, compared to EUR 7.2 million as at 31 December 2020. It should also be noted that the Company’s Severance Indemnity Fund amounted to EUR 2.6 million.

4.6 Events after the end of the financial year

7 January 2022 – Conversion of the fifth and sixth tranches of the "POC"

On 7 January 2022, 362,976,406 new ordinary shares, without par value, were issued pursuant to the conversion requested by Nice&Green S.A. (also referred to as "N&G"), on 30 December 2021, of the fifth and sixth tranche consisting of 60 bonds of the mandatory convertible bond reserved for N&G.

25 January 2022 – Tiscali is confirmed as Italy's fastest fixed network operator also for the second half of 2021: the prestigious award by Ookla

Tiscali, the smart Telco with the most extensive fibre coverage in Italy, has received for the second consecutive time the award as Italy's fastest fixed network operator in 2021 from Ookla®, the world leader in mobile and broadband network intelligence and related application and technology testing.

The Speedtest Awards, presented by Ookla, are reserved for a small selection of network operators that have delivered exceptional performance and internet coverage within a market.

The award, already won by Tiscali last July for the first half of 2021, was granted based on Ookla's analysis of Speedtest Intelligence® data also for the second half of 2021. Tiscali won it with a Speed Score™ of 97.77, with a maximum download speed of 459.86 Mbps and a maximum upload speed of 273.15 Mbps, outperforming the previous six months.

27 January 2022 – Issuance of the seventh tranche of the "POC"

On that date, the seventh tranche of the POC was signed with Nice & Green S.A. for EUR 3 million.

24 February 2022 – The ANTITRUST Authority accepts the commitments submitted by Tiscali in the framework of the "I850 – Fibercop Agreements" Proceeding and closes the investigation without finding an infringement

On that date, the "I850 – Fibercop Agreements" Proceeding was concluded by the Italian Antitrust Authority – AGCM, which positively assessed the commitment made jointly by Tiscali Italia S.p.A. and TIM to formally terminate the co-investment agreement signed in November 2020, based on active services and, consequently, to separate the Tiscali network rationalisation agreement, also limiting its scope in terms of lines to be activated on the TIM network. Tiscali also undertook, in case of future accession to the co-investment, to limit the amount of minimum guaranteed lines, keeping its demand contestable on the wholesale access services market. The Authority considered that the proposed remedies were capable of raising the degree of infrastructure competition and of stimulating competition on the wholesale access services market. It therefore closed the investigation against Tiscali without finding an infringement or imposing sanctions.

3 March 2022 – Tiscali joins the government's Voucher Plan for business connectivity: up to EUR 2,500 in contributions

Thanks to the Ultra Broadband Voucher Plan, promoted by the government to boost demand for business connectivity, which Tiscali joined at an early stage, micro, small and medium-sized businesses will be able to take advantage of a contribution ranging from a minimum of EUR 300 to a maximum of EUR 2,500 to equip themselves with Ultra Broadband connectivity services from 30 Mbit/s to over 1 Gbit/s provided directly by Tiscali. Tiscali's Ultrainternet Fibra Business Voucher offer is being promoted at just EUR 2.17 per month instead of EUR 29.95 per month for 18 months, thanks to the EUR 500 voucher, and will allow businesses with fewer than 250 employees and turnover in 2021 of less than EUR 50 million, recipients of the measure, to have: *(i)* Ultra-fast Fibre connection up to 1 GIGA in download and up to 300 Mega in upload, with minimum guaranteed bandwidth of 100Mbit/s, on FTTH network; *(ii)* Unlimited free calls to national landlines and mobile phones; *(iii)* Free Super Wi-Fi modem; and *(iv)* Free activation.

14 March 2022 – Tiscali changes the domain and hosting services engine: the new cloud platform goes online

On that date, Tiscali upgraded its offer in the area of domain and hosting services, activating an innovative cloud platform, managed within Tiscali's data centre in Sa Illetta. To re-engineer its Saas (Software As A Service) and Iaas (Infrastructure As A Service) services, the company has relied on the software technologies of Whmcs and Plesk, the best in the world domain and hosting market, and has also completely renewed the hardware part, making significant investments to modernise the platform with the purchase of new servers. The objective is to become a reference of excellence for freelancers and companies of any size, which can exploit all the potential offered by cloud technology to open or strengthen their presence on the web, thanks also to the user-friendliness of its platform, on which hundreds of applications of the Softaculous library are already pre-installed (including the most relevant ones for the creation of websites and blogs, such as Wordpress, Joomla, Drupal, and the most widely used for the development of e-commerce platforms, such as Magento and Prestashop).

16 March 2022 – Conversion of the seventh tranche of the "POC"

On 16 March 2022, 260,983,036 new ordinary shares, with no par value, were issued pursuant to the conversion requested by Nice&Green S.A. (also referred to as "N&G"), on 27 January 2022, of the seventh tranche consisting of 30 bonds of the convertible and converting bond reserved for N&G.

5 April 2022 – Project of Common European Interest (IPCEI)

In the broader context of the Important Projects of Common European Interest (IPCEI) on Cloud Infrastructure and Services (CIS), hereinafter also referred to as the "IPCEI Project", Tiscali Italia has had its own project "VILLANOVA – Cloud-edge continuum for AI-based public services in rural areas and peripheral regions" (hereinafter referred to as the "Villanova Project") selected by MiSE, and has today completed the match making phase with pre-notification of the documentation to the European Community.

The Villanova Project concerns a major investment in research, development and innovation and first industrial deployment for the realisation of platforms that, with the aim of helping to reduce the digital divide in rural areas, enable the intelligent processing, analysis and aggregation of data from multiple sources through innovative artificial intelligence (AI) systems and components deployed on new cloud-edge continuum infrastructures. A framework of composable applications will also be implemented to enable stakeholders (PAs, citizens, companies, research institutes) to easily create innovative cloud-native services that take full advantage of large data sets and AI-based algorithms. The development and implementation of a marketplace containing reusable open source components with modular functionalities will enable the creation of large vertical projects and services for PA. In particular, thanks to the availability of a shared cloud platform, PAs located in rural areas will be able to use the same central digital services as the central public administration and have quick access to all the data contained in a single data lake. The implementation of cloud and edge computing nodes will enable the local PA to significantly reduce service management costs, increase security and provide a better experience for citizens. The positive externalities associated with the implementation of the Villanova Project are countless and of considerable significance. Within the IPCEI Project, Tiscali has been able to activate important collaborations at national and European level with other selected companies, resulting in the exchange of best practices and the creation of important synergies at the highest level, and is set to become a partner in a major project to build the European Cloud of the future to support and protect the economic and social development of Europe.

4.7 Business Outlook

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

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

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

Risks related to the general economic situation

Tiscali’s economic, equity and financial situation is influenced by the various factors that make up the macroeconomic picture, such as changes in GDP (Gross Domestic Product), savers’ confidence in the economic system, and interest rate trends.

The COVID-19 pandemic, starting in early 2020, contributed to a progressive weakening of the economic system, coupled with a contraction of disposable income for households, reducing the general level of consumption.

However, the Telecommunications sector has not been significantly impacted, given the significant role played by the increase in demand for connectivity by households and businesses, due to the increase in activities carried out remotely and/or in smart working.

In this context, it should be noted that Tiscali, like other operators in the sector, did not suffer any significant economic or financial impact from the pandemic.

Risks associated with highly competitive markets

Tiscali operates in the highly competitive fixed and mobile telecommunications services market.
Tiscali's main competitors have a strong brand recognition continuously supported by significant investments in communication, a consolidated customer base and high financial resources allowing them to make substantial investments in particular in research aimed at developing technologies and services.
Referring to the main market in which Tiscali operates, i.e. access services in Ultra Broadband technology, the FTTH (Fiber to the Home) technology segment is the one with the highest growth rates, 51.2% year-on-year according to the latest AGCOM data updated in September 2021.
These opportunities have attracted the entry of new operators such as SKY, which – by pursuing a strategy of convergence between the content market and connectivity services – launched its fibre service in June 2020. The strategy of the convergence between fixed and mobile in this market represents a further business opportunity with a view to increasing ARPU and customer loyalty: Poste Italiane, the first operator in the MVNO (Mobile Virtual Network Operator) segment, entered the fibre market in May 2021, while Linkem launched its FTTH fibre service at the end of 2021 under the *Just Speed* brand.

Iliad launched its fibre offer on 25 January 2022 and, building on its achievements in the mobile market, focused on a fixed-mobile convergence strategy. Similarly to its previous entry into the mobile market, it has adopted a market-breaking pricing policy by proposing a fibre service in FTTH technology up to 5 Gigabit/s at EUR 15.99 per month reserved for customers who also have a mobile service, thus applying a monthly discount of as much as EUR 8 compared to the stand-alone fibre offer. Through this strategy, also in light of the entry-level offers proposed by the operator in mobile, Iliad is positioning itself as the market price leader, effectively proposing a Fibre+Mobile solution in the region of EUR 21 per month .

This is therefore a rapidly changing market where operators are pursuing strategies of convergence between fixed network, mobile and content access services. In this direction, TIM's recent exclusivity in the distribution of its streaming football offer, thanks to its partnership with content provider DAZN, has also marked a strong discontinuity.

In order to compete with the above-mentioned competitors, Tiscali's strategy continues to be focused on the provision of quality Internet access services, in particular Ultra Broadband solutions with very high capacity, on the development of the mobile market with increasingly high-performance offerings and on fixed-mobile convergent offerings.

Tiscali also recently launched the bundle offer Fibre + SmartHome service in partnership with Enel X.

This strategic collaboration aims to make the Smart Home increasingly accessible, allowing families to manage their homes remotely through a single device: the modem. Home automation also represents a market with a high growth rate and therefore an extremely interesting area of differentiation.

It should also be noted that, following the successful completion of the Merger Transaction, the new Tiscali will have a better competitive position than the current one. In fact, the merged Company will be the 5th telecommunications operator in the Italian fixed market and the first in the segment of Ultra Broadband access in FTTH and FW technologies, with an overall market share of 19.4%.

Any inability of the Company to successfully compete in the sector in which it operates with respect to its current or future competitors could negatively affect its market position, resulting in a loss of customers and negative effects on the Company's business, economic and financial position and on the short- and long-term outlook data used to assess the recoverability of assets and the value of investments in equity investments through the impairment test.

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

Tiscali's ability to attract and keep customers will continue to depend significantly on the operation of its network and information systems and, in particular, on the continuity and security of the same and of its servers, hardware and software.

Any lack of power or any interruptions in telecommunications, breaches in the security system and other similar unforeseeable negative events (such as the complete destruction of the datacentre) could cause interruptions or delays in the provision of services, with consequent negative effects on the Company's business and on its economic and financial situation and prospects. The Company has put in place all prevention measures aimed at minimising this remote risk.

Tiscali, operating in a highly complex market from a technological point of view, is exposed to a high risk inherent in IT and ICT systems. In the context of managing the risks connected to the damage and malfunctioning of these systems, on which the management of the business is based, the Company invests adequate resources aimed at monitoring all IT tools and processes. The core business systems are all highly reliable, and the datacentre, located in Cagliari, is equipped with security systems adequate to the risks faced.

Cyber Risk

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

In terms of quality of service, security of managed information, business continuity, and attention to the environment, the Company obtained ISO 14001 certification in December 2019, followed by renewal in January 2020 and December 2021. In January 2020, Tiscali obtained ISO 9001-compliant service quality and ISO 27001-compliant information security certifications, for which it had carried out the preparatory activities during 2019. The ISO 9001 certification was renewed on 23 February 2021. With a view to the continuous improvement of the services provided, the Company also obtained ISO 22301 (Business Continuity Management System) and ISO 20000-1 (IT Service Management System) certification in January 2020, for which it had carried out the preparatory activities during 2019. Both certifications were renewed on 17 March 2021. In October 2020, during the renewal of the ISO 27001 certification and with the aim of demonstrating the Provider's ability to ensure data protection, it obtained the extensions ISO 27017 (guideline defining advanced controls for both providers and customers of Cloud services) and ISO 27018 (guideline for providers of public Cloud services who want to improve the management of personal data).

In January 2022, maintenance audits were finalised for ISO 27001 and extensions 27017 and 27018, ISO 22301, ISO 20001, and ISO 9001 certifications.

With reference to this risk, it should be noted that starting in July 2021, intrusions were detected in the IT system, resulting in a cyber-attack on 29 July 2021, which mainly involved the infrastructure that provides services for Tiscali employees. The prompt reaction of the cyber security team, supported by expert consultants, allowed the malicious action to be contained before it could result in access to the infrastructure that is crucial for the provision of services to customers or to administrative and financial information. Therefore, Tiscali did not experience any interruption of operations or blackmail attempts.

With the aim of improving its IT security position, Tiscali started a consultancy with DiGi International, which, in addition to supporting Tiscali during the above-mentioned cyber-attack, conducted vulnerability assessments on the services exposed on the public network, and carried out an assessment of security management practices in IT systems and indicated some improvement actions, such as the introduction of a commercial Privileged Access Management platform and the adoption of next-generation firewalls.

As a result, Tiscali initiated corrective actions to reduce the risks identified by the vulnerability assessment, and began vendor assessments of the necessary platforms.

General Data Protection

Tiscali ensures constant monitoring of data protection issues, with reference to both Company staff and customers.

Starting from the operational model created as a result of the internal and external procedures to the GDPR, i.e. the General Data Protection Regulation, the new EU Regulation No. 2016/679 on data protection, in 2021 Tiscali extended the necessary tools to ensure GDPR compliance.

The Company's operational processes have been adapted according to the principle of *Privacy By Design*, with particular attention to the commercial, customer relationship and technological processes, adopting the methods defined by the company regulations dedicated to the application of the GDPR and implementing the directives of the Data Protection Authority.

The processing of personal data is subject to prior assessment according to the indications of the European Data Protection Board (EDPB), is the subject of a census and the relative responsibilities are assigned to the appropriate managerial level of the Company's organisation, as provided for by the Privacy Code in application of the accountability principle established by the GDPR.

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

During the second half of 2021, the following steps were taken:

- implementation of the revision and alignment of the Contractual Privacy Policy, Portal Privacy Policy and Cookie Policy;
- review and alignment of Lead collection forms;
- testing of interest balancing and definition of opt out registration system related to soft spam;

- review of my Tiscali consents.

In the context of the COVID-19 emergency, the Privacy Authority has dictated provisions and clarifications concerning the processing of employees' personal data in the work context.

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

Following the legal obligation to verify the so-called *Green Pass* for access to workplaces (as per Article No. 9-*septies* of Legislative Decree No. 52/2021 and in accordance with Article No. 13 of the Decree of the President of the Council of Ministers of 17 June 2021) Tiscali, having carried out a regular Data Protection Impact Assessment ("DPIA"), has prepared a notice pursuant to Article No. 13 of GDPR concerning the processing of personal data collected at the time of entry addressed to employees and all those who have access to company premises.

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

<u>Risks connected with technological development</u>

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

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

<u>Risks related to regulatory developments in the sector in which the Group operates</u>

As mentioned in Paragraph 4.2 *Regulatory Framework* above, the telecommunications sector in which Tiscali operates is highly regulated and governed by an extensive, stringent and articulated legislative and regulatory framework, especially as regards the granting of licences, 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 have negative effects on the Company's business and reputation and, consequently, on its economic and financial situation and industrial plan.

In particular, these changes could entail the introduction of greater burdens, both in terms of direct disbursements and in terms of additional compliance costs, as well as new liability profiles and regulatory barriers to the provision of services. Possible changes in the regulatory framework, as well as the adoption of measures by AGCOM, could also make it more difficult for Tiscali to obtain services from other operators at competitive rates or could limit access to systems and services necessary to carry out the Company's business.

Furthermore, given Tiscali's dependence on the services of other operators, the Company may not be able to promptly transpose and/or adapt to any provisions amending the current legislative and/or regulatory regime in force, with consequent negative effects on the Company's business and on its economic and financial situation and on its prospective data. Despite the situation of uncertainty indicated, at present the Company has reflected the impacts of regulatory changes foreseeable to date in its prospective data.

Risks related to high financial indebtedness

The evolution of Tiscali's financial situation depends on several factors, in particular, the achievement of the targets set out in the 2021-2024 Business Plan, the trend of the general conditions of the economy, the financial markets and the sector in which Tiscali operates.

The Directors believe that this risk is mitigated by the fact that the financial indebtedness is mainly represented by the Senior Loan, whose repayment profile, redefined with the Senior Loan Amendment Agreements with the Financial Institutions on 7 October 2021, is consistent with Tiscali's future financial plans, defined in the 2021-2024 Business Plan, approved by the Board of Directors of Tiscali S.p.A. on 17 September 2021.

The issuance and subsequent conversion into capital of the POC for EUR 21 million, provided for in the 2021-2024 Business Plan and completed with the issuance of the seventh tranche in January 2022, allowed for a further improvement in the Company's capital structure and an inflow of financial resources to serve business development.

In addition, an extension of the POC for a further EUR 21 billion will enable Tiscali in the coming months to count on financial resources in excess of those provided for in the Business Plan approved on 17 September 2021, further strengthening the Company from a financial point of view.

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

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

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

<u>Risks related to relations with suppliers</u>

Tiscali'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 would not be renewed upon expiry or would be renewed at less favourable terms and conditions than those currently in place; or *(ii)* Tiscali would not succeed in closing new contracts necessary for the development of its business; or *(iii)* there is a serious breach of contract by the Company or by the suppliers themselves, these circumstances could have an adverse effect on the Company'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, such an eventuality being considered remote with reference to the time horizon of 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.

Net trade payables past due (net of payment plans agreed with suppliers, accounts receivable and in dispute with the same suppliers) amount to EUR 21.4 million (of which EUR 2.8 million past due by more than 12 months).

As at 31 December 2021, payment reminders had been received in the ordinary course of business. As of that date, the main payment reminders received by the Company, following the settlement of certain positions, amounted to a total of EUR 2.7 million, of which the residual unpaid, as they are under negotiation, objection or instalment plans, amounted to EUR 1 million.

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

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

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

- general authorisation for the provision of the "data transmission" service: in the event of the loss of this authorisation – which in turn expires on 10 December 2027 – Tiscali would no longer be able to provide Internet access services; as things currently stand, Tiscali has all the necessary requirements for the renewal of this authorisation on its expiry, in order to obtain it, however, it will 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 case of loss of this authorisation Tiscali would no longer be able to provide voice services involving the use of geographic numbers; as things stand Tiscali has all the necessary requirements for the renewal of this authorisation on its expiry, in order to obtain which it will however be necessary to submit a new DIA (declaration on the commencement of the activities);

- general authorisation for "electronic communication networks and services", expiring on 11 January 2032: in case of loss of such authorisation Tiscali would no longer be able to set up network infrastructures and therefore provide connectivity services on proprietary infrastructures;

- general authorisation for the provision of the mobile service "advanced service provider – Enhanced Service Provider": in case of loss of this authorisation – due to expire on 31 December 2038 – Tiscali would no longer be able to provide mobile services (voice and data).

<u>Risks related to the business as an ongoing concern</u>

In this regard, reference should be made to Paragraph No 6.9 in the *Explanatory Notes to the Financial Statements.*

<u>Risk related to potential disputes and liabilities</u>

In this regard, please refer to paragraph 4.10 *Disputes, Contingent Liabilities and Commitments.*

<u>Climate Change Risk</u>

The Tiscali 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 for 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 facilities and management's assessment of the possible economic and financial impacts.

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).

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

4.9.1 Introduction and statements of conformity

The tables below have been prepared on the basis of the financial statements as at 31 December 2021, to which reference should be made. The 2021 Financial Statements represent the separate Financial Statements of the Parent Company Tiscali 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”).

The financial statements reliably represent the financial position, results of operations and cash flows of Tiscali S.p.A.

4.9.2 Economic position of the Parent Company

	2021	2020
(Thousands of EUR)		
Revenues from services and other income	4,875	3,155
Payroll and related, service and other operating costs	(3,703)	(2,624)
Other write-downs	(480)	1,023
Net financial (charges)	(899)	340
Income taxes	(94)	(258)
Net result for the period	**(301)**	**1,636**

The item *Revenues from services* mainly refer to the billing of services rendered by the Company in favour of the subsidiary Tiscali Italia Spa, including charges for the licence to use the Tiscali brand, determined as a percentage of the user Company’s turnover. The item *Other Income* includes the reversal of past debt positions for EUR 1.5 million.

Personnel costs amounted to EUR 0.4 million, *Professional fees* amounted to EUR 0.7 million, *Compensation for the Board of Directors and Board of Statutory Auditors* amounted to EUR 1.2

million, *Surcharges for late repayment* amounted to EUR 1 million, and *Other general and external service costs* amounted to EUR 0.5 million.

The item *Other write-downs* mainly includes the alignment of the *Allowance for doubtful accounts* to the value of the *Total receivable due from foreign subsidiaries* in the amount of EUR 0.2 million, *Provisions for corporate restructuring charges* in the amount of EUR 0.2 million, *Provisions for penalties and interest* on 2019 VAT credit unduly offset in the amount of EUR 0.3 million, *Releases of prior provisions against disputes*, to settle cases, in the amount of approximately EUR 0.2 million.

Net financial charges of EUR 0.9 million are represented for EUR 0.8 million by *Financial charges related to the mandatory convertible bond loan into Tiscali ordinary shares*, subscribed by Nice & Green through the exercise of 6 tranches (each composed of No. 30 bonds converted into Tiscali shares with a unit value of EUR 100,000 each), for a total amount of EUR 18,000,000; for EUR 0.1 million by *Interest on arrears for late payment of tax payables*.

4.9.3 Assets situation of the Parent Company

Consolidated Statement of Equity and Liabilities	31 December 2021	31 December 2020
(EUR 000)		
Non-current assets	257,734	250,660
Current assets	20,893	15,541
Total Assets	**278,628**	**266,201**
Net equity	64,568	52,890
Total net equity	**64,568**	**52,890**
Non-current liabilities	204,241	203,645
Current liabilities	9,818	9,666
Total Net equity and Liabilities	**278,628**	**266,201**

Assets

Non-current Assets

Non-current Assets mainly include controlling interests in the amount of EUR 130.6 million, unchanged from the figure as at 31 December 2020. This item also includes *Financial Assets* in the amount of

EUR 127.2 million (EUR 120 million as at 31 December 2020), mainly consisting of *Financial Receivables from Group companies*.

Current Assets

Current assets include *Trade Receivables* of EUR 16.6 million mainly from subsidiaries, *Tax Receivables* of EUR 3 thousand, *Other receivables and miscellaneous current assets* of approximately EUR 1.1 million and *Cash and cash equivalents* of EUR 3.2 million

Shareholders' Equity

The Shareholders' Equity of the Parent Company amounted to EUR 64.6 million as at 31 December 2021 and reflected an increase of EUR 11.7 million compared to 31 December 2020 due to the following factors:

1) decrease in net comprehensive income of negative EUR 0.3 million;
2) capital increase of EUR 12 million due to the conversion of the four tranches of the bond loan subscribed by Nice & Green SA, which took place on 31 May 2021, 7 July 2021, 30 July 2021 and 24 September 2021, respectively;
3) decrease of about EUR 39 thousand for charges related to the conversion of the POC tranches.

Liabilities

Non-current Liabilities

Non-current liabilities, amounting to EUR 204.2 million, include, in addition to the items inherent to the financial indebtedness for which reference should be made to section 4.9.4. "Financial Situation of the Parent Company", *Provisions for risks and charges* for a value of EUR 0.3 million relating to provisions for penalties and interest on the 2019 VAT credit unduly compensated.

Current Liabilities

Current liabilities include EUR 6 million for *Payables related to the convertible bond loan* subscribed by Nice & Green SA, and related to the fifth and sixth tranche of shares subscribed and not yet converted as of 31 December 2021; *Trade payables to third parties* for EUR 1.8 million, *Tax payables for IRAP*

(Regional Production Tax) for the year amounting to EUR 24 thousand and *Other current liabilities* for EUR 2 million. The latter mainly include EUR 1 million in *Tax and social security payables*, EUR 0.5 million in *Payables for remuneration due to Directors*, and EUR 0.5 million in *Other payables*, mainly related to accruals for penalties and interest on tax payables not yet paid.

4.9.4 Financial situation of the Parent Company

The Parent Company's financial indebtedness is summarised in the following table:

Financial Situation	**31 December 2021**	**31 December 2020**
(EUR 000)		
A. Cash and Bank deposits	3,185	185
B. Other cash equivalents	-	-
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	***3,185***	***185***
E. Current loan receivables	-	-
F. Non-current financial receivables	***127,171***	***120,097***
G. Current bank payables	-	-
H. Current accounting of bonds issued	6,000	0
I. Current accounting of non-current debts	-	-
J. Other current financial debts	-	0
K. Current financial debt (G) + (H) + (I)+(J)	**6,000**	**0**
L. Net current financial debt (K)-(D)-(E)-(F)	**(124,356)**	**(120,281)**
M. Non-current bank Loans	-	-
N. Bonds issued	-	-
O. Other non-current intercompany debt	203,324	202,975
P. Other non-current intercompany debt	-	-
Q. Non-current financial debt (M)+(N)+(O)+ (P)	**203,324**	**202,975**
R. Net Financial Debt (L)+(Q)	**78,968**	**82,694**

Non-current financial receivables from group companies consist of financial receivables from Tiscali

Italia S.p.A. for EUR 125.6 million and from Tiscali International Bv for EUR 1.6 million.

Other non-current payables to group companies consist of financial payables to Tiscali Italia S.p.A. for EUR 201.7 million and to Tiscali International Bv for EUR 1.6 million.

The item related to the *Convertible Bond Loan* of EUR 6 million refers to the issue of the fifth and sixth tranches of the "POC" not yet converted as at 31 December 2021.

The increase in *Financial receivables from and payables to Group companies* relates to transactions connected to the centralised treasury contract.

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

As required by CONSOB Communication No. DEM/6064293 dated 28 July 2006, the following table shows the reconciliation between the net profit for the period and the Shareholders' Equity of the Group with the corresponding values of the Parent Company.

	31 December 2021	
EUR 000	**Net Result**	**Shareholders' equity**
Shareholders' equity and net profit (loss) of Tiscali S.p.A.	**(301)**	**64,568**
Net profit and Shareholders' equity of consolidated companies	(24,823)	(357,787)
Book value of consolidated equity investments and consolidation entries	4,506	211,572
Consolidation's Journals		
Shareholders' equity and net profit (loss) for the year pertaining to the Parent Company	**(20,617)**	**(81,646)**
Shareholders' equity and net profit (loss) for the year pertaining to minority shareholders		
Shareholders' equity and net profit (loss) for the year as per the Consolidated Financial Statements	**(20,617)**	**(81,646)**

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

4.10 Disputes, Contingent Liabilities and Commitments

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

4.11 Non-recurring Transactions

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

4.12 Atypical and/or Unusual Transactions

As per CONSOB Communication dated 28 July 2006, it is specified that, during FY 2021, the Group did not carry out any atypical and/or unusual transactions, as defined in the Communication itself.

4.13 Related-Party Transactions

With regard to the economic and asset relationships held with related parties, please refer to the Paragraph *Related-Party Transactions* of the Explanatory Notes of the Consolidated Financial Statement.

Please note that the document illustrating the procedure for the discipline of related parties can be found at www.tiscali.com/en/procedures.

4.14 Remunerations to Directors, Auditors and Executives with strategic responsibilities

For the performance of their duties in the Parent Company and in other consolidated companies, the remunerations due for FY 2020 to Directors, Auditors and Executives with strategic responsibilities of the Group companies follow:

	31 December 2021	31 December 2020
(EUR 000)		
Directors	1,092	742
Statutory Auditors	168	159
Manager with strategic responsibilities	667	655
Total Remuneration	**1,927**	**1,556**

4.15 Adhesion to the Tax Consolidation

The Company has exercised the option for consolidated taxation headed by the parent company Tiscali S.p.A. for the following companies:

- Tiscali Spa

- Tiscali Italia Spa
- Media PA S.r.l.

The relationships emerging from the adhesion to the consolidated tax system are regulated by a special "Regulation" agreement, which provides for a common procedure for the application of the regulatory and legislative provisions.

4.16 Assessment of the impact of climate change on Tiscali's production facilities

Tiscali, as part of its assessment of its long-term business continuity, has estimated the effects of climate change and their possible economic and financial impact on its business.

The analysis was conducted with a particular focus on certain physical risks arising from climate change that could compromise the Datacentre infrastructure:

(i) Rise in global environmental average temperatures

The increase in environmental temperatures was assessed both on the Datacentre (located at Tiscali's headquarters in Sa Illetta – Cagliari) and on the production facilities located throughout the country, as well as on the interconnection devices allocated at the end customer's premises

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

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

  The Tiscali Datacentre, thanks to the energy efficiency measures described under *"1. Energy Efficiency Initiatives Concerning the Datacentre"*, is equipped with cooling machines that can cope with a rise in external temperature of 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 Datacentre 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 meet the cooling requirements for a period longer than the expected life of the systems themselves.

  The technicians in charge of the Datacentre have estimated that, given that it is extremely unlikely for the global average temperature to rise by a value that would compromise the utilisation capacity of the systems, there will be no impact on the cooling capacity of the chillers. Likewise, the technicians believe that the servers will not suffer any damage in the event of a temperature rise, maintaining their capacity intact.

The temperature increase assumption of a constant 10-year increase of 1.5°C is, however, overestimated compared to the global average recorded in 2021 and 0.85°C compared to the historical average since the end of 1800.

Obviously, over the long term, a rise in environmental temperatures could lead to the need to make greater use of the cooling capacity of the Datacentre's air conditioning systems. This would have an impact on energy consumption with a consequent increase in indirect CO_2 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*

Tiscali, in addition to the main Datacentre of Sa Illetta, operates over 29 POPs 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 Datacentre 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*

  The Internet is the largest man-made infrastructure 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 negatively affect the Internet service, compromising 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' premises, during contract activation. These devices fall into two categories:

  (a) Indoor placement devices: these are modems related to fibre services (FTTH/FTTC) and modems related to FWA services;

(b) Outdoor placement devices: these are modems related to FWA services, used where radio signal coverage requires antenna placement outside the building;

The technicians 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 service 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, compromising their density and salinity.

Since the early 1900s, sea levels have risen by about 21 cm, and only one-third of this has occurred in the last 30 years. According to IPPC studies[4], the projected sea level rise by 2100 will be about 43 cm in the case of very low emissions, 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.

Tiscali's offices and Datacentre are located in Sa Illetta, a hamlet about 2 km from the municipality of Cagliari. It is one of the largest wetlands in Europe and is particularly regarded not only for its historical importance, but also for its environmental relevance, as it is populated by protected animal and plant species.

Tiscali's Datacentre is located in building No. 6, which is about 90 metres from the pond on the north side. The servers are located on the second floor of the building while the generators, electrical substations and uninterruptible power supply systems are located on the ground floor.

According to the experts, if the sea level were to rise by 30 cm in the next 12 months – a highly improbable hypothesis, however – the waters of the lagoon could not in any case lap the Building housing the Data Centre, nor reach any of the equipment used for the Company's production activities, as this rise would not reach the ground level of the Datacentre (about 2 metres above sea level) anyway. There is also a guard channel around the area for the outflow of water towards the sea that would protect the existing structures even for higher water level rises. Therefore, according to the technicians, there is no reasonable risk of having to make investments to protect the Datacentre's machinery or other production machinery.

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4 Source: Technical Summary of the *IPCC Special Report on Ocean and Cryosphere in a Changing Climate (SROCC), 2019.*

Similarly, technicians believe that the servers will not suffer any damage, related to this climatic event, that could compromise their ability to function.

Should the sea level rise by more than 2 metres over a period of 10 years – an event that is, however, highly unlikely – this would not lead to the need for an investment to upgrade part of the DPC infrastructure, for the reasons explained above.

Considering the climatic changes hypothesised for the next 10 years, a significant change in the useful life of the Datacentre's equipment and systems is not expected as a result of the rise in average temperatures and water levels.

With reference to the assessments carried out on the consequences that would result from the two potential climatic events outlined above (i.e., rising global temperatures and rising sea levels), the experts believe that the assets will maintain their physical integrity and, therefore, their production capacity over the 12 months.

That being said, it is reasonably believed that it will not be necessary to relocate the Company's headquarters in the next 10 years. Similarly, no specific insurance policy for damages is deemed necessary.

Cagliari, 5 April 2022

The CEO

Renato Soru

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

Silvia Marchesoli

5 Corporate Governance Report and Ownership Structure

5.1 Introduction

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 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:// https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf (hereinafter referred to as "**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.tiscali.com.

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 Tiscali S.p.A. (hereinfater referred to as "**Tiscali**" 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 5 April 2022, the Board of Directors evaluated, as per the Code, the size, composition and operation of the Board and its Committees considering them adequate to the managerial and organizational needs of the Company. The Board also took into account the professional qualifications, experience and managerial skills of its members and examined the practical operation of the corporate bodies during FY 2021. At the date of the Report, the Board of Directors is composed of seven members, of which the Chief Executive Officer has executive powers and three non-executive Directors are also independent. In this assessment, the Board of Directors has also taken into account the positions held in other companies held by the Directors and the concrete commitment of the Directors in the management of the Company.

On 5 April 2022, the Board of Directors also adopted a special engagement policy, regulating the matter of dialogue with stakeholders and, in particular, the generality of shareholders, as well as updating the procedure for public disclosure of privileged information.

Finally, it should be noted that the Company qualifies as an SME (small and medium-sized enterprise) pursuant to Article No. 1, Paragraph 1, letter w-*quater.1)* of the TUF and Article 2-*ter* of the Issuers' Regulations, since, as communicated to CONSOB in accordance with the law, the value of the average capitalization for the FY 2021 amounts to EUR 119,863,266 and the value of turnover for the FY 2021 is EUR 144,158,811.

5.2 Corporate Governance's Structure as at 31 December 2021

a) Share Capital Structure

The structure of the subscribed and paid-up share capital, as at 31 December 2021 amounting to EUR 63,655,159.37, is shown in Table 1 – *Information on Ownership Structure*. At the date of this Report, it amounted to EUR 72,655,159.37.

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

b) Restrictions on the Transfer of Securities (pursuant to Article 123-*bis*, paragraph 1), letter b) of the TUF)

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

c) Significant shareholdings in the share capital (pursuant to Article 123-*bis*, paragraph 1), letter c) of the TUF)

The Shareholders with voting rights or holding more than 5%, who at the date of approval of this Report have notified the Company and CONSOB of their shareholding follow:

- Amsicora s.r.l. with 8.78%, of which 7.76% is held directly, and 1.02% granted in securities loan to Nice&Green SA,

- Renato Soru with 4.96%, of which 4.16% directly and 4.16% indirectly through the investee companies Monteverdi s.r.l. (0.28%) and Cuccureddus s.r.l. (0.52%).

d) Securities conferring special rights (pursuant to Article 123-*bis*, paragraph 1), letter d) of the TUF)

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

There are no special powers (e.g. the special powers of the Italian State in strategic sectors, pursuant to 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 123-*bis*, paragraph 1), letter e) of the TUF)

The Articles of Association do not provide for special mechanisms for exercising voting rights in the case of employee share ownership, who exercise their right in accordance with the provisions of the Articles of Association.

f) Restrictions on voting rights (pursuant to Article 123-*bis*, paragraph 1), letter f) of the 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 123-*bis*, paragraph 1), letter g) of the TUF)

At the date of the Report, a Shareholders' Agreement is in force between Amsicora and Renato Soru; subject to the completion of the merger by incorporation of Linkem Retail into Tiscali pursuant to Article No. 2501 *et seq.* of the Italian Civil Code, a Shareholders' Agreement signed between Linkem, Amsicora and Renato Soru will be in force.

The Amsicora-Soru Shareholders' Agreement

On 16 May 2019, a Shareholders' Agreement was signed between Amsicora S.r.l. (hereinafter referred to as "**Amsicora**") and Renato Soru, containing certain provisions regarding *(i)* the governance of Tiscali as well as *(ii)* the procedures for the circulation of the equity interests directly or indirectly held by the shareholders in the share capital (hereinafter referred to as the "**Amsicora-Soru Shareholders' Agreement**").

All the shares of Tiscali held by the parties at the date the Amsicora-Soru Shareholders' Agreement was signed were contributed to the Amsicora-Soru Shareholders' Agreement, namely: *(i)* 878,513,710 ordinary shares of the Company, equal to 22.059% of the Company's share capital, held by Amsicora; and *(ii)* 316,050,508 ordinary shares of the Company, equal to 7.94% of the Company's share capital, held by Mr. Renato Soru.

The following shall also be deemed to have been contributed to the Amsicora-Soru Shareholders' Agreement: *(i)* Shares subscribed by and/or allocated to one of the parties as part of any transactions involving the Company's share capital, and shares that the parties in any case directly or indirectly own, during the term of the Amsicora-Soru Shareholders' Agreement and *(ii)* Bonds convertible into shares of the Company (including the related option rights), warrants for the subscription and/or purchase of shares of the Company or other financial instruments issued or issued by the Company which grant the holder the right or entail the obligation to subscribe and/or purchase shares of the Company.

As a result of certain transactions on Tiscali shares, the total number of shares in the Amsicora-Soru Shareholders' Agreement changed as follows: *(i)* 559,933,710 ordinary shares of the Company, representing a 9.16% stake held by Amsicora; and *(ii)* 316,050,508 ordinary shares of the Company, representing a 5.17% stake in its share capital, held by Renato Soru.

The Amsicora-Soru Shareholders' Agreement will expire at the end of the third anniversary following its signature and will cease to be effective earlier than the date provided for if one of the parties ceases to hold all the syndicated shares of the respective owners during the term of the Amsicora-Soru Shareholders' Agreement.

The agreements contained in the Amsicora-Soru Shareholders' Agreement are set out below.

Appointment of the Board of Directors

The members of the Board of Directors of the Company are appointed according to the so-called "list voting method", as governed by the Company's Articles of Association.

In this regard, the parties have agreed that the following provisions apply: *(i)* The parties will define the number of directors of which the Board of Directors must be composed and will submit a single list for the election of all directors with the exception of that reserved for minority shareholders (the "Majority List"); *(ii)* Renato Soru shall have the right to indicate the name of a non-independent candidate from the Majority List that must be placed on the slate submitted by the parties in a position such that, if the majority of the members of the Board of Directors of the Company are taken from that slate, Renato Soru's candidate shall in any case be appointed director of the Company; *(iii)* All other members of the Majority List shall be indicated by Amsicora.

If the majority of the members of the Board of Directors of the Company are taken from the list submitted by the Parties, they have undertaken to ensure that the Board of Directors of the Company, appointed immediately after signing the Amsicora-Soru Shareholders' Agreement, appoints: *(i)* Alberto Trondoli as Chairman of the Board of Directors; *(ii)* Renato Soru as Chief Executive Officer.

Obligations of prior consultation

Pursuant to the Amsicora-Soru Shareholders' Agreement, the parties have undertaken to meet at least seven working days prior to the date scheduled for each ordinary and/or extraordinary Shareholders' Meeting of the Company to consult each other in advance in relation to the exercise of the social and economic rights deriving from the shares conferred to the Amsicora-Soru Shareholders' Agreement with the aim of arriving, as far as reasonably possible, at the determination of shared voting guidelines.

Should it not be possible to reach a unanimous decision, Renato Soru has undertaken to vote at the Company's Ordinary and/or Extraordinary Shareholders' Meeting in accordance with Amsicora's voting instructions.

Preemptive Right

Pursuant to the Amsicora-Soru Shareholders' Agreement, the parties have agreed that if Renato Soru intends to transfer, in whole or in part, the shares he owns or the rights thereto to one or more third parties, he shall first offer them first to Amsicora.

Co-Sale Right

Pursuant to the Amsicora-Soru Shareholders' Agreement, the parties have agreed that, was a party to receive from a third party — other than a related party of one of the parties — an offer (the "Co-Sale Offer") which: *(i)* Relates to all or part of the syndicated shares held by the receiving party on the date of the Co-Sale Offer; *(ii)* Is binding on the proposing party; *(iii)* Is not subject to conditions (other than those provided for by law); and *(iv)* Provides evidence that all necessary and sufficient financial resources are available for the payment of the price, and the receiving party intends to accept the Co-Sale Offer, the latter must communicate the content of the Co-Sale Offer to the other party, which may exercise its right to co-sale at the conditions, including price, indicated in the Co-Sale Offer.

If the Co-Sale Offer concerns only a percentage of the syndicated shares held by the receiving party, the co-sale right shall concern the same percentage of the shares held by the other party.

Redemption Right

Pursuant to the Amsicora-Soru Shareholders' Agreement, the parties have agreed that if a third party (the "Offeror") submits a purchase offer for all the syndicated shares held by the parties and Amsicora intends to accept such proposal, the latter shall have the right to ask Renato Soru to sell to the Offeror all (and no less than all) of the syndicated shares of the respective ownership at the same terms and conditions proposed by the Offeror, it being understood that Renato Soru shall make no further representations or warranties with respect to the ownership and free availability of the syndicated shares of which he is the owner, the non-existence of any encumbrances on the same and the existence of the powers necessary for the purposes of the relevant transfer and that the value of the Company used to determine the consideration proposed by the Offeror (the so-called "enterprise value") must be such as to ensure a valuation of the syndicated shares not lower than that which would be recognised to the syndicated shares by applying the criteria set out in Article No. 2473, Paragraph 3, of the Italian Civil Code for the determination of the consideration for the shares of the withdrawing shareholders.

Upon receipt of the communication certifying the willingness to transfer all its syndicated shares to the Offeror, Renato Soru shall be obliged to transfer all its syndicated shares to the Offeror together with Amsicora.

Standstill

For the entire duration of the Amsicora-Soru Shareholders' Agreement, each party has reciprocally undertaken with the other party not to *(i)* conclude, directly or indirectly, including through trustees or third parties, additional purchases of (a) shares of the Company on the market with respect to the Syndicated Shares and/or (b) derivative financial instruments that confer a long position on the Company's securities, as defined in accordance with the provisions of Article No. 120 of the TUF and of Articles No. 44-*ter* and No. 119 of the Issuers' Regulations or *(ii)* to carry out other transactions, such as capital increases, or agreements of any nature and type, such as to give rise to a joint and several obligation on the part of the Parties to promote a takeover bid on the Company's shares pursuant to the provisions of Articles No. 106, 108 or 109 of the TUF, or pursuant to the provisions of the laws and regulations in force from time to time.

The Linkem-Amsicora-Soru Shareholders' Agreement

On 30 December 2021, Linkem S.p.A. (hereinafter referred to as "Linkem"), Amsicora and Renato Soru (hereinafter jointly referred to as the "Parties") have signed a Shareholders' Agreement aimed at regulating mutual commitments in the context of the merger by incorporation of Linkem Retail into Tiscali pursuant to Articles No. 2501 *et seq*. of the Italian Civil Code (hereinafter referred to as the "Merger") in relation mainly to *(i)* certain lock-up commitments to be borne by Amsicora and Renato Soru, *(ii)* certain standstill commitments to be borne by the Parties and *(iii)* the governance of the Company after the completion of the Merger (hereinafter referred to as the "Linkem-Amsicora-Soru Shareholders' Agreement").

Without prejudice to the provisions in relation to the lock-up commitments, the Shareholders' Agreement Linkem-Amsicora-Soru will become effective on the effective date of the Merger, and will be terminated on the expiry of the third anniversary following the Merger; it will cease to be effective in advance of the expected date if one of the Parties ceases to own all the syndicated shares owned by them during the term of the Shareholders' Agreement Linkem-Amsicora-Soru.

Notwithstanding the above, the Linkem-Amsicora-Soru Shareholders' Agreement will automatically terminate if the Merger is not completed by 31 August 2022.

The agreements contained in the Linkem-Amsicora-Soru Shareholders Agreement are reported below.

Lock-up and standstill commitments

Pursuant to the Linkem-Amsicora-Soru Shareholders' Agreement:

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

- not to carry out, directly or indirectly, transfers of one's own Tiscali shares (or of other financial instruments, including, *inter alia*, participatory ones, which give the right to buy, subscribe, convert into, or exchange with, Tiscali shares or other financial instruments, including participatory ones, which give inherent or similar rights 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 has irrevocably committed:

- not to carry out, directly or indirectly, transfers of one's own Tiscali shares (or of other financial instruments, including, *inter alia*, participatory ones, which give the right to buy, subscribe, convert into, or exchange with, Tiscali shares or other financial instruments, including participatory ones, which give inherent or similar rights 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.

The above commitments are undertaken *(i)* by Amsicora with respect to all Tiscali shares held at the date of the Linkem-Amsicora-Soru Shareholders' Agreement until the expiry of the sixth month following the effective date of the Merger and *(ii)* by Renato Soru in relation to all Tiscali shares held at the date of the Linkem-Amsicora-Soru Shareholders' Agreement until the expiry of the sixth month following the effective date of the Merger and in relation to 50% of Tiscali shares held at the date of the Linkem-Amsicora-Soru 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 aforementioned commitments:

(a) Transfers executed in compliance with mandatory legal or regulatory obligations or measures or orders of competent Authorities;

(b) Transfers executed in adherence to a public tender offer for the purchase or exchange of Tiscali shares and addressed to all holders of the Company's shares;

(c) With exclusive reference to the lock-up commitments undertaken by Mr. Soru, transfers *mortis causa*.

The Parties have also undertaken, until the effective date of the Merger, not to purchase shares or other financial instruments issued by the Company or to carry out any transaction on Tiscali's shares and/or share capital.

Appointment of the Board of Directors

Subject to the effectiveness of the Merger, the Parties undertake, for the entire duration of the Linkem-Amsicora-Soru Shareholders' Agreement, to use their best efforts (also by voting for this purpose in 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, a list for the appointment of the members of the Board of Directors of Tiscali in accordance with the provisions of the Tiscali's Articles of Association (hereinafter also referred to as the "**List**"). The List will be composed as follows:

(a) Linkem will be reserved the right to indicate n. 4 Directors – of whom at least 1 (one) Independent Director to be included in the List with progressive number from 2 to 5;

(b) Mr. Soru will have the right to indicate 1 (one) Director to be included in the List with progressive number 1;

(c) Amsicora and Renato Soru will jointly be reserved the right to indicate 1 (one) Independent Director to be included in the List with sequential number 6;

(d) the additional Independent Director – if no minority list is regularly presented and voted – will be indicated by Linkem with progressive number 7.

Within the List, it will be provided that the candidate indicated first will hold the position of Chairman of the Board of Directors of the Company.

Furthermore, the Parties will make every effort, to the extent permitted by the applicable provisions of law, for the Company's Board of Directors to identify the CEO from among the Directors indicated by Linkem.

Obligations of prior consultation

Amsicora and Renato Soru undertake to vote in favour of the resolution proposals of the Board of Directors of the Company – relating to the Merger as well as to the reverse stock split of Tiscali shares in the ratio of 1:100 to be carried out within the effective date of the Merger and, if necessary, to the possible capital increase with exclusion of the pre-emption right reserved to institutional and qualified investors in order to ensure the availability of the financial resources necessary for the execution of Tiscali's Business Plan in the twelve months following the effectiveness of the Merger – which will be submitted to the Extraordinary Shareholders' Meeting.

The Parties undertake to meet at least 15 working days before the date scheduled for each Ordinary and/or Extraordinary Shareholders' Meeting of Tiscali in order to consult each other beforehand in relation to the exercise of the rights inherent to the shares conferred to the Linkem-Amsicora-Soru Shareholders' Agreement with the aim of reaching, as far as reasonably possible, the determination of common voting indications.

Amsicora undertakes to issue instructions to N&G in relation to the exercise of the vote attached to the shares lent under the Share Loan in accordance with the determination of the Parties.

Prohibition of canvassing

The Parties hereby agree that from the date of signature of the Linkem-Amsicora-Soru Shareholders' Agreement and until the occurrence of the first of the following events: *(i)* the effective date of the Merger and *(ii)* 31 December 2022, each Party, to the extent of its competence,

(a) shall not undertake, and shall use its best endeavours – to the extent permitted by applicable provisions of law – to ensure that the Non-independent Directors appointed by them to the Board of Directors of Tiscali do not undertake, any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation contact or offer by any person or entity other than one of the other Parties and shall cease and desist from any and all discussions and/or negotiations commenced prior to the execution of the Shareholders' Agreement relating, directly and/or indirectly, to transactions which, if carried out, would replace, prevent or affect (in whole or in part) the Merger;

(b) shall reject any offer, proposal, contact or letter of intent received from any person other than one of the other Parties relating, directly and/or indirectly, to transactions which, if carried out, would replace, prevent or influence (wholly or partly) the Merger.

Supplementary Agreement

In the context of the Merger and, in particular, in light of the timing of the transaction and certain further understandings reached by the Parties, the Parties entered into an agreement (hereinafter also referred to as the "**Supplementary Agreement**") on 5 April 2022, concerning certain commitments in relation to, *inter alia*, the renewal of Tiscali's Board of Directors prior to the completion of the Merger.

The provisions of the Supplementary Agreement took effect on the date of its signature and will remain in force until the earlier of the following dates: 30 June 2022 and the date of completion of the Merger.

The provisions of the Supplementary Agreement are set forth below.

Renewal of the Board of Directors of Tiscali

On the occasion of the renewal of the current members of Tiscali's Board of Directors, whose term of office will expire with the approval of the Financial Statements as at 31 December 2021 by the Ordinary Shareholders' Meeting of the Company, Amsicora and Soru undertake to jointly submit – and vote on – a list for the election of the members of Tiscali's Board of Directors composed of 7 (seven) candidates, of whom:

- no. 1 (one) candidate identified by Mr. Soru (first on the list)
- no. 2 (two) candidates identified by Amsicora (second and third on the list)
- no. 1 (one) independent candidate identified by Amsicora (fourth on the list);

- no. 3 (three) candidates identified by Linkem (fifth, sixth and seventh on the list), of whom 2 (two) are independent.

Should the majority of the members of Tiscali's Board of Directors be taken from the list thus presented, Amsicora and Soru further undertake that *(i)* the candidate indicated by Mr. Soru will be appointed Chairman of the Board of Directors without management powers with a total gross annual remuneration of EUR 300,000.00 and *(ii)* the non-independent candidate indicated by Linkem will receive management powers in line with those currently granted to Tiscali's CEO.

Completion of the Merger

Subject to the completion of the Merger, Amsicora will use its best efforts to ensure that the two members of Tiscali's Board of Directors indicated by Amsicora resign and waive any claim against the Company with the exception of the accrued and not yet received compensation. Against such resignation, the Parties will do their utmost to ensure that the Board of Directors of Tiscali appoints by co-optation two members identified by Linkem.

Failure to complete the Merger

In the event of failure to complete the Merger, Linkem undertakes that the members of the Board of Directors appointed on its indication will resign with immediate effect, waiving all claims against Tiscali with the exception of the accrued and not yet received remuneration.

Effectiveness of the Supplementary Agreement

Amsicora and Soru acknowledge that, with reference to the Shareholders' Meeting of Tiscali that will be convened for the approval of the Financial Statements as at 31 December 2021, the provisions relating to the appointment of the Board of Directors set forth in the Amsicora-Soru Shareholders' Agreement will not apply, and shall be deemed superseded by the provisions of the Supplementary Agreement. After the completion of the Merger, for the duration of the Linkem-Amsicora-Soru Shareholders' Agreement, the possible appointment of a new Board of Directors of Tiscali will instead remain governed by the Linkem-Amsicora-Soru Shareholders' Agreement. The signing of the Supplementary Agreement does not constitute novation of the mutual rights and obligations under the Linkem-Amsicora-Soru Pact. Therefore, all the provisions set forth in the Linkem-Amsicora-Soru Shareholders' Agreement not expressly modified by the Supplementary Agreement shall remain effective and shall continue to apply between the Parties as provided therein.

For further details on the Shareholders' Agreements, please refer to the documentation published on the Company's website, Section "Documents/Shareholders' Agreements" https://www.tiscali.com/patti-parasociali/ .

h) Change of control clauses (pursuant to Article 123-*bis*, paragraph 1), letter h) of the TUF) and statutory provisions on takeover bids (pursuant to Articles No. 104, paragraph 1-*ter*, and 104-*bis*, paragraph 1)

In some agreements to which Tiscali and/or its subsidiaries are parties, the phenomenon of change of control entails a modification or extinction of the relationship, but 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 passivity rule or provisions providing for neutralisation rules.

i) Powers to increase the share capital and authorisations to purchase treasury shares pursuant to Article 123-*bis*, paragraph 1), letter m) of the TUF)

At its meeting of 20 May 2021, the Board of Directors resolved, in exercise of the power granted by the Shareholders' Meeting on 26 June 2018, to issue the first two tranches of the bond loan reserved for Nice & Green S.A. On 24 June 2021, the Shareholders' Meeting resolved regarding the issuance of the other tranches of said bond loan as well as the capital increase to service the same up to a maximum of EUR 35 million. For further details in relation to the capital increase to service the "Tiscali Conv 2021" bond issue, please refer to the documentation published on the Company's website in the "Documents/Bond Loan" section.

There are no resolutions of the Shareholders' Meeting concerning authorisations to purchase treasury shares pursuant to Articles No. 2357 *et seq.* of the Italian Civil Code.

j) Management and coordination activities (pursuant to Articles No. 2497 *et seq.* of the Civil Code)

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

5.3 Compliance

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

Tiscali adheres to the Corporate Governance Code of Borsa Italiana.

Tiscali falls within the definition of SME pursuant to Article No. 1, paragraph 1, letter w-*quater* of the TUF and Article No. 2-*ter* of the CONSOB Issuers' Regulation.

5.4 Board of Directors

5.4.1 Role and Operation 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 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.

During 2021, 8 meetings of the Board of Directors were held, with an average duration of about 100 minutes. In accordance with the Articles of Association and Rules of Procedure, attendance was also allowed remotely, benefiting the attendance rate, which was approximately 100% of the Directors.

The pre-meeting disclosure was conveyed with the support of IT tools and made available – as a rule – within the ordinary term for calling the meeting, and in any case with the advance allowed by the circumstances. 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, if necessary, consultants, who ensured the necessary technical-professional support. In order to facilitate the preliminary investigation of complex issues, in preparation for discussion during meetings, informal information moments and in-depth analysis open to Directors and Statutory Auditors was also sometimes resorted to, close to Board meetings, through the activation of specific preparation and induction paths. The flow of information to the Board, as a function of the exercise of its powers and responsibilities, concerned, in addition to the topics examined in the meeting and the follow-up of the decisions taken, the general performance of management and its foreseeable evolution; the activities carried out, in particular with reference to transactions of major economic, financial and equity significance or of particular sensitivity; any other activity, transaction or event deemed appropriate by the Chairman or the CEO to bring to the attention of the Directors.

The Board of Directors of Tiscali:

- performs at a senior management level policy-making, coordination, monitoring and verification activities in relation to the strategy and governance of the Group as a whole

- is the recipient of appropriate information flows on the Group's management performance and its organisational, administrative and accounting structure;

- deliberates on operations of an extraordinary nature by subsidiaries that have significant strategic, economic, equity or financial importance for the Parent Company and any other operation comparable in terms of importance and effects.

The Board of Directors also deals with:

- reviewing and approving the business plan of the Company and the group it heads, also based on the analysis of the issues relevant to the generation of long-term value, carried out during the 2021 financial year at the meetings held on 14 May and 17 September;

- the periodic monitoring of the implementation of the Business Plan, as well as the assessment of the general operating performance, periodically comparing the results achieved with those planned by means of impairment/stress tests, the last of which was performed at the meeting of 5 April 2022;

- defining the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant in view of sustainable success, always carried out in conjunction with the approval of the Annual and Half-Year Financial Reports and, most recently, at the meeting of 5 April 2022;

- assessing the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries, with particular reference to the internal control and risk management system, carried out most recently at the meeting of 5 April 2022. With regard to the internal control and risk management system, the Board availed itself of the preliminary investigation carried out by the Audit 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 Annual and Half-Year Financial Reports;

- 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 communication of documents and information concerning the Company and the Group, with particular reference to privileged information. The latest update of this 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 and on the basis of 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 disclosure of information to Directors.

At its meeting on 5 April 2022, the Board then adopted a policy for managing dialogue with the shareholders at large.

The average duration of Board meetings in the financial year 2021 was approximately 110 minutes. It is established practice that Board of Directors meetings are also attended by executives 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, business dynamics and their evolution, the regulatory framework of reference, as well as to increase the Board of Directors’ ability to supervise business activities.

5.4.2 Appointment and Replacement (pursuant to Article No. 123-*bis*, paragraph 1, letter l, first part, TUF)

Article 11 (*Board of Directors*) of the Company’s Articles of Association in force at the date of this Report provides for the appointment of directors, a list voting system, which ensures the appointment of a number of Directors, also among those listed, who have not obtained the majority votes, and ensures transparency and fairness of the appointment procedure. The right to submit the lists is granted to Shareholders who, alone or jointly with other Shareholders, represent at least the percentage of Share capital required by applicable regulations. For FY 2022, the shareholding required for the presentation of a list established by CONSOB is equal to 4.5% of the share capital (see CONSOB Resolution No. 60/2022). The aforementioned system ensures, therefore, that even minority Shareholders have the power to submit their own lists. Any person entitled to vote may vote for one list only. The Company has adjusted the current appointment systems to Law no. 120/2011 on gender equality concerning the access to management and supervisory bodies of companies listed on regulated markets; therefore, each list has to submit a number of candidates belonging to the less represented gender at least equal to the minimum number required by law, currently equal to two fifths rounded up to the next higher unit.

The election procedure of Directors is as follows:

a.1) At the outcome of the vote, the votes obtained from each list will be divided successively by one, two, three, four and so on until the number of Directors to be elected.

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

Elected candidates if, arranged in a single decreasing ranking on the basis of the quotients obtained, they have obtained the highest ratios, without prejudice to the appointment of the candidate listed first in the minority list, i.e. the one which obtained the highest number of

votes among those regularly presented and voted and that is not connected — even indirectly — with the shareholders who presented or voted for the list with the highest number of votes.
If a person who, according to current legislation, is connected to one or more shareholders who presented or voted for the first list by number of votes, voted for a minority list, the existence of such linking relationship is relevant only if the vote was decisive for the election of the minority administrator. In any case, the applicable laws and regulations apply from time to time.
In the event of an equal quotient for the last Director to be elected, the one on the list that obtains the highest number of votes will be preferred and, with the same number of votes, the one with the oldest age.

If at the end of the voting there were not enough appointed Directors with the requisites of independence, or if the respect of gender balance was not assured, the first hypothesis would be to exclude the candidate who would have been elected with the lowest quotient and who does not meet the independence requirements and, in a second hypothesis, to exclude the candidate with the lowest quotient, whose election would result in non-compliance with gender balance. The excluded candidates will be replaced by the subsequent candidates in the ranking, the election of whom determines compliance with the provisions relating to the requirements of independence and gender balance.

This procedure will be repeated until the number of Directors to be elected is completed. If, having adopted the aforementioned criterion, it was not possible to complete the number of Directors to be appointed, the appointment of the missing Directors will be immediately provided by the Assembly, with a resolution adopted by a simple majority of those present on the proposal of the Shareholders present.

a.2) If only one list is presented, all the Directors will be drawn, in progressive order, only from the list presented, provided that the same obtains the majority of votes.
If at the end of the voting there were not enough appointed Directors with the requisites of independence, or if the respect of gender balance was not assured, the first hypothesis would be to exclude the candidate who would have been elected with the lowest quotient and who does not meet the independence requirements and, in a second hypothesis, to exclude the candidate with the lowest quotient, whose election would result in non-compliance with gender balance; the appointment of the missing Directors as per the aforementioned exclusions will be immediately provided by the Assembly, with a resolution adopted by a simple majority of those present on the proposal of the shareholders present.

b) If, pursuant to the appointment procedure above, at least two members who meet the independence requisites established by the applicable legislation were elected, the last of the elect who do not meet these requirements taken from the list that obtained the most number of votes cast by shareholders after the first, and who is not connected in any way, not even indirectly, with the shareholders who presented or voted this last list will have to be replaced with the first candidate subsequently listed in that list who is in possession of such requirements and, if following such replacement a member still remains to be elected who meets the independence requirements established by applicable law, the last of those elected who do not meet these requirements from the list that obtained the highest number of votes must be replaced with the first candidate subsequently listed on that list that meets these requirements.

c) If the Board of Directors elected pursuant to the foregoing does not allow compliance with the gender balance provided for by the regulations in force, the last elected representatives of the most represented gender, of the list resulting first by number of votes expressed by shareholders, fail in the number required to ensure compliance with the requirement and are replaced by the first unelected candidates from the same list of the less represented gender. In the absence of candidates of the less represented gender on the list resulting first by the number of votes expressed by the shareholders in sufficient number to proceed with the replacement, the aforesaid criterion will apply to the successive more voted lists, from which the elected candidates have been drawn. If, applying the above criteria, it is not possible to identify suitable replacements, the Shareholders' Meeting integrates the body with the majorities required by law, ensuring the satisfaction of the requirement of gender balance provided for by the regulations in force.

d) The appointment mechanism by means of list voting above is applied only in case of full renewal of Directors; for the appointment of Directors who, for any, reason are not appointed pursuant to the aforementioned procedure, the Shareholders' Meeting resolves with the majority pursuant to the law in force, in compliance with the regulatory requirements for the representation of genders; this requirement also applies to the co-optations made by the Board 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 for proposal of appointment to the office of Director must be submitted to the registered headquarters at least twenty-five days before the date set for the Meeting, together with a description of the professional curricula of the candidates and a declaration by which each party accepts the appointment, certifying that there are no reasons for ineligibility or incompatibility, as well as certifying that the requirements of integrity and professionalism required by applicable regulations and Articles of Association, substantially in line with the principles and criteria contained in Article No. 5 of the Code, are in place. No later than twenty-one days before the date scheduled for the Meeting, the lists and the accompanying documentation should be disclosed as required by law. In the event of resolution to appoint individual members of the Board of Directors, the system of appointment by list vote, which Article No. 11 (*Board of Directors*) of the Articles of Association provides for solely in case of complete renewal of the Board of Directors, will not apply.

The Articles of Association do not establish that, for the purposes of the allocation of the Directors to be elected, consideration is to be given to the lists that have not obtained a percentage of votes at least equal to 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 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 on the basis of the prescriptions contained in Article No. 11 (*Board of Directors*) and the above considerations, the mechanism for the appointment of Directors is guaranteed to be fair and respectful of minorities, the Board of Directors has, however, deemed it appropriate for the Remuneration Committee to also assume functions in the area of appointments, thus becoming the Appointments and Remuneration Committee.

For more information, also with reference to the information required by Article No. 123-*bis* of the TUF in relation to Directors’ remuneration and by the Code, please refer to the Report on Remuneration Policy and Compensation Paid, published pursuant to Article No. 123-*ter* of the TUF and available on the Company’s website.

It should be noted that the Company, considering the particular structure of the Shareholding Structure as well as the power delegation system implemented within the Board of Directors, as of the date of approval of the Report, has not adopted a specific plan for the succession of Executive Directors, as 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.

5.4.3 Composition (pursuant to Article No. 123-*bis*, paragraph 2, letters d) e d-*bis*) of the TUF)

On 27 June 2019, the Shareholders’ Meeting appointed the Board of Directors in office at the date of the Report, consisting of seven Members, namely Alberto Trondoli (Chairman), Renato Soru (Director), Patrizia Rutigliano (Director), Federica Celoria (Director), Anna Belova (Director), Manilo Marocco (Director) and Sara Polatti (Director). Following the resignation of Director Sara Polatti on 29

June 2020, the Board co-opted Dr Cristiana Procopio on 29 September 2020. Subsequently, on 18 March, Director Manilo Marocco resigned. On 14 May, Paolo Fundarò was co-opted. Directors Paolo Fundarò and Cristiana Procopio were confirmed by the Shareholders' Meeting of 24 June 2021. Table 2 provides information on the Directors in office during FY 2021.

With the exception of Directors Procopio and Fundarò, the members of the Board of Directors in office at the date of the Report were all drawn from the single list jointly submitted by the shareholders Renato Soru and Amsicora S.r.l., which, at the date of submission of the list, held 7.94% and 22.062% of Tiscali's share capital, respectively. The members of the Board of Directors were elected with the favourable vote of 99.95% of the voting capital.

The Board of Directors will remain in office until the approval of the Financial Statements as at 31 December 2021, therefore the Shareholders' Meeting called for 16 May 2022 will also appoint the new Board of Directors.

The *curricula vitae* of all members of the current Board of Directors are available on the website www.tiscali.com, in the *Governance – Board of Directors* section.

While respecting the priority objective of ensuring the adequate competence and professionalism of its members, the composition of Tiscali's Board of Directors, which features a majority female composition, a varied composition by age bracket and a Director coming from the international community, reflects the Company's concrete focus on the values of diversity and inclusion, which are essential to tackle market transformation and make the most of new business scenarios.

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 (hereinafter also referred to as the "**Policy**"), subsequently updated at its meeting of 5 April 2022, in relation to the composition of the governing and supervisory 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 qualitative-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 was drafted taking into account the nature and complexity of the Company's business, the social and environmental context in which the Company 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. The Policy refers in particular to the persons involved in the selection and appointment process of the members of the Company's Board of Directors, and therefore:

- to shareholders who, pursuant to the law and the Articles of Association, intend to submit lists of candidates for the appointment of the Board of Directors;

- to the Shareholders' Meeting called to appoint the Board of Directors;

- to the Company's Board of Directors, as well as 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 Company's 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 Tiscali.com 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 Directors' total number of offices 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 supervisory positions on the Boards of Directors of two Public Interest Companies or 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) the 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 Tiscali S.p.A. has the power to grant any exceptions, including temporary ones, allowing the Company's Directors to hold offices in the management and control bodies of other relevant companies.

Following the audit carried out on the members of the Board of Directors in April 2022, the current composition of the Board complies with the above-mentioned limits.

Self-assessment

The Board of Directors annually assesses, through formalised procedures, its effectiveness and the contribution of individual Directors. The implementation of Board assessment procedures is supervised by the Board itself. The Board assessment evaluates the size, composition and functioning of the Board and its committees. It also includes the Board's active involvement in defining the Company's strategy and monitoring the management of the Company's activities, as well as the adequacy of the internal control and risk management system. The self-assessment of the board and its committees, with regard to size, composition and functioning, was carried out in 2021 as well.

The self-assessment took place at the meeting of 5 April 2022, referring to the financial year ending 31 December 2021, 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 follow:

- 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 capabilities, 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 Intra-Board Committee;

- specific competences relevant to the role of Chief Executive Officer.

The results of the peer review were presented to the Board at its meeting on 16 December 2020.

In summary, the Directors 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 the appreciation for the contributions made by Members, which fosters trust and the balanced resolution of conflicts;

- the participation of Directors in meetings;

- the consolidated collaborative relationship established by the Board with the Chairman, the CEO and Top Management;

- the structure, composition, clear definition of powers and the substantial and proactive contributions made by the Intra-Board Committees;

- the adequacy and effectiveness of the current strategic planning and risk governance system.

Remarks include:

- as far as the Board's agenda is concerned, 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 be further involved, just as an in-depth examination of the business appears useful;

- the Board members would like to see greater involvement on the subject of Risk, 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.

5.4.4 Role of the Chairman of the Board of Directors

Article No. 12 (*Summoning and Direction of the Board of Directors' Meetings*) of the Articles of Association establishes that the Chairman of the Board of Directors shall convene the Board, presiding over and coordinating its activities.

At the Board of Directors meetings, the Chairman shall ensure that the Directors are provided, with reasonable advance, the necessary documentation to enable the Board of Directors to express an informed opinion on the matters submitted to it for examination.

At the date of the Report, the Chairman of the Board of Directors is Alberto Trondoli, who was conferred specific powers of legal representation of the Company by the Board of Directors at its meeting of 27 June 2019, including:

a. in agreement with the Chief Executive Officer, participate in the identification of the Group's development guidelines, as well as in the preparation and implementation of strategic, industrial and financial plans

b. in agreement with the Chief Executive Officer, participate in the definition of the Company's market communication activities and in the approval of the texts of price-sensitive press releases

c. represent the Company, in agreement with the Chief Executive Officer, for all the fulfilments required by the regulatory regulations in the telecommunications sector at any public office concerning the said sector

d. represent the Company in external relations with all other Italian and international authorities and institutions and with investors.

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 preparation of related resolutions, *(ii)* supervising and ensuring the adequacy, completeness and clarity of information flows to the Board and corporate bodies.

It is reserved for the Board to resolve, upon the Chairman's proposal, on the appointment and revocation of the secretary and the definition of his requirements, in particular of professionalism, and of his powers, as defined in the Board regulations.

At the date of the Report, Federica Capoccia, Head of the Legal Affairs and Investor Relations function of the Tiscali Group, holds the role of corporate secretary following her appointment by the Board of Directors on 27 June 2019. During the financial year ended 31 December 2021, 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.

5.4.5 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, it is also provided that the Board of Directors, within the limits of the law, may appoint one or more Chief Executive Officers, determining their powers within the limits of those vested in them and within the limits of the law.

The Board of Directors granted executive powers to the Chief Executive Officer at its meeting on 27 June 2019 and, subsequently, on 30 January 2020.

In general, the Chief Executive Officer's powers may be exercised up to a maximum value of EUR 2.5 million, with certain exceptions for which an increase of the limit to EUR 5 or 10 million is envisaged.

The Chief Executive Officer reports to the other directors and to the Board of Statutory Auditors at Board of Directors' meetings and in other venues on the most significant economic, financial and asset 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 the attributions and powers assigned. It is the practice that, except in cases of necessity and urgency, these are brought before the Board of Directors in advance so that it can deliberate on them in an informed and considered manner.

The Chief Executive Officer is primarily responsible for the management of the company and is therefore the person who must establish and maintain the Internal Control and Risk Management System. During the 2021 financial year, the Chief Executive Officer *(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 examination; *(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 Audit and Risk Committee and the Chairman of the Board of Statutory Auditors; *(v)* promptly reported to the Audit and Risk Committee (or the Board of Directors) on problems and critical issues that emerged in the performance of its activities or of which it had otherwise become aware, so that the Audit and Risk Committee (or the Board of Directors) could 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 per the Board Rules), the CEO usually reports on the activities carried out during the board meetings, also by means of prior transmission of specific information documents.

Other Executive Directors

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

5.4.6 Independent Directors

Tiscali 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 Corporate Governance 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 an 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 Anna Belova, Patrizia Rutigliano and Federica Celoria at its meetings held on 27 June 2019, 27 April 2020, 14 May 2021 and 5 April 2022. In formulating its assessment on the independence of Non-Executive Directors, the Board of Directors took into account the cases in which, according to the Code, the independence requirements should be deemed lacking, and applied in this regard the principle of substance over form indicated by the Code. 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 as of the date of this Report, the Board of Directors consists of seven members, the percentage of Independent Directors compared to the current composition is 43%.
With reference to the 2021 financial year, also due to the composition of the Committees within the Board of Directors, 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 meetings of the Committees and at the Board meetings.
The Board did not designate an independent director as Lead Independent Director meeting the requirements of Recommendation No. 13 of the Code.

5.5 Handling of corporate information

Tiscali has adopted an articulated set of rules and procedures for the management of information processed within the company, in compliance with the regulations applicable to the various types of data. These rules act at organisational, technological and operating procedure level.

The processing 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 on the website www.tiscali.com, *Documents – Procedures* section), implemented on the basis of the CONSOB recommendations contained in the "Guidelines" for the management of privileged information of October 2017. The Procedure for public disclosure of privileged information was last updated by the Board of Directors at its meeting on 5 April 2022.

In addition, a Legal Affairs and Investor Relations function actively operates at the Company, which is entrusted with the task of establishing a dialogue with shareholders and institutional investors. Among other things, it prepares the text of press releases and, in accordance with the type of press release, handles their internal approval procedure. Furthermore, it takes 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.tiscali.com. The use of online communication, which is mainly used by the non-institutional public, is considered strategic by the Company, as it makes possible a homogeneous dissemination of information.

Tiscali 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).

5.6 Intra-board Committees (pursuant to Article No. 123-*bis*, paragraph 2, letter d, of the TUF)

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

On 27 June 2019, the Board of Directors appointed the following Intra-Board Committees:

- *Appointments and Remuneration Committee*, composed of Patrizia Rutigliano (Chairman), Federica

Celoria and Sara Polatti – the latter was then replaced by Cristiana Procopio following her resignation

- *Audit and Risk Committee*, composed of Federica Celoria (Chairman), Manilo Marocco – the latter was later replaced by Paolo Fundarò following his resignation – and Patrizia Rutigliano;

- *Related Party Transaction Committee*, composed of Anna Belova (Chairman), Federica Celoria, Patrizia Rutigliano in case of assessment of transactions of greater significance. In case of evaluation of transactions of lesser importance, the Related Party Transaction Committee coincides with the Audit and Risk Committee.

The Committees remain in office until the approval of the Financial Statements for the year ending 31 December 2021, together with the Officer Responsible for the Preparation of the Company's Accounting Documents, the Supervisory Board and the Head of Internal Audit.

The Board has 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, insofar as they are compatible, to the Intra-Board Committees. All the Committees provide for 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, letter d, of the 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 on 27 June 2019 and consists of three Non-Executive Directors, two of whom are independent: Patrizia Rutigliano (Chairman), Federica Celoria and Cristiana Procopio, who succeeded Sara Polatti – for details, please refer to Table 2. 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 appointment and remuneration matters. Specifically, the Appointments and Remuneration Committee:

a) provides opinions to the Board of Directors on the size and composition of the Board of Directors and expresses recommendations on the professional figures whose presence on the Board of Directors is deemed necessary;

b) proposes to the Board of Directors candidates for the office of Director in cases of co-optation, should it be 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 in this regard

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 objectives related to the variable component of such remuneration;

e) monitors the concrete application of the remuneration policy and verifies, in particular, the actual achievement of the 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 Chairman, the meetings are duly minuted and, as a rule, the chairman of the Committee informs the first useful Board of Directors.

During the financial year 2021 and as at the date of the Report, the Appointments and Remuneration Committee met twice: 13 May 2021 and 4 April 2022. The meetings were attended by all members of the Committee.

On 13 May 2021, the Appointments and Remuneration Committee reviewed and approved the guidelines for the Managerial Incentive System (MBO) 2021, the MBO 2021 targets for the Chief Executive Officer, the report on Tiscali S.p.A.'s remuneration policy and compensation paid, evaluated the 2020 short-term variable remuneration for the Chief Executive Officer and the appointment of a member of the Board of Directors to be co-opted.

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 Nomination and Remuneration Committee at 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.

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

The meetings lasted on average about 50 minutes.

5.8 Remuneration of Directors, General Managers and Executives with Strategic Responsibilities

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 we refer.

5.9 Internal Control 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, Tiscali verified its adherence to the requirements of the new Code and, for the first year, prepared this Report using the new format communicated by Borsa Italiana in February 2022. Tiscali believes that its internal audit 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 designed to monitor the efficiency of company transactions, the reliability of financial reporting and compliance with laws and regulations, as well as the safeguarding of the Company’s assets.
The Board of Directors has the top responsibility for the internal auditing system, which sets the guidelines and periodically verifies the adequacy and effectiveness, ensuring that the main business risks are identified and appropriately managed.
In addition to a continuous discussion and interchange between the various corporate bodies involved,

the Audit and Risk Committee prepares every six months, upon approval of the Draft Financial Statements and the Six-month Interim Report, a special Report on the system of corporate governance of the Company and the Group and the activities undertaken during the period, the information issued by the Supervisory Board and the Internal Auditing Manager are annexed to the Committee's Report.

The Board of Directors assesses the aforementioned information and evaluates the governance system jointly with the Internal Audit plans. With reference to FY 2021, during the meetings held on 14 May and 8 October, relating to the approval of the draft Financial Statements as at 31 December 2020 and the Half-year Report as at 30 June 2021 respectively, the Board has deemed the internal auditing system adequate relating to the needs of the Company, to the regulations in force and to the recommendations of the Code, approving the plans for Internal Audit, after consulting the Board of Auditors and the Director in charge of the internal control system.

The Board assessed the adequacy of the organisational, administrative and accounting structure of Tiscali S.p.A. and of Tiscali Italia S.p.A., an operating company of the Tiscali Group wholly owned by Tiscali S.p.A., with strategic importance, with particular reference to the internal control and risk management system, and this also in relation to the characteristics of the company and the risk profile assumed. The Board has assessed the general performance of operations, taking into account, 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 key role in the internal auditing system; for its tasks and operation, please make reference to the next paragraph. Other bodies that are part of the internal auditing system are the Director in Charge, whose duties were taken over by the Chief Executive Officer, and the Internal Audit department.

The CEO, in compliance with the provisions of the new Corporate Governance Code, implements the Board of Directors' indications on internal audit, identifying and managing the main corporate risks and submitting them to the Board of Directors for assessment. He proposes to the Board of Directors the appointment of the Head of the Internal Audit department, whose support he uses to carry out his functions.

The *Chief Internal Auditor* is equipped with the resources to carry out his functions and does not report hierarchically to any operational area manager; he reports on his work to the CEO and 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 Chief Internal Auditor has operational responsibility for coordinating activities of the Internal Auditing department, is not in charge of any operational area and is in possession of the necessary professional skills to perform pertaining duties in line with the recommendations of the Code. In order to further strengthen the independence requirement, the Chief Internal Auditor, and therefore the Internal Auditing department, hierarchically report to the Chairperson of the Audit and Risk Committee while, from an administrative point of view, they report to the CEO, whose powers include the provision of suitable means to the Chief Internal Auditor and the Internal Auditing department. The Audit and Risk Committee, in reviewing the work plan prepared by the Chief Internal Auditor, also assesses the suitability of the means and resources granted. The Chief Internal Auditor had access to all information useful for the performance of his duties.

For FY 2021, the office of the *Chief Internal Auditor* was held by Ms. Francesca Marino, appointed on 27 June 2019 by the Board of Directors, subject to the opinion of the Audit and Risk Committee and the Board of Statutory Auditors.

As at the date of this Report, the main activities in the area of internal auditing by the Committee and the Internal Audit department were the following:

- assessment of the Tiscali Group's governance and the activity conducted by each auditing bodies;
- preparation of Six-month Reports for the Board of Directors on governance activities;
- assessment of the activity of the Supervisory Body and updating, dissemination and application of the *Organisation, Management and Control Model* of the Group pursuant to Law Decree No. 231/2001;
- implementation of the 2021 Audit Plan and drafting of the 2022 Audit Plan;
- assessment of the adequacy of the administrative and accounting procedures for the preparation of the 2021 Half-year Report and the Financial Statements in order to assess their effectiveness. This activity is also aimed at issuing the certification pursuant to Article No. 154-*bis* of the TUF;
- support to the update of the *Organisation, Management and Control Model* pursuant to Legislative Decree No. 231/2001, in order to ensure 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 has been completed.

Audit and Risk Committee

The Board of Directors, in line with the recommendations of the Code, has established an Audit and Risk Committee, with advisory and consulting functions.
The Audit and Risk Committee was appointed on 27 June 2019 and is comprised of three Non-Executive Directors, two of them are Independent: Francesca Celoria (Chairman), Manilo Marocco and Patrizia Rutigliano. Following the resignation of Director Marocco on 18 March 2021, the Board of

Directors in its meeting of 14 May 2021 resolved to co-opt Director Paolo Fundarò, who will take over in the Audit and Risk Committee. The Audit and Risk Committee has consultative and advisory functions with the aim of improving the functionality and the ability for strategic planning of the Board of Directors in relation to the internal auditing system. At least one member of the Audit and Risk Committee has experience in accounting and financial and/or risk management. As per Article No. 6 of the Code, the Audit and Risk Committee assists the Board of Directors by:

a) assessing, together with Officer in Charge of Preparing the Company's Accounting Documents and after consulting the Comptroller and the Board of Statutory Auditors, the correct use of the accounting principles and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
b) assessing the suitability of 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, envisaged in Recommendation No. 1, letter a) of the Code;
c) assessing the content of periodic non-financial information relevant to the internal audit and risk management system;
d) expressing opinions on specific aspects related to the identification of the main business risks and supporting the Board's assessments and decisions relating to the management of risks arising from prejudicial events of which it has become aware;
e) assessing the periodic reports on the evaluation of the internal audit and risk management system and those of particular importance prepared by the internal audit function;
f) monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit department, to which it may entrust the carrying out of audits on specific operational areas, at the same time notifying the chairman of the supervisory body.

Committee meetings are attended by the entire Board of Statutory Auditors, its Chairperson or an Auditor delegated by the Chairperson of the Board of Statutory Auditors. In view of the topics discussed from time to time, the Chairperson of the Audit and Risk Committee may invite to participate other parties, in addition to the CEO, such as the auditing company, the General Manager or the Chief Financial Officer, if any, and the Officer in Charge of Preparing the Company's Accounting Documents, etc.

The meetings of the Audit and Risk Committee are held, usually, before meetings of the Board of Directors scheduled for approval of quarterly reports, six-month report and the draft annual financial statements, and at least once every six months. The Chairman of the Audit and Risk Committee ensures that members are provided reasonably in advance of the meeting date, the documentation and information necessary to the work, except in cases of necessity and urgency. The work of the Committee is however summarised in written form. Meetings of the Audit and Risk Committee are reported to the first available Board of Directors.

During FY 2021, the Audit and Risk Committee met two times: 13 May and 6 October 2021, and 4 April 2022. During the meetings, the Committee examined and assessed the activities carried out during the preparation of the Draft Financial Statements as at 31 December 2020, the activities carried out by Internal Audit and the Supervisory Board and approval of the 2021 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 Officer 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.

All meetings of the Committee were attended by all the members of the Audit and Risk Committee. All meetings of the Committee were attended by the Board of Statutory Auditors.

In agreement with the topics on the agenda, the meetings were attended by the Supervisory Body, the Chief Internal Auditor and the Officer in Charge of Preparing the Company's Accounting Documents, as well as the representatives of the auditing company or Directors and consultants of the Company.

All meetings were regularly convened and recorded, and had an average duration of approximately 100 minutes.

Officer in charge of preparing the company's accounting documents

As provided for by Article No. 14 of the Articles of Association and in compliance with the provisions introduced by Law No. 262/2005, on 28 June 2021, Ms. Silvia Marchesoli, a manager of the Company with the necessary requirements and proven experience in accounting and finance, was appointed as the Officer in Charge of Preparing the Company's Accounting Documents (hereinafter referred to as the "Officer in Charge"). The office will expire with the renewal of the Board of Directors scheduled for the date of approval of the financial statements for the FY ended 31 December 2021.
Pursuant to Article No. 14 of the Articles of Associations, the Officer in Charge of Preparing the Company's Accounting Documents is appointed, on 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 Documents must meet the requirements of integrity required of Directors and have significant professional experience in administration and finance. He/She shall remain in office for three years or for the shorter period set at the time of his appointment and may be re-elected.

Auditing Company

The statutory auditing activity is carried out by an auditing firm registered in the appropriate register and appointed by the Shareholders 'Meeting upon a reasoned proposal of the Board of Statutory Auditors. In particular, the Shareholders' Meeting held on 30 May 2017, upon a reasoned 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 independent auditors for the FYs 2017-2025.

Supervisory Body

On 27 June 2019, the Board of Directors – with the favourable opinion of the Appointments and Remunerations Committee – appointed the Supervisory Board in charge at the date of this Report, composed of Maurizio Piras (Chairman) and Francesca Marino. The Supervisory Body will remain in office until the approval of the Financial Statements as at 31 December 2021.

Internal controls relating to accounting and financial reporting

The Internal Control System on corporate reporting is 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 in 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 control systems in relation to the financial reporting process

A) Stages of the risk management and internal control system in relation to the financial reporting process.

Identifying Financial Reporting Risks

The risk identification activity is conducted primarily through the selection of relevant entities (companies) at the level of the group headed by Tiscali and, later, through the analysis of risks that are found along the business processes giving rise to financial reporting.
This activity includes: *i)* the definition of quantitative criteria in relation to income and asset contributions provided by individual companies in the last financial statements and the selection rules with minimum thresholds. The consideration of qualitative factors is not excluded; *ii)* the identification of key processes, combined with material data and information, namely accounting items for which there is a not remote possibility of containing errors with a potential significant impact on financial

information.

For each significant account, the most significant “assertions” are identified, always according to evaluations based on risk analysis. The financial statements assertions are represented by the existence, completeness, after the event, from the assessment, from rights and obligations and the presentation and disclosure. The risks therefore relate to the possibility that one or more account statements are not properly represented, with a consequent impact on the information itself.

Financial Reporting Risk Assessment

The risk assessment is carried out both on an overall company level and at level of specific processes. The first area includes risks of fraud, improper operation of IT systems or other unintentional errors.

At process level, risks related to financial reporting (underestimation and/or overestimation of items, inaccuracy of information, etc.) should be analysed at the level of the activities that make up the business processes.

Identification of controls against identified risks

As a preliminary activity, attention is paid to company-level controls connected to data/information and relevant assertions, which are identified and assessed both by monitoring of the reflection at the process level and at a general level.

The company-level controls are designed to prevent, detect and mitigate any significant errors, although not operating at the 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 control analysis overseeing each risk is defined autonomously as a summary of the assessment process of the adequacy and compliance correlating to said controls.

Said analyses summarise considerations on the effectiveness and efficiency of the individual risk monitoring controls and the overall assessment on risk management is split into assessments of existence, adequacy and compliance.

Information flows with the results of the activity performed submitted to administrative bodies by the Officer in Charge in support to accounting documents.

B) Roles and Departments Involved

The Officer in Charge is substantially at the top of the system that oversees financial reporting and informs company management on the matter.

In order to carry out his/her tasks, the Officer in Charge has the power to set out the organisational guidelines for an appropriate structure as part of its function; the Officer also is equipped with the means and tools to carry out its activities; and has the ability to collaborate with other organisational units.

A variety of corporate departments contribute with information of economic and financial nature. Therefore, the Officer in Charge sets up systematic and successful relationships with these departments.

The Officer in Charge uses the Internal Audit function to verify the effectiveness and efficiency of the internal control system for financial reporting purposes. In particular, at the beginning of the year, the controls that can be tested are identified, both at 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.

The model used is deemed to provide sufficient guarantees for proper accounting and financial reporting.

5.10 Organisation, management and control model as per Law Decree No. 231/2001

The company has adopted an organisation, management and control model pursuant to Law Decree No. 231/2001, in order to guarantee, also at a formal level, conditions of fairness 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 aims and principles of the model are described and its essential components identified and regulated;
2) special parts, containing the rules that company representatives and persons subject to their management and supervision are required to observe for the purposes of the correct application of the Organisational Model and that the Supervisory Board and other control functions have the tools to carry out monitoring, control and verification activities.

In compliance with the provisions of Article No. 6 of Law Decree No. 231/2001, the Company has appointed a Supervisory Body with the task of supervising the functioning and observance of the Organisational Model and ensuring that it is updated.

On 27 July 2019, the Board of Directors appointed the new Supervisory Body in office at the date of this Report, composed of Maurizio Piras (Chairman) and Francesca Marino. The Supervisory Body will remain in office until the approval of the Financial Statements as at 31 December 2021.

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 operating 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 all conduct in contrast with the Company's values.

The Organisation Model pursuant to Law Decree No. 231/2001 and the Code of Ethics, as updated time to time, are available on the Company’s website, in the *Documenti/Modello Organizzativo* section. The Supervisory Body provides, among other things, for the following: *(i)* promote and supervise the dissemination and knowledge of the Model and the implementation of the personnel training plan through training plans to 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 regulations in force of which it becomes aware in the performance of the above tasks; *(iii)* supervise the effectiveness, adequacy and compliance with the provisions of the Organisational Model by the Recipients.

The Supervisory Body exercises the following tasks: *(i)* supervision of the effectiveness of the model, which consists in verifying the consistency between the various management activities and the model established; *(ii)* review the adequacy of the model, with regard to its ability to prevent unlawful conduct; *(iii)* analysis of the maintenance over time of the requirements of the model and its suitability to pursue the purposes for which it is intended; *(iv)* update of the model, in the event that the analyses carried out make it necessary to make corrections and adjustments through the presentation of proposals for adaptation of the model to the company bodies/functions able to give them concrete implementation. According to the type and scope of the interventions, the proposals will be directed towards the Personnel and Organisation, Administration, etc., departments, or, in certain cases of particular importance, towards the Board of Directors; *(v)* continuous monitoring, i.e., verification of the implementation and effective functionality of the proposed solutions.

The Supervisory Body shall report to the Board of Directors: *(i)* when necessary, on the formulation of proposals for any updates and adjustments to the Special Parts of the Model adopted, to be carried out by means of the amendments and additions that might be necessary; *(ii)* immediately, with regard to ascertained violations of the Model adopted, in cases where such violations may result in the Company being held liable, 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 notify it to the Shareholders’ Meeting; *(iii)* periodically, with regard to an information report, on at least a half-yearly basis, on the verification and control activities carried out and their outcome.

The Supervisory Body shall report to the Board of Statutory Auditors: *(i)* immediately, with regard to ascertained violations of the Model adopted, in cases where such violations may give rise to liability on the part of the Company, as the Board of Statutory Auditors must supervise the adequacy of the Company's administrative, organisational and accounting system and its proper functioning; *(ii)* periodically, by submitting the periodic information report referred to in the previous item.

5.11 Directors' Interests and Related Party Transactions

Currently in Tiscali, at the level of self-discipline, there is a rule of removal from meetings and/or compulsory abstention from voting of the Director bearing 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.tiscali.com under *Documents – Procedures*. The Procedure specifically provides for:

- the constitution of a specialised intra-board Committee competent on Related Party Transactions carried out both by Tiscali and its subsidiaries (except for the cases of excluded transactions);
- the classification of excluded non-qualified Related Party Transactions (as defined) into Significant Transactions and Less Significant Transactions;
- 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;
- the attribution to the Legal Affairs function of the activity of managing and updating the Related Parties List, and more generally preliminary investigation and support of the Related Parties Committee.

The Committee's opinions, which are non-binding in 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 issuance 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 at the date of the Report, the Related Party Transaction Committee is composed of the independent directors Anna Belova (Chairman), Federica Celoria, Patrizia Rutigliano appointed by the

Board of Directors on 27 June 2019; this Committee is competent in case of evaluation of Related Party Transactions of Greater Significance pursuant to the Procedure below.

Otherwise, in case of evaluation of transactions of Lesser Significance, the Related Party Transaction Committee coincides with the Control and Risk Committee.

The Related Party Transaction Committee has the task of carrying out the functions required by CONSOB regulations and the RPT Procedure, which defines the rules, methods and principles aimed at ensuring the transparency and substantive and procedural correctness of Related Party Transactions undertaken by Tiscali. 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 carrying out transactions of lesser importance (as defined in the RPT Procedure) as well as on the appropriateness and substantial correctness of the related conditions; *(ii)* in the case of transactions of greater importance (as defined in the RPT Procedure), it is also involved in the negotiation and preliminary phase and then expresses a reasoned, binding opinion, except for particular approval procedures, on the Company's interest in carrying out the transaction in question, as well as on the appropriateness and substantial correctness of the related conditions.

During the financial year 2021, the Related Party Transaction Committee met six times in its formation coinciding with the Audit and Risk Committee: 13 May, 22 June, 5 and 28 July, 22 November 29 December. All members attended the meetings.

During the financial year 2022 and up to the date of the Report, the Related Party Transaction Committee met on 4 April 2022.

The Related Party Transaction Committee meetings were attended by all members of the Board of Statutory Auditors.

The meetings lasted on average about 120 minutes.

The Committee assessed, in its formation coinciding with that of the Control and Risk Committee, the approval of the terms of an unsecured convertible bond reserved for the qualified investor Nice&Green, as well as some minor transactions between the Company, or its Italian subsidiary, with the company Istella, CC & Soci, Open Campus S.r.l.. 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.tiscali.com, section *Press Releases*.

5.12 Board of Auditors

The Board of Statutory Auditors in office at the date of the Report was appointed by the Shareholders' Meeting held on 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 Tiscali's share capital), which obtained 99.5% of the votes of those attending the Shareholders' Meeting. The following were appointed as statutory auditors:

- Mr. Riccardo Francesco Rodolfo Zingales, Chairman of the Board of Statutory Auditors;
- Mr. Gaetano Rebecchini, Standing Auditor;
- Ms. Rita Casu, Standing Auditor;
- Ms. Lara Cappellotto, Alternate Auditor;
- Mr. Andrea Borghini, Alternate Auditor.

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.tiscali.com, *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 auditors, the Articles of Association in force at the date of the Report provide, pursuant to Article No. 18 ("Board of Statutory Auditors"), for the list voting mechanism 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 who has the most seniority. For 2022, the minimum quota for the submission of minority lists established by CONSOB is 4.5% of Tiscali's share capital (see CONSOB Determination No. 60/2022). 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 designated persons 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 applicable laws and regulations and the Articles of Association. No later than twenty-one 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 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 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 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 Board of Statutory Auditors elected does not allow for compliance with the gender balance provided for by the laws in force, the last elected members 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 from the same list of the least 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 contact with the Audit and Risk Committee, whose meetings they attend on a regular basis, and with the Internal Audit function, in line with the principles and application criteria set forth in Article No. 8 of the Code.

During the 2021 financial year, the previous Board of Statutory Auditors held 13 meetings, with the presence of all Statutory Auditors, and the current Board of Statutory Auditors held 9 meetings, with the presence of all Statutory Auditors, with an average duration of 90 minutes.

For the financial year 2022, 15 meetings have been scheduled, two of which have already been held.

5.13 Relationships with the Shareholders

The Company believes that it is in its own 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, that meets the criteria of truthfulness, timeliness, clarity, consistency, completeness and symmetry of information, based on the 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 specific Engagement Policy was adopted by the Board of Directors in its meeting of 5 April 2022, which can be consulted on the website tiscali.com, section *Documents*.

The Policy establishes that the dialogue is conducted 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 accordance 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, due to its nature or contractual obligations, is to be considered confidential, is not unduly disclosed.

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

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

The parties involved in the process of managing dialogue with the generality of shareholders and other relevant stakeholders are the Board of Directors (and within the same, each individual director) and the Investor Relations Department. The Board of Directors, in particular: *i)* Promotes the development and maintenance of transparent and ongoing forms of dialogue with the generality of shareholders, also taking into account the engagement policies of the main institutional investors and asset managers (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); *iii)* Is the body responsible, upon the Chairman's proposal (formulated in agreement with the Chief Executive Officer) for the adoption, dissemination, implementation and possible revision of this Engagement Policy.

The Chairman has a role of promotion and drive towards the Board for the performance of activities falling within the latter's competence. He keeps the Board promptly informed on the development and significant contents of the dialogue with shareholders and other relevant stakeholders, it being understood that in any case of his impediment or particular difficulty, his functions may be performed by the Deputy Chairman or the Chief Executive Officer. In addition, the Chairman may participate, also through the Investor Relations Department, in the dialogue 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, after consulting the Chairman, 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; *ii)* Coordinates with the Chairman in relation to the information and updates to be provided to the Board of Directors on the dialogue activities carried out.

The Chairman and the Chief Executive Officer, for these purposes, have 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 and shareholders in general. In particular, it *i)* Collects requests from institutional investors, financial analysts and shareholders to promote dialogue with the Company, reporting to the Chairman and Chief Executive Officer at the appropriate times and to the extent of its competence; *ii)* Coordinates, where necessary and in agreement with the CFO, with the Company's internal functions in order to carry out, in the face of requests received, an adequate preliminary investigation aimed at gathering the necessary and/or appropriate information to respond to the parties concerned; *iii)* Takes care of communication with the parties involved in the dialogue, acting as spokesperson, as far as each is concerned, for the Chairman, the Chief Executive Officer and defining with them the contents of the communication; *iv)* Proposes, coordinates and organises initiatives aimed at establishing or fostering a dialogue with the parties involved; *v)* Prepares the documentation functional to the information to be provided to the Board of Directors.

The dialogue with shareholders, institutional investors and other stakeholders, in particular in connection with or on the occasion of the Shareholders' Meetings of the Company, 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 balance with the Company's interest in the same: corporate strategies, economic-financial outlook and dynamics, corporate governance, remuneration policies, sustainability and environmental issues, internal control system and risk management.

Tiscali S.p.A. communicates and interacts with the generality of shareholders on an ongoing basis through various instruments and modalities.

The information activity is ensured by making available, on the Company's website (https://tiscali.com/), 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 can be freely consulted in Italian and English and includes: *i)* In the *Press Releases* section, all press releases disclosed to the market; in the *Documents* section, the periodic accounting documentation of the company approved by the competent corporate bodies (Annual and Consolidated Financial Statements; Half-Year Report; Non-financial Statement), as well as the Articles of Association, internal dealing communications, the report on the corporate governance system and the remuneration report, as well as any other document whose publication is required by the regulations applicable from time to time; *ii)* In the *Governance* section, the profiles of the main administration and control bodies as well as the documents prepared for the Shareholders' Meetings.

Tiscali 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 group meetings and one-to-one, with institutional analysts/investors on the Company's performance and results; *ii)* The sending to the mailing list of analysts/institutional investors of "save the date" relating to quarterly conference calls, the most relevant press releases and the quarterly presentation; *iii)* Participation in roadshows, conferences (usually sector-specific), physical or virtual, with one-to-one or group meetings with shareholders/institutional investors.

Furthermore, the Shareholders' Meeting represents an institutional moment of privileged meeting with shareholders. To this end, Tiscali S.p.A. works 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 meeting, allows shareholders with voting rights to ask questions on the items on the agenda (even before the meeting).

Directors, Statutory Auditors and top management of Tiscali and its subsidiaries are obliged to maintain the confidentiality of documents and information acquired in carrying out their tasks. Any dealings between these parties and the press and other mass media, as well as with financial analysts and institutional investors, which involve confidential documents and information concerning Tiscali or the Group, must only occur through the Investor Relations department, with the exception of interviews and statements made by the executive Directors.

Management and, in any case, all employees and collaborators are required to maintain the confidentiality of price sensitive documents and information acquired as a result of and during the performance of their duties and cannot communicate them to others except for work-related reasons of function or position, unless such documents or information have already been published in the due forms. The aforementioned parties are prohibited from giving interviews to the press, or making any public statements, which contain information on relevant facts, classified as "confidential" pursuant to Article No. 7 of the EU Regulation No. 596 dated 16 April 2014 concerning market abuse (hereinafter referred to as the "MAR"), which have not been included in press releases or documents already disclosed to the public, or expressly authorised by the Investor Relations department.

In accordance to what is stated in Paragraph 2 of Article No. 114 of the TUF, the Company has established procedures for reporting by the various corporate department to the Investor Relations

department of events deemed price sensitive.
Implementing Article No. 18 of the MAR – concerning keeping a register of persons with access to classified information the Company has established at the Investor Relations department a register of persons, who, because of their working or professional activity or because of their duties, have access to this type of information. In accordance with the aforementioned legislation, the register, managed with IT systems, contains: the identity of any person having access to classified information, the reason why such person has been included on the list, the date on which such person was recorded in the register, the date of update of the information relating to that person.
The Board of Directors, in its meeting held on 28 April 2017, approved the procedures for managing the register of persons with access to classified information and the company procedure for the public disclosure of classified information, updated at the Board of Directors' Meetings held on 24 April 2020 and 5 April 2022. The procedures are available on the Company's website, www.tiscali.com, *Documents* section.

5.14 Shareholders' Meetings

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

The Company, in order to facilitate information and participation of its own Shareholders, as well as to facilitate the obtaining of documentation that, under the terms and conditions of law, must be made available to them at the Company's registered office on the occasion of the Shareholders' Meetings, dedicated a proper section called *Governance/Shareholders' Meetings* of the www.tiscali.com website, which allows access to such documentation in electronic format.

The Shareholders' Meeting adopted its own Meeting Regulations, latest version dated 29 April 2011, also available on the Company's website in the *Documents* section.

The Meeting Regulations were adopted with the aim of ensuring an orderly and effective performing of the meetings, define the rights and duties of all participants, and establish clear and unambiguous rules, without intending in any way to limit or restrict the right of each Shareholder to express its opinions and demand explanations on the matters on the agenda. The Board of Directors thinks that the prerogatives of the minority interests should be respected when approving resolutions, as the current Articles of Association do not require majorities other than those specified by law.

In compliance with Article No. 2370 of the Civil Code and with Article No. 8 (*Participation in the Shareholders' Meeting*) of the Articles of Associations in force at the date of this Report, the Shareholders from which the Company has received communication sent by the authorised intermediary as per the current regulations, certifying the ownership of shares on the so-called record date, as well as any voting proxy, may participate in the Meeting. Those who have the right to attend the Shareholders' Meeting may be represented, in accordance with the law, by proxy, which may be granted in writing or electronically, if provided for by specific regulations and in the manner indicated therein. The Company excludes the possibility of using a person to whom holders of voting rights may grant a proxy. It is up to the Chairman of the Shareholders' Meeting to ascertain the right to attend the Shareholders' Meeting and the regularity of the proxies. Resolutions of the Shareholders' Meeting passed in accordance with the law and with these Articles of Association are also binding on dissenting shareholders.

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

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in the absence thereof, by the Deputy Chairman, if appointed, or, in the absence thereof, by a person appointed by the Shareholders' Meeting. The Shareholders' Meeting appoints a secretary, who may or may not be a shareholder, and also appoints, where deemed appropriate, two scrutineers from among the shareholders and the Statutory Auditors. The resolutions of the Shareholders' Meeting are recorded in the minutes signed by the Chairman, the secretary and, if necessary, the scrutineers. In the cases provided for by law and whenever he deems it appropriate, the Chairman shall have the minutes drawn up by a Notary. On the occasion of the Shareholders' Meetings, the Board, through the Chief Executive Officer, has reported to the Shareholders' Meeting on the activities carried out and planned and has made every effort to ensure that shareholders are provided with adequate information on the elements necessary for them to take the decisions for which they are responsible.

It should be noted that, in relation to the COVID-19 epidemiological emergency, by virtue of the exceptional rules contained in the Law Decree No. 18 of 17 March 2020 (hereinafter referred to as the "**Decree**"), intervention in the Shareholders' Meeting of 28 May 2020, by those entitled to vote, was allowed exclusively through the representative appointed pursuant to Article No. 106, Paragraph 4, of the Decree. Consequently, the Company has appointed Computershare S.p.A. to represent the Shareholders pursuant to Article No. 135-*undecies* of the Legislative Decree No. 58/98 (TUF) and the aforementioned Decree (hereinafter referred to as the "**Appointed Representative**").

5.15 Tables

TABLE 1: INFORMATION ON THE SHARES STRUCTURE AS AT 5 APRIL 2022

	SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed at Euronext Milan	Not listed	Rights and obligations
Ordinary shares (specifying whether the possibility of an increase in voting rights is provided for)	6,375,726,753	6,375,726,753	6,284,174,325 (ISIN IT0004513666)	91,552,428 (ISIN IT0005415713)	
Preference Shares					
Multiple-vote 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)				
	Not listed	No. of circulating instruments	Category of shares serving the conversion/exercise	No. of shares for conversion/ exercise	
Convertible bonds	Tiscali Conv 2021				
Warrant					

SIGNIFICANT SHAREHOLDINGS IN THE CAPITAL

Registrant	Direct Shareholder	% share of ordinary capital	% share of voting capital
Amsicora S.r.l.	**Amsicora S.r.l.**	8.78%	8.78%
Renato Soru	**Renato Soru**	4.96%	4.96%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AS AT THE END OF FY 2021

Directors	**Year of birth**	**Office**	**Date of appointment for this term**	**Executive – Non Executive – Independent**	**End date of this term**	**Date of first appointment (*)**	**Other offices (**)**	**Participation to BoD Meetings (**)**	**Audit and Risk Committee – Role (**)**	**Appointments and Remuneration Committee – Role (**)**	**Related Party Committee – Role (**)**
Alberto Trondoli	1958	Chairman	27.6.2019	Non-Executive	Approval of financial statements as at 31.12.2021	27.6.2019	-	8/8			
Renato Soru	1957	CEO	27.6.2019	Executive	Approval of financial statements as at 31.12.2021	9.6.1997	-	8/8			
Patrizia Rutigliano	1968	Independent Director	27.6.2019	Non-Executive and Independent as per TUF	Approval of financial statements as at 31.12.2021	27.6.2019	-	8/8	Member	Chairperson	Member
Federica Celoria	1973	Independent Director	27.6.2019	Non-Executive and Independent as per TUF	Approval of financial statements as at 31.12.2021	27.6.2019	-	8/8	Chairperson	Member	Member
Anna Belova	1961	Independent Director	27.6.2019	Non-Executive and Independent as per TUF	Approval of financial statements as at 31.12.2021	16.2.2016	2	8/8			Chairperson
Paolo Fundarò	1973	Director	14.5.2021	Non-Executive	Approval of financial statements as at 31.12.2021	14.5.2021	2	6/6	Member	-	-
Cristiana Procopio	1979	Director	Co-optation 29.9.2020	Non-Executive	Approval of financial statements as at 31.12.2021	29.9.2020	1	8/8		Member	
Directors who resigned during the financial year 2021											
Manilo Marocco	1958	Director	27.6.2019	Non-Executive	Resigned on 18 March 2021	27.6.2019	-	1/1	Member		

Directors	Year of birth	Office	Date of appointment for this term	Executive – Non Executive – Independent	End date of this term	Date of first appointment (*)	Other offices (**)	Participation to BoD Meetings (**)	Audit and Risk Committee – Role (**)	Appointments and Remuneration Committee – Role (**)	Related Party Committee – Role (**)
No. of meetings held in the reporting year 8			Audit and Risk Committee 2		Appointments and Remuneration Committee 1			Related Party Transactions Committee 6			
All Directors were appointed on the basis of the single list jointly presented by Renato Soru and Amsicora S.r.l., that, on the date of the list's presentation, held 7.94% and 22.059% of Tiscali's share capital, respectively.											
Quorum required for the submission of lists by minorities for the election of one or more members: 4.5%.											

(*) The office may not have been held continuously since the date of first appointment.

(**) This column indicates the participation of directors in Committee meetings and the qualification of the director within the Committee

(***) Offices held as Director or Statutory Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF FY 2021

Auditor	Year of birth	Office	Date of appointment for this term	Date of first appointment (*)	End date of this term	List	Independence under the Code	Attendance at meetings of the Board	No. of other offices in Issuers
Riccardo Zingales	1960	Chairman	24 June 2021	24 June 2021	Approval of 2023 Financial Statements	Soru/ Amsicora	Yes	100%	-
Rita Casu	1963	Statutory Auditor	24 June 2021	30 November 1999	Approval of 2023 Financial Statements	Soru/ Amsicora	Yes	100%	-
Gaetano Rebecchini	1987	Statutory Auditor	24 June 2021	24 June 2021	Approval of 2023 Financial Statements	Soru/ Amsicora	Yes	100%	-
Lara Cappellotto	1973	Alternate Auditor	24 June 2021	24 June 2021	Approval of 2023 Financial Statements	Soru/ Amsicora	Yes	-	-
Andrea Borghini	1972	Alternate Auditor	24 June 2021	24 June 2021	Approval of 2023 Financial Statements	Soru/ Amsicora	Yes	-	-
No. of meetings held in the reporting year									
Quorum required for the submission of lists by minorities for the election of one or more members: 4.5%.									

(*) The office may not have been held continuously since the date of first appointment.

Consolidated Financial Statements of Tiscali S.p.A. as at 31 December 2021

6 Consolidated Financial Statements and Explanatory Notes

6.1 Income Statement

Consolidated income Statement	Notes	2021	2020
(EUR 000)			
Revenues	*1*	144,159	144,012
Other incomes	*2*	12,065	10,838
Purchase of materials and external services	*3*	105,177	100,467
Personnel cost	*4*	17,599	18,780
Other operating charges (incomes)	*3*	451	297
Write-downs of receivables from customers	*5*	5,041	6,158
Restructuring costs	*6*	606	2,142
Depreciations & amortizations	*7-12-13-14-15*	43,043	41,324
Operating result		**(15,693)**	**(14,318)**
Result from the investments evaluated at equity method		(365)	(285)
Financial Income	*8*	3,249	440
Financial Expenses	*8*	7,535	7,964
Income (loss) before tax		**(20,343)**	**(22,127)**
Taxation	*9*	274	74
Net result	*10*	**(20,617)**	**(22,201)**
To be attributed to:			
- Result pertaining the Parent Company		**(20,617)**	**(22,201)**
- Result pertaining Third Parties		**-**	**-**
Profit (loss) per share			
Profit per share from current and transferred activities:			
- Base		(0.004)	(0.005)
- Diluted		(0.004)	(0.005)
Profit per share from current activities:			
- Base		(0.004)	(0.005)
- Diluted		(0.004)	(0.005)

6.2 Comprehensive Income Statement

Comprehensive Income Statement	**2021**	**2020**
(EUR 000)		
Result for the period	**(20,617)**	**(22,201)**
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	(37)	(29)
(Loss)/profit from revaluation on plans with defined benefits	(37)	(29)
Total of other elements for the comprehensive Income Statement:	**(37)**	**(29)**
Total result of the comprehensive Income Statement	**(20,654)**	**(22,230)**
To be attributed to:		
Shareholders of the Parent Company	**(20,654)**	**(22,230)**
Minority Shareholders	**-**	**-**
Total	**(20,654)**	**(22,230)**

6.3 Statement of Assets and Liabilities

Statement of Assets and Liabilities	**Notes**	**31 December 2021**	**31 December 2020**
(EUR 000)			
Non-current assets			
Intangible assets	*12*	49,737	51,431
Leased contracts rights of use	*13*	16,992	17,971
Customer acquisition costs	*14*	9,086	10,186
Property, plants and machinery	*15*	26,470	29,898
Investments evaluated at equity method	*16*	3,719	3,719
Other financial assets	*17*	765	806
		106,769	**114,011**
Current assets			
Inventories	*18*	197	
Trade receivables	*19*	8,788	9,584
Tax receivables	*20*	3	466
Other receivables and other current assets	*21*	15,865	22,909
Cash and cash equivalents	*22*	11,614	4,434
		36,467	**37,393**
Total assets		**143,236**	**151,404**
Capital and reserves			
Share Capital		63,655	51,655
Stock option reserve		0	51
Results from previous fiscal years and other reserves		(124,684)	(102,476)
Results for the fiscal year pertaining to the Group		(20,617)	(22,201)
Shareholders' equity_ Group	*23*	**(81,646)**	**(72,971)**
Shareholders' equity_ third parties			
Shareholders' equity_ third parties	*24*	**0**	**0**
Total Shareholders' equity		**(81,646)**	**(72,971)**

Non-current liabilities			
Bank loans and other fin. Inst.	*25*	70,215	3,483
Obligation under finance leases	*25*	13,061	15,059
Other non-current liabilities	*26*	18,611	11,902
Employee severance indemnities	*27*	2,615	2,708
Provisions for liabilities and charges	*28*	4,124	5,448
		108,626	**38,600**
Current Liabilities			
Convertible bond	*25*	6,000	0
Banks overdrafts and loans	*25*	3,323	70,853
Obligation under finance leases	*25*	7,773	7,950
Trade payables	*29*	68,436	58,034
Tax payables	*30*	203	56
Other current liabilities	*31*	30,521	48,882
		116,256	**185,775**
Total Shareholders' Equity and Liabilities		**143,236**	**151,404**

6.4 Cash Flow Statement

Cash Flow Statement	Notes	2021	2020
(Thousands of Euro)			
OPERATING ACTIVITIES		**(20,617)**	**(22,201)**
Adjustments for:			
Amortization	12-13-14-15	43,043	41,324
Income from tax receivables ex Bonus Sud & Industria 4.0	2	(2,529)	(8,325)
Provision for write-downs accounts receivables from customers	5	5,041	6,158
Stock Option figurative cost	23	0	11
Income taxes	9	274	75
Changes in provision for risks	6	64	2,400
Payables/ receivables and other credits write-offs	29	(6,111)	(4,779)
Other changes	4-6	1,449	1,384
Fastweb Voucher utilization	3	2,334	17,723
Financial charges / income	8	4,286	7,524
Cash flows from operating activities before changes in working capital		***27,234***	***41,294***
Changes in receivables	19	(2,169)	(520)
Change in inventories		(197)	0
Changes in payables to suppliers	29	17,752	3,748
Change in payables to long-term suppliers	26	4,382	(347)
Net change in provisions for risks and charges	28	(1,061)	(704)
Net change in provisions for TFR	27	(139)	(172)
Changes in other liabilities	31	(7,262)	(18,074)
Changes in other assets	21	(3,673)	4,162
Changes in working capital		**7,633**	**(11,907)**
AVAILABILITY CASH FLOWS GENERATED BY OPERATING ACTIVITIES		**34,867**	**29,387**
INVESTMENT ACTIVITY			
Change in other financial assets	17	41	100
Acquisitions of Fixed Tangible Assets	15	(8,314)	(7,726)
Acquisitions of Leased contract right of use	13	(4,461)	(3,080)
Acquisitions of Customers acquisition costs	14	(5,243)	(6,885)
Acquisitions of Intangible assets	12	(17,981)	(18,204)

o/w due to voucher utilization (no cash effect)	12 -15	128	4,545
		(3,428)	(1,510)
Change in payables related to acquisitions of Assets	26		
AVAILABILITY OF CASH AND CASH EQUIVALENTS FOR INVESTMENT ACTIVITIES		**(39,258)**	**(32,760)**
FINANCIAL ASSETS			
Changes in payables to banks	25	(1,910)	244
of which:			
Repayment of share capital and interest Senior debt		(899)	(901)
Increase/Decrease in current accounts overdrafts		(1,011)	1,145
Changes in bond	25	5,730	0
Repayment/acceptance of financial leasing	25	(3,704)	(4,088)
Exchange rate effect	8	(5)	(2)
Changes in Net Equity	23	11,460	
AVAILABILITY CASH ARISING FROM/ (USED IN) FINANCIAL ACTIVITIES		**11,571**	**(3,846)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		**7,180**	**(7,219)**
AVAILABILITY CASH ARISING FROM ASSETS SOLD/ HELD FOR SALE		0	0
AVAILABILITY CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,434**	**11,653**
CASH AND CASH EQUIVALENTS AT YEAR-END		**11,614**	**4,434**

The Cash Flow Statement for the year 2020 presents a restatement compared to what was presented in the Consolidated Financial Statements as at 31 December 2020 in order to provide a better representation of the cash flows generated by operating activities and to align the exposure of 2020 with that of 2021.

It should be noted that changes in items related to Related Party Transactions have not been presented in the Statement of Cash Flows as their amount is not significant.

6.5 Statement of changes in the Shareholders' Equity

(EUR 000)	Capital	Legal reserve	Reserve for shares premium	Stock option reserve	Reserve for employees benefits	Accumulated losses and other reserves	Net Equity pertaining to the Group	Minority Interests	Total
Balance as of January 1, 2021	**51,655**	**1,929**		**51**	**(1,664)**	**(124,942)**	**(72,971)**		**(72,971)**
Bond conversion	12,000						**12,000**		**12,000**
Bond set up fees						(39)	**(39)**		**(39)**
Reclassification of Stock Option Reserve to Other Reserves				(51)		51			
Other movements		82				(64)	**18**		**18**
Total result of the comprehensive Income Statement					(37)	(20,617)	**(20,654)**		**(20,654)**
Balance as of December 31st, 2021	**63,655**	**2,011**			**(1,701)**	**(145,611)**	**(81,646)**		**(81,646)**

(EUR 000)	Capital	Legal reserve	Reserve for shares premium	Stock option reserve	Reserve for employees benefits	Accumulated losses and other reserves	Net Equity pertaining to the Group	Minority Interests	Total
Balance as of January 1, 2020	**46,355**	**1,929**		**96**	**(1,635)**	**(102,750)**	**(56,005)**		**(56,005)**
Bond conversion	5,300						**5,300**		**5,300**
Bond set up fees						(47)	**(47)**		**(47)**
Reclassification of Stock Option Reserve to Other Reserves				(56)		56			
Figurative charges Stock Option				11			**11**		**11**
Total result of the comprehensive Income Statement					(29)	(22,201)	**(22,230)**		**(22,230)**
Balance as of December 31, 2020	**51,655**	**1,929**		**51**	**(1,664)**	**(124,942)**	**(72,971)**		**(72,971)**

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

Consolidated income Statement	Notes	2021	of which related parties	2020	of which related parties
(EUR 000)					
Revenues	*1*	144,159	71	144,012	
Other incomes	*2*	12,065		10,838	
Purchase of materials and external services	*3*	105,177	1,725	100,467	851
Personnel cost	*4*	17,599	733	18,780	666
Other operating charges (incomes)	*3*	451		297	
Write-downs of receivables from customers	*5*	5,041		6,158	
Restructuring costs	*6*	606		2,142	
Depreciations & amortizations	*7-12-13-14-15*	43,043		41,324	
Operating result		**(15,693)**	**(2,387)**	**(14,318)**	**(1,517)**
Result from the investments evaluated at equity method		(365)		(285)	
Financial Income	*8*	3,249		440	
Financial Expenses	*8*	7,534		7,964	
Income (loss) before tax		**(20,343)**	**(2,387)**	**(22,127)**	**(1,517)**
Taxation	*9*	274		74	
Net result from continuing operations		(20,617)	(2,387)	(22,201)	(1,517)
Net result	*10*	**(20,617)**	**(2,387)**	**(22,201)**	**(1,517)**
To be attributed to:					
- Result pertaining the Parent Company		**(20,617)**		**(22,201)**	
- Result pertaining Third Parties		**-**		**-**	
Profit (loss) per share					
Profit per share from current and transferred activities:					
- Base		(0.004)		(0.005)	
- Diluted		(0.004)		(0.005)	
Profit per share from current activities:					
- Base		(0.004)		(0.005)	
- Diluted		(0.004)		(0.005)	

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

Statement of Assets and Liabilities	Notes	31 December 2021	of which related parties	31 December 2020	of which related parties
(EUR 000)					
Non-current assets					
Intangible assets	*12*	49,737		51,431	
Leased contracts rights of use	*13*	16,992		17,971	
Customer acquisition costs	*14*	9,086		10,186	
Property, plants and machinery	*15*	26,470		29,898	
Investments evaluated at equity method	*16*	3,719		3,719	
Other financial assets	*17*	766		807	
		106,769		**114,011**	
Current assets					
Inventories	*18*	197			
Trade receivables	*19*	8,788	527	9,584	637
Tax receivables	*20*	3		466	
Other receivables and other current assets	*21*	15,865	386	22,909	61
Cash and cash equivalents	*22*	11,614		4,434	
		36,467	**912**	**37,393**	**698**
Total assets		**143,236**	**912**	**151,404**	**698**
Capital and reserves					
Share Capital		63,655		51,655	
Stock option reserve		0		51	51
Results from previous fiscal years and other reserves		(124,684)		(102,476)	
Results for the fiscal year pertaining to the Group		(20,617)		(22,201)	
Shareholders' equity_ Group	*23*	**(81,646)**		**(72,971)**	**51**
Shareholders' equity_ third parties					
Shareholders' equity_ third parties	*24*	**0**		**0**	

Total Shareholders' equity		**(81,646)**		**(72,971)**	
Non-current liabilities					
Bank loans and other fin. Inst.	*25*	70,215		3,483	
Obligation under finance leases	*25*	13,061		15,059	
Other non-current liabilities	*26*	18,611		11,902	
Employee severance indemnities	*27*	2,615		2,708	
Provisions for liabilities and charges	*28*	4,124		5,448	
		108,626		**38,600**	
Current Liabilities					
Convertible bond	*25*	6,000		0	
Banks overdrafts and loans	*25*	3,323		70,853	
Obligation under finance leases	*25*	7,773		7,950	
Trade payables	*29*	68,436	207	58,034	388
Tax payables	*30*	203		56	
Other current liabilities	*31*	30,521	526	48,882	
		116,256	**733**	**185,775**	**388**
Total Shareholders' equity and Liabilities		**143,236**	**(179)**	**151,404**	**(259)**

6.8 Explanatory Notes

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

In preparing these financial statements, Management has made the existence of the going concern assumption, as more fully explained in section 6.9 below, therefore the financial statements have been drafted using the principles and criteria applicable to companies in operation.

6.9 Assessment on the business as an ongoing concern and business outlook

Background: the merger between Tiscali and Linkem

On 30 December 2021, the Group issued a press release in which it informed the market of the launch of the integration project between the Tiscali Group and the retail branch of the Linkem Group. With reference to this project, on 2 November 2021, Tiscali and Linkem S.p.A. (hereinafter also referred to as "**Linkem**") signed a Memorandum of Understanding aimed at evaluating the possible implementation of an agreement (hereinafter also referred to as the "**Transaction**") of integration between the group headed by Linkem and the group headed by Tiscali. Subsequently, on 25 November 2021, the company Linkem Retail was established, wholly owned by Linkem, in order to contribute to it the branch of business containing the commercial activities of Linkem S.p.A. (hereinafter also referred to as the "**Linkem Business Unit**"). Such Linkem Business Unit was then conferred on 30 December 2021 (subject to the occurrence of certain conditions precedent related to the Transaction described below). The Linkem Business Unit includes, inter alia:

- All existing relationships with retail consumer and business customers served through Linkem's own infrastructure as well as through the infrastructure owned by Telecom Italia S.p.A. and related customer management systems:
- Personnel employed for the management of the aforesaid relationships;
- Certain majority and minority shareholdings in companies that provide and manage services to retail and business customers and related contracts in place with such companies;
- Existing contracts with authorised resellers as well as contracts for the resale of services and retail sales.

It should also be noted that:

1. The Transaction is subject to certain conditions precedent that must be fulfilled by 31 July 2022;
2. The purpose of the Transaction is to bring about the integration of the organisational assets of the two companies involved, in order to generate significant industrial synergies and provide an integrated offer of fixed, mobile, 5G, cloud and smart city services, taking full advantage of the opportunities connected to the implementation of the PNRR. Following the successful completion of the Transaction, the merged company will be the 5th largest telecommunications operator in the Italian fixed market and the largest in the Ultra Broadband access segment in FTTH and FW technologies, with an overall market share of 19.4%.

Given the relevance of this Transaction also with respect to the analysis of the Group as an ongoing concern over the next 12 months, the Directors have proceeded to verify the presence of the going concern prerequisite primarily from a stand-alone perspective, and therefore without considering this Transaction, but also in the event of its completion in consideration of the fact that the Board has assessed this opportunity and will proceed in this sense, subject to the due steps to be made during the Shareholders' Meeting, if it deems that the conditions for its completion are met.

Going concern in the stand-alone scenario

The Directors point out that in the financial year 2021 the Group:

i. Showed a negative result for the year, i.e. a loss of EUR 20.6 million, marking an improvement of EUR 1.6 million compared to the FY2020. Moreover, in the same period, Group EBITDA decreased by EUR 1.1 million, from EUR 29.1 million in FY2020 to EUR 28 million in FY2021;
ii. Had net current liabilities at the consolidated level (non-financial) of EUR 74.3 million, compared to net current liabilities of EUR 74 million as at 31 December 2020
iii. Generated a flow from operations before changes in working capital of EUR 27.2 million, which is lower than the flow of EUR 41.2 million generated in 2020 (although this decrease is largely influenced by the use of the Fastweb voucher in 2020 for an amount that is EUR 15.4 million higher than in 2021)
iv. Recorded a decrease in the Fixed Broadband customer base (approximately 351 thousand users as at 31 December 2021, compared to 377 thousand users as at 31 December 2020, or 6.9%)
v. Had a consolidated capital deficit of EUR 81.6 million, which increased compared to a value of EUR 73 million, as at 31 December 2020, mainly due to the combined effect of the capital increases resulting from the conversion of the first four tranches of the POC Nice & Green SA for a total of EUR 12 million and the negative operating result of EUR 20.6 million.

Against the backdrop of the economic, financial and management results described above, and with the aim of strengthening the Group's capital and financial structure, the following actions were implemented:

i. On 17 September 2021, a business plan was approved for the 2021-2024 period (thereinafter also referred to as the “2021-2024 Business Plan”), sworn pursuant to Article 67 of the Finance Law for the purposes of the Amendment Agreements to the Senior Loan, which provides for certain management strategies aimed at increasing revenues in the explicit period, so as to ensure that the Group will reach break-even by 2023 and will be able to generate sufficient cash to guarantee the development of the business and the fulfilment of corporate obligations throughout the period of the plan. Although actual revenues for the 2021 financial year were lower than expected in the Business Plan (EUR 4.1 million lower than the Plan), Ebitda for the period was EUR 1.5 million higher than the Plan, however with a mix that includes higher non-recurring income. The Directors also believe that the slowdown accumulated at the end of 2021 on the achievement of operating targets is recoverable over the Plan period and does not affect the overall feasibility of the Plan. In fact, the failure to achieve the 2021 targets is partially attributable to the delayed development of services dedicated to business customers and Media services, as well as to certain non-recurring factors.

ii. On 14 May 2021, an agreement was signed with N&G for the issuance of a mandatory convertible bond (thereinafter also referred to as the "**N&G Bond**") for a maximum amount of EUR 21 million, with an option for the Company to extend it for a further EUR 21 million, issuable in several tranches at the Group's discretion. As of the date of approval of the Annual Report, all 7 tranches for the total amount of EUR 21 million had been issued and converted.

iii. A negotiation process was initiated and then concluded on 7 October 2021 with the lending banks Intesa San Paolo and Banco BPM (thereinafter also referred to as the "Bank Pool") that led to the amendment of its debt, amounting to EUR 75.9 million at the date of the agreements, towards these institutions (the "Senior Loan Amendment Agreements"). These amendments provide for the rescheduling of the loan repayment plan, thus allowing for a two-year grace period (2021-2022) and a progressively increasing rescheduling of the repayment instalments in the years 2023-2026, in order to make them compatible with the cash flows expected by the Group and included in the forecasts of the 2021-2024 Business Plan.

iv. A cash plan was drawn up for the April 2022 – March 2023 period, which incorporates the financial effects of delays in achieving the Plan's objectives accumulated as at 31 March 2022. This plan, which is conservative in nature, shows cash needs over the period consistent with the sources already identified by the Directors.

In addition to these actions, the Directors point out the existence of some positive signs related to both period performance and forecasts on future performance. In particular, they point out that as at 31 December 2021 the Group:

i. Has a total net financial indebtedness of EUR 88 million, an improvement of EUR 4.1 million with respect to 31 December 2020 (EUR 92.1 million), with a more sustainable debt structure thanks to the different time profile of the repayments under the Senior Loan Amendment Agreements;

ii. Had cash and cash equivalents of EUR 11.6 million, compared to EUR 4.4 million in the comparative period;

iii. The Senior Loan Amendment Agreements provide for the verification of compliance with certain financial covenants on a half-yearly basis, which, as at 31 December 2021, have been met;

iv. Generated a net cash flow from operations of EUR 34.9 million, lower than the flow of EUR 29.4 million generated in the year;

v. Showed an improvement in the mix of the customer base with a significant growth in the number of Fibre customers, which increased by 26.1% from 223 thousand users as at 31

December 2020 to 281 thousand users as at 31 December 2021. This objective was also achieved thanks to the significant increase in FTTH network coverage, with coverage reaching 1,600 municipalities as at 31 December 2021 compared to the 886 municipalities reached at the end of 2020. In addition, thanks to the Bitstream NGA network, Tiscali has further expanded its Ultra Broadband coverage, and can potentially provide Fibre services to approximately 28 million households and businesses: in mixed copper Fibre technology to approximately 19 million households and businesses and in FTTH technology to approximately 9 million households and businesses;

vi. Had net trade payables past due (net of payment plans agreed with suppliers, as well as accounts receivable and in dispute with the same suppliers) of EUR 21.4 million (compared to EUR 22.1 million as at 31 December 2020), financial payables past due net of accounts receivable of EUR 0.4 million (compared to EUR 0.5 million as at 31 December 2020) and, tax and social security payables past due of EUR 5.4 million (compared to EUR 10.6 million as at 31 December 2020). In total, therefore, overdue amounts in comment amounted to EUR 27.2 million, as at 31 December 2021, compared to total overdue amounts of EUR 33.2 million in the previous year, an improvement of EUR 6 million.

Furthermore, the Directors point out that they have agreed with Nice & Green the exclusion of the extraordinary transaction with Linkem from the so-called significant negative event causes that could have allowed Nice & Green to suspend the N&G Bond, as well as to have notified the commitment to extend it for further EUR 21 million as per existing contractual agreements. The Directors have, therefore, considered the amount of the extension of the N&G Bond for an additional EUR 21 million as one of the funds available to finance the 2021-2024 Business Plan and, more specifically, to meet corporate obligations in the foreseeable future.

In the situation described above, the Directors reiterate that the achievement of a medium- and long-term balance sheet, economic and financial equilibrium of the Group from a stand-alone perspective is subject to the following aspects that present profiles of uncertainty: *(i)* The achievement of the results forecasted in the 2021-2024 Business Plan, which provides for the break-even in 2023, and *(ii)* The realisation of the forecasts and assumptions contained therein in a market context characterised by strong competitive pressure.

Moreover, and with specific reference to the use of the going concern assumption in the preparation of this consolidated annual report from a stand-alone perspective, the Directors confirm that the financial sources available are sufficient to guarantee the Company’s obligations in the time horizon of 12 months following the date of approval of the 2021 financial statements.

Going concern in the event of completion of the Transaction (or “Combined” scenario)

The Directors of Tiscali S.p.A., jointly with the Directors of Linkem Retail S.r.l., have started the preparation of a Business Plan of the two combined entities post-merger on the 2022-2025 time frame (hereinafter also referred to as the “**2022-2025 Combined Business Plan**”). However, with reference to this plan, it should be noted that – as at the date of publication of this report – the 2022-2025 Combined Business Plan, although at an advanced stage of definition, has not yet been approved by the Boards of Directors of the Companies and, therefore, may be subject to change.
The 2022-2025 Combined Business Plan will be based on the following assumptions:

i. The consolidation of the business-to-consumer (“B2C”) customer base to be achieved primarily through the exploitation of 5G Fibre – Fixed Wireless technologies, in which the combined entity will be the market leader;
ii. The strengthening of the business to business (“B2B”) and business to government segment through the expansion of sales channels and the proposition of new offerings in line with market needs;
iii. The exploitation of opportunities arising from “Smart Cities” projects and the digitalisation needs of public administration, including through public-private partnership mechanisms;
iv. The brand repositioning on digital services and the strengthening of sales on digital channels, including through a greater focus on the Tiscali.it portal;
v. The minimisation of non-customer related investments and the further reduction of network costs thanks to the agreement signed with Tim on fixed-line and MVNO.

From a financial point of view, the 2022-2025 Combined Business Plan is strongly influenced by the growth metrics set forth therein, which will negatively impact expected cash flows, particularly in the first few years of the Plan due to the need to finance new customer acquisitions and the replacement of terminations. These activities foresee, from a financial point of view, a significant cash absorption. In the circumstance described, the implementation of the Plan is based on the following assumptions:

i. The drafting and conversion of the “extension” of the POC underwritten with N&G for EUR 21 million described above in order to ensure financial equilibrium until the effective date of the merger;
ii. The cash flow savings resulting from the use of the tax credits provided by the Bonus Sud and Industria 4.0 regulations;
iii. The improvement of the financial terms and conditions already agreed with the suppliers OpenFiber and TIM, particularly regarding new activations;
iv. The approval by the Shareholders’ Meeting of Tiscali of the agreement signed with N&G on xx date for the disbursement of a EUR 90 million mandatory convertible bond loan (hereinafter also referred to as the “POC N&G 2022”);

v. the obtaining of further financial resources from the banking market, thanks to the forecast reduction of the financial leverage deriving from a strong increase in the Group's Ebitda expected as a result of the Transaction, even in the absence of a significant increase in the Net Financial Indebtedness as the Linkem Retail branch has a lower financial exposure. In fact, the Directors believe that the improvement in the NFP/Ebitda ratio will allow the Group to have greater access to the financial market following the completion of the Transaction, and in particular they aim to reach a NFP/Ebitda ratio of 3, in order to make it easier to obtain further EUR 50 million loans from the banking market.

In the hypothesis under analysis, therefore, the Directors indicate that the achievement of a medium- and long-term balance sheet, economic and financial equilibrium of the Group in the Combined perspective is subject to the following aspects that present profiles of uncertainty:

i. To the achievement of the results set forth in the 2022-2025 Combined Business Plan, which provides for the generation of operating cash flow from 2024 and the realisation of the forecasts and assumptions contained therein, in a market context characterised by strong competitive pressure.

ii. To the achievement of the Shareholders' Meeting approval of the POC N&G 2022 required to give full effect to the agreement signed between Tiscali and N&G on 5 April 2022 so as to give full effect to the agreement that would make available to the Group EUR 90 million of financial resources;

iii. To the obtaining in the medium term of further financial resources from the banking system as specified above.

It should be noted that in the event that condition ii. above does not materialise, and in the absence of the identification of sufficient alternative financial resources to ensure the Group's continuity post-merger, a condition precedent to the Transaction would be unfulfilled, which – if not waived by both parties – would lead to the Transaction being blocked. For this reason, the Group's going-concern assuming the completion of the Transaction implies the identification of the financial resources necessary to finance the 2022-2025 Combined Business Plan for a period of not less than 12 months from the effective date of the Transaction (which is assumed to be effective as of July 2022).

The Directors, based on the forecasts included in the 2022-2025 Combined Business Plan currently being defined, with specific reference to the use of the going concern assumption in the preparation of this consolidated annual report under the Combined perspective, confirm that the financial sources already identified, and in particular those relating to the N&G 2022 POC, are sufficient to guarantee the corporate obligations under the Combined assumption in the time horizon of 12 months following the date of approval of the 2021 Financial Statements.

Conclusions on going concern

In the circumstances outlined in the preceding paragraphs, the Directors believe, after analysing the uncertainties and results of the period, that the Group is able to honour its obligations while maintaining a level of past due amounts substantially in line with the current one in both the stand-alone and combined assumptions.

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 have therefore adopted the accounting principles proper to a going concern in preparing the Group's Consolidated Financial Statements. 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.

6.10 Business Outlook

Please refer to Paragraph 4.7.

6.11 Events subsequent to year-end

Please refer to Paragraph 4.6.

6.12 Accounting Standards

The 2021 Consolidated Financial Statements have been prepared according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and harmonised by the European Union, as well as to the provisions implementing Article No. 9 of the Law Decree No. 38/2005. The IFRS include also all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as Standing Interpretations Committee ("SIC").

The preparation of the Financial Statements requires Directors to make a few estimates and, in specific cases, to adopt assumptions in applying the accounting principles. The areas of the financial statements which, in such circumstances, presuppose the adoption of application assumptions, and those most characterised by the making of estimates are described in the following Note, *Critical decisions taken in the application of accounting standards and in the use of estimates*.

The Consolidated Annual Financial Statements are subject to audit by Deloitte & Touches Spa, still ongoing at the date of publication of this report.
In compliance with the Law Decree No. 254 dated 30 December 2016, Tiscali Spa, as the "parent company", has prepared a consolidated non-financial statement as a separate report with respect to the consolidated financial statement, called "Sustainability Report", which contains the information required by the same Decree.

On 5 April 2022, the Company also approved the consolidated non-financial statement (2021 Sustainability Report), which is subject to a limited review by Deloitte & Touche S.p.A.

The publication of the 2021 Sustainability Report is disclosed by means of a press release containing the indication of the section of the Tiscali S.p.A. website where the Non-Financial Consolidated Statement is published.

Financial Statements Formats

The preparation of the consolidated financial statements as at 31 December 202&, in compliance with IAS 1 – *Presentation of Financial Statements,* calls 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 IFRS call for such statement to include all the financial transactions pertaining to the fiscal year, independently of the fact that they have been included in the income statement or net assets and a classification of the entries based on the type or destination of the same, in addition to separating the financial entries of ongoing assets from those of the net result from "Assets disposed and/or held for Sale". 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 Net equity at net of fiscal effects.

- Cash Flow Statement: as allowed by the reference principles, the Cash Flow Statement has been prepared and presented according to the indirect method.

- 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:

- That carries out entrepreneurial activities that generate revenues and costs (including revenues and costs regarding transactions with other components of the same entity);
- Whose operating results are periodically reviewed at the top management level in order to adopt decisions regarding the resources to be allocated to the segment and to assess the results;
- For which separate financial statements 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.

Until 31 December 2021, the Company had identified the following operating segments:

- Access (connectivity BTC and BTB);
- 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 Tiscali 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 infra-group transactions.

The net 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 join 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 Joined 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 join 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

Variations in the Consolidation Scope

The consolidation scope of the Group includes the Tiscali 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 Group's scope of consolidation did not change in 2021, with the scope of activities consolidated in 2021 and 2020 coinciding.

The consolidation scope as at 31 December 2021 follows:

Name	Registered office	Shareholding owned by	Values as of December 31, 2021 (EUR 000)			Percentage of direct shareholding	Percentage of Group shareholding (**)
			Share Capital	Net Equity	Net Result		
Tiscali S.p.A.	Italy	Parent Company	63,655	64,568	(301)	n.a.	n.a.
Tiscali Italia S.p.A.	Italy	Tiscali S.p.A.	18,794	75,311	(23,011)	100,0%	100,0%
Media PA	Italy	Tiscali Italia S.p.A.	49	2,996	2,653	100,0%	100,0%
Tint Holding Nv (#)	Netherlands	Tiscali S.p.A.	115,519			99,5%	99,5%
Tiscali International Bv (#)	Netherlands	Tint Holding Nv	115,469	(3,505)	(96)	100,0%	99,5%
Tiscali Financial Services SA (#)	Luxembourg	Tiscali International BV	31	(432,589)	(4,370)	100,0%	99.5%

(*) Group's participation percentage

(#) Data disclosed by the companies through reporting packages for consolidated purposes as of December 31, 2021

It should also be noted that the subsidiary Janna S.c.p.a., in which the company holds 17% and exercises significant influence, was consolidated using the equity method.

Other Intangible Assets

Computer software - Patents – Brands – Development Costs

Acquired software licences, trademarks and patents are capitalised and recorded under intangible assets at the cost incurred for the acquisition and amortised on a straight-line basis over their estimated useful life (generally 3 to 5 years).

Internally generated intangible assets arising from costs incurred for the development of applications software under Group control and directly associated with the production of services, in particular regarding the "technology platforms" for access and management of the Tiscali network, are recognised in assets if:

- The following general conditions indicated 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 development cost of the asset can be measured reliably;

- The Group can demonstrate the technical feasibility of completing the intangible asset so that it is available for use or sale, its intention to complete the asset and use or sell, how the asset 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 expenditure during its development.

After their initial recognition, development costs are valued at cost, net of any amortisation or accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. The cost is amortised over the period in which it is expected that the related project will generate revenues for the Group.

The costs associated with the development and maintenance of software which do not meet the above-mentioned requirements and the costs of research, are fully expensed in the period they are incurred in.

Broadband service activation costs

Acquisition costs and activation of customers are amortised over a period of 36 months.

Costs for obtaining new customers

The incremental costs incurred to obtain new customers are capitalized over a period of 36 months. Periodically, management verifies that the application of a specific analysis criterion, i.e., the application of a useful life equal to the churn rate (longer than 36 months) by applying the derecognition of interrupted contracts generates different economic and equity results. The analysis updated to 2020 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.

IRU

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.

<u>Property, plants and equipment</u>

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 rates of depreciation applied in FY 2021 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 from 1 January 2019, the Tiscali Group has 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 financial 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 exclusively to tablets or personal computers that are provided by Tiscali 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 the remuneration paid by the company in exchange for the work performed by the employee or by virtue of the termination of the employment relationship.

Benefits subsequent to the employment relationship are defined on the basis of programs which, even if not formalised, according to their characteristics are divided into “defined-contribution” and “defined-benefit” programs.

For defined-contribution plans, the company’s obligation, limited to the payment of contributions to the State or to a legally separate asset or entity (the so-called “Fund”), is determined on the basis of the contributions due.

The liability relating to defined-benefit plans is determined on the basis of actuarial assumptions and is recognised on an accrual basis consistent with the working period necessary to obtain the benefits.

For defined-benefit plans, the changes in the value of the net liability (so-called revaluations) deriving from actuarial gains (losses) resulting from changes in the actuarial assumptions used or adjustments based on past experience are recognised in the statement of comprehensive income, and from the return on assets serving the plan other than the component included in the net interest. The revaluations of the net liability for defined benefits, recorded in the shareholders ’equity reserve relating to the other components of the overall profit, are not subsequently reclassified to the income statement.

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 are reflected in the income statement.

Recognition of income

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 measured reliably; they are reported 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.

In particular, the income statement of revenues from Internet access services and voice services, takes place on the basis of actual traffic produced at the reference date and/or service periodic fee payable at that date.

Revenues related to the activation of Broadband services are recognised in the income statement on a linear basis over a period of 24 months. Portions not attributable to the period are recorded under other current liabilities, as deferred income.

Barter revenues, if they relate to exchanges of services of a similar nature, are recorded at the net value of the exchange made. If the underlying services have dissimilar characteristics, the values of the services are recorded at fair value unless such fair value cannot be reliably estimated.

Government grants

The Group accounts for government grants related to investments in capital assets by recording 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 not recognised in profit or loss is accrued in a liability item.

Financial income and charges

The interest income and charges, including interest on bond issues, is recognised using the effective interest rate.

Research costs and advertising expenses

Research costs and advertising expenses are charged directly to the income statement as incurred in the FY.

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.

Earnings 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.

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.

6.13 Major decisions in applying accounting policies and use of estimates

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS EFFECTIVE FROM 1 JANUARY 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2021:

- On 31 March 2021, the IASB issued the amendment ***COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*** by which it extended by one year the period of application of the amendment issued in 2020, which provided lessees the option to account for COVID-19-related rent reductions without having to assess, through contract analysis, whether the definition of lease modification in IFRS 16 was met. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent reductions directly in the income statement on the effective date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from 1 April 2021 and early adoption is permitted. The adoption of these amendments had no impact on the Group's Consolidated Financial Statements.
- On 25 June 2020, the IASB published the amendment *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*. The amendments extend the temporary exemption from applying IFRS 9 until 1 January 2023 for insurance companies. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.
- On 27 August 2020, the IASB published, in light of the interbank interest rate reform such as IBOR, the document ***Interest Rate Benchmark Reform-Phase 2***, which contains amendments to the following standards:

  - IFRS 9 *Financial Instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - IFRS 7 *Financial Instruments: Disclosures*;
  - IFRS 4 *Insurance Contracts*;
  - IFRS 16 *Leases*.

  All amendments became effective on 1 January 2021. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.

<u>ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IFRC AND IFRIC APPROVED BY THE EUROPEAN UNION, NOT YET APPLICABLE ON A COMPULSORY BASIS AND NOT EARLY ADOPTED BY THE GROUP AS AT 31 DECEMBER 2021</u>

- On 14 May 2020, the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this entailing any changes to the provisions of the standard.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the amendments are intended to disallow the deduction from the cost of property, plant and equipment of

the amount received from the sale of goods produced in the test phase of the asset itself. These sales revenues and related costs will therefore be recognised in the income statement.

- ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in estimating whether a contract is onerous, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as, for example, the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of depreciation of machinery used to perform the contract).
- ***2018-2020 Annual Improvements***: amendments were made to *IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture* and to *Illustrative Examples of IFRS 16 Leases*

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

ACCOUNTING PRINCIPLES, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

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 23 January 2020, the IASB published the amendment ***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***. The document aims to clarify how to classify payables and other short-term or long-term liabilities. The changes take effect on 1 January 2023; however, earlier application is permitted. The Directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

- On 12 February 2021, the IASB published two amendments: ***Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2*** and ***Definition of Accounting Estimates-Amendments to IAS 8***. The amendments are intended to improve the disclosure of accounting policies 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 policies. The changes will apply from 1

January 2023, but earlier application is permitted. The Directors do not expect a material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

- On 7 May 2021, the IASB published the amendment ***Amendments to IAS 12 Income Taxes: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction***. The document clarifies how deferred taxes on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations, should be accounted for. The changes will apply from 1 January 2023, 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 30 January 2014, the IASB issued ***IFRS 14 – Regulatory Deferral Accounts***, which allows only first-time adopters of IFRSs to continue to recognise amounts relating to rate-regulated activities (*Rate Regulation Activities*) under their previous adopted accounting policies. As the Company is not a first-time adopter, this standard is not applicable.

SIGNIFICANT JUDGMENTS AND USE OF ESTIMATES

Significant Judgments

The consolidated financial statements for the year ended 31 December 2021 include EUR 8.5 million of tax credits and EUR 2.5 million of sundry income related to the recognition of the effect of certain tax incentives related to the Group's investments. These tax incentives are mainly related to the following types of incentives: *i)* An incentive linked to investments made in specific territories in southern Italy (the so-called *Bonus Sud*); and, *ii)* an incentive linked to so-called *Industry 4.0* investments. The tax rules also allow for the incentivisation of assets acquired through financial leasing. In identifying which assets could benefit from these tax incentives, the Group interpreted the tax definition of "financial leasing" in accordance with the definition of financial leasing in IFRS 16. This approach constitutes a significant judgement made by the Directors.

Use of Estimates

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

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

1. Estimates relating to financial statement items recorded in compliance with the IFRS 16 standard;
2. Estimates relating to the assumptions underlying the valuations included in the impairment test, for which reference should be made to Note 11 *Impairment test*;
3. Estimates of provisions for risks and charges. Although as at 31 December 2021 the company was not involved in litigation of a significant amount, the estimate of possible impacts — based on the most recent information available — is based on a complex estimation process involving the internal legal department and its legal advisors;
4. Estimate relating to the recognition of revenues on the basis of IFRS 15. For the Group, the estimation process relates to the presence of certain contracts that could contain various performance obligations.

6.14 Explanatory Notes

Revenues (Note 1)

Revenues	2021	2020
(EUR 000)		
Revenues	144,159	144,012
Total	**144,159**	**144,012**

Revenues in 2021 increased by EUR 0.1 million compared to the financial year 2020. For more details on the increase in revenues and their composition, please refer to the Management Report. There were no ordinary transactions in the period with a counterparty that alone accounts for more than 10% of the Group's revenues.

Other Income (Note 2)

Other Income	**2021**	**2020**
(EUR 000)		
Other Income	12,066	10,837
Total	**12,066**	**10,837**

Other income, amounting to a positive EUR 12.1 million, included the following:

- The accrued portion of tax credits for investments under the *Bonus Sud* and *Industria 4.0* regulations for a total amount of EUR 2.5 million (compared to EUR 8.3 million as at 31 December 2020), of which: *i)* income of EUR 0.9 million arising from the allocation of tax credits as at 31 December 2021; *ii)* release of the accrued portion for 2021 of deferrals related to tax credits already recognised in the past for EUR 1.6 million
- Income from settlements on debt positions for about EUR 5.8 million;
- Proceeds from the cancellation of payables to public entities no longer due for EUR 3.7 million.

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

Purchase of materials and outsourced services, payroll and other operating costs (income)	**2021**	**2020**
(EUR 000)		
Line rental /traffic and interconnection costs	76,111	73,170
Costs for use of third party assets	4,775	6,536
Portal services costs	386	427
Marketing costs	3,334	2,690
Other services	20,572	17,644
Other operating costs (income)	450	297
Total	**105,628**	**100,764**

The item *Line rental/traffic and interconnection costs* mainly includes voice traffic costs and fees for Broadband and Ultra Broadband fixed and Fixed wireless services, and Mobile services. The increase compared to 2020, equal to EUR 2.9 million, is mainly related to the increase in the average cost per line, which more than offset the reduction in the number of customers, as well as the growth in average traffic volumes in the period attributable to the increased use of the network by customers.

The item *Costs for use of third-party assets* includes the cost of leases and rentals of operating assets that do not fall under the cases governed by IFRS 16. The reduction compared to 2020 amounts to EUR 1.8 million and is mainly attributable to the combined effect of: *i)* a EUR 3.1 million reduction in the rental costs of technical sites, particularly arising from the application of the network restructuring agreement with TIM that anticipates the benefits of reduced rent for colocation sites that will be obtained at the end of the project expected between December 2022 and June 2023, against the 'customer migration activities and emptying of sites with predetermined volumes and deadlines; *ii)* a lower positive effect for write-offs and settlements on debt positions related to Wireless leases for EUR 0.6 million, compared to the previous year; *iii)* an increase in electricity utilities for EUR 0.6 million; *iv)* an increase in property leases for EUR 0.1 million.

The item *Other services* includes costs for the maintenance and operation of industrial sites, administrative offices, rents, consultancy and professional fees, billing costs, postage, travel expenses, and other general costs. The increase of EUR 2.9 million compared to 2020 is mainly attributable to the following:

- Increase in outsourced IT services costs of EUR 0.3 million;
- Increase in maintenance and utilities of industrial sites of about EUR 1.6 million;
- Increase in professional fees of about EUR 0.7 million
- Increase in costs for fines and penalties to the Treasury and Public Administration for EUR 0.4 million
- Reduction in customer care outsourcing costs of EUR 0.3 million;
- Increase in travel expenses and other general services of EUR 0.2 million.

Staffing Costs (Note 4)

Staffing costs	**2021**	**2020**
(EUR 000)		
Wages and salaries	12,223	12,750
Other staffing costs	5,375	6,030
Total	**17,599**	**18,780**

As mentioned in the Management Report, the decrease in personnel costs is attributable to the effects of the use of social shock absorbers in the management of the COVID-19 pandemic, as well as the reorganisation and reduction of the workforce following a redundancy incentive plan prepared by the Company and included in the 2021-2024 Business Plan. The number of FTEs for the year 2021 stood at 464, down 16 from the figure for 2020 (480). The table below shows the number of actual FTEs as at 31 December 2021:

Number of employees (FTE)

	31 December 2021	31 December 2020
Managers	12	12
Middle Managers	32	34
Employees	419	434
Workers	1	1
Total	**464**	**480**

Write-downs of receivables from customers (Note 5)

Write-downs of receivables from customers	**2021**	**2020**
(EUR 000)		
Provisions for bad debts	5,041	6,158
Total	**5,041**	**6,158**

The provision for bad debt amounted to EUR 5 million (3.5% of revenues), down from EUR 6.2 million in 2020 (4.3% of revenues).

The incidence of the provision for bad debt has decreased as the quality of the credit itself has improved, thanks to the implementation of prevention activities and the increase in the portion of collections by direct debit service (RID)/credit card with respect to collections by postal bulletin. For more details, see Note 19 for an analysis of trade receivables.

Restructuring Costs (Note 6)

Restructuring costs	**2021**	**2020**
(EUR 000)		
Restructuring costs	606	2,142
Total	**606**	**2,142**

Restructuring costs as at 31 December 2021 comprise the following items:

- Provision for severance charges for resigning staff in the amount of EUR 0.3 million

- Provision for penalties and interest on 2019 VAT credit unduly offset of EUR 0.3 million;

- Provision of EUR 0.4 million for Telecom penalties as a result of the lower number of terminated technical sites compared to contractual provisions;

- Impairment of assets for EUR 0.4 million;

- Release of prior accruals for employee litigation charges in connection with the settlement of certain cases for about EUR 0.8 million.

Depreciation (Note 7)

Depreciation	**2021**	**2020**
(EUR 000)		
Depreciation	43,043	41,324
Total	**43,043**	**41,324**

Depreciation and amortisation amounted to EUR 43 million, up EUR 1.7 million from EUR 41.3 million in the previous year.

For more details on depreciation of assets, please also refer to Notes 12-13-14-15.

Financial Income (Charges) (Note 8)

The breakdown of the items Financial Income and Charges for the year, which totalled a negative

EUR 4.3 million, is detailed below.

Net financial income (charges)	2021	2020
(Thousands of EUR)		
Financial income		
Other financial income	3,249	440
Total	**3,249**	**440**
Financial charges		
Interest and other charges due to banks	4,156	4,695
Other financial charges	3,379	3,269
Total	**7,535**	**7,964**
Net financial income (charges)	**(4,286)**	**(7,524)**

The item *Financial Income* mainly included a EUR 3.2 million discounting income related to the extension of the Senior Loan repayment plan from 2024 to 2026 under the Senior Loan Amendment Agreements signed on 7 October 2021.

This item included, as at 31 December 2020, an income of EUR 0.4 million arising from the release of the value of the put option consequent to the conversion of the bond realised in 2020.

The item *Financial Charges* of EUR 7.5 million included the following:

- Interest expense of EUR 3.2 million (EUR 4.6 million in 2020) related to the financing towards Senior Lenders;
- Interest expense on arrears for EUR 0.4 million (EUR 0.5 million in 2020) related to trade and tax payables;
- Interest expense on finance leases and IRUs of approximately EUR 1.5 million (EUR 1.6 million in 2020);
- Bank expenses of EUR 1.5 million (EUR 1.1 million in 2020) mainly referring to commissions on short-term overdraft facilities, particularly those for SDD (Sepa Direct Debit) advances, which were used more intensively than in the previous year
- Financial expenses of EUR 0.8 million relating to the bond loan converted and converted into Tiscali ordinary shares, subscribed by Nice & Green through the exercise of 6 tranches, each consisting of 30 bonds converted into Tiscali shares with a unit value of EUR 100 thousand each, for a total amount of EUR 18 million;

- Interest payable on bank accounts for EUR 0.1 million (EUR 40 million in 2020).

Income Taxes (Note 9)

Income taxes	**2021**	**2020**
EUR 000		
Current taxes	274	75
Deferred taxes	0	0
Total	**274**	**75**

Current taxes refer to IRAP (Italian Regional Tax on Production Activities) and IRES (Corporate Income Tax) for the year. With reference to the Group's prior tax losses, on which no deferred tax assets were recognised as at 31 December 2021, it should be noted that, as at 31 December 2021, they amounted to EUR 372.8 million. This amount includes prior tax losses produced while the optional tax consolidation regime was in force and transferred to the parent company.

Earnings (Loss) per Share (Note 10)

Earnings per share from Continuing Operations are negative and equal to EUR 0.004 and were calculated by dividing the loss from continuing operations for 2021 attributable to the ordinary shareholders of the parent company, equal to EUR 20.6 million, by the weighted average number of ordinary shares outstanding during the year, equal to 5,365,086,089.

The diluted earnings per share of Continuing Operations was negative and equal to EUR 0.004 and was calculated by dividing the net loss for the period attributable to ordinary shareholders of the Parent Company, equal to EUR 20.6 million, by the weighted average number of potential shares outstanding during the year, equal to 5,727,565,267.

***Impairment Test* (Note 11)**

On 17 September 2021, the Company's Board of Directors approved the 2021-2024 Business Plan (also referred to as the "Plan").

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

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

In compliance with the provisions included in IAS 36, the Directors verified the possible presence of impairment indicators as of 31 December 2021.

The impairment test was performed by comparing the carrying value of assets as of 31 December 2021 with their value in use, determined on the basis of the following key elements:

(i) Definition of "Cash Generating Units"

The Group identified the Cash Generating Units with the segments set forth in segment disclosures. The impairment test on assets was performed on the Cash Generating Units identified. The "Corporate" CGU is tested together with the "Access" CGU, as it shares a significant amount of assets with it. It should also be noted that the Corporate financial sector has mainly inter-company cash flows.

(ii) Criteria for estimating the recoverable amount

The value in use of the CGU (Cash Generating Unit) was determined on the basis on the cash flows for the years 2022 to 2024 resulting from the 2021-2024 Business Plan of the Tiscali Group approved by the Board of Directors on 17 September 2021.

The terminal value for the purposes of the impairment test was calculated using a 3-year time span.

The main assumptions used to estimate the recoverable amount relate to:

- 3-year explicit forecast period (01 January 2022 – 31 December 2024);
- EBITDA arising from market and business development assumptions;
- Investments to maintain the expected development of the business and pre-established level of profitability;
- Determination of the terminal value calculated as perpetuity based on the projection of the average of years 2023-2024, properly normalised;
- WACC rate determined on the basis of market valuations of the cost of money and specific risks related to the company's core business;
- Long-term growth (LTG) equal to 1.4%.

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 2021. The rate is 0.12%.

2) Country Risk Premium

The country risk premium was calculated as the average between *i)* the differential between the US default risk, implicit in 10-year credit default swaps, and the corresponding Italian one, determined using the same methodology; and *ii)* the credit spread of the Italian sovereign debt compared to a risk-free investment, derived from the rating of the same issued by the Moody's agency. This component represents Italy's Country Risk Factor and is equal to 1.8%.

3) 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 0.67.

Beta levered was derived from beta unlevered and factored:

- A debt/risk capital ratio of 55.4%, derived from the average described above;
- A tax rate of 24%.

Including the above factors, a levered Beta rate was defined, which for Tiscali is 0.95.

4) Market risk premium

The risk premium assigned by the market amounts to 4.9%.

5) 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 3.2%.

6) Company Specific Risk Premium

- The corporate risk premium was set at 2.75%.
- This risk was subsequently increased by 0.25% as a result of an analysis performed by management on variances from the Plan as of 31 December 21 and metrics trends in the first two months of 2022. This analysis showed a negative revenue/margin gap. In order to consider the risk of delayed or partial non-achievement of plan targets, management deemed it appropriate to incorporate this risk into the WACC.
- The aforementioned factors (from 1 to 6) were considered in order to calculate Tiscali's cost of risk capital at 31 December 2021, which amounts to 12.4%.

7) Debt Rate

- Tiscali's relevant debt rate was set at 4.7%. The debt rate was adjusted by eliminating the tax impact (rate of 24%), resulting in a cost of debt at 31 December 2020 of 3.6%.

Based on these parameters, the WACC used for testing is 9.27% (8.37% in 2020).

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

In consideration of the current and expected scenario, and of the results of the impairment tests performed for the period ended on 31 December 2021, an analysis was carried out on the sensitivity of the recoverable value estimated using the discounted cash flow method. It is believed that the discount rate is a key parameter in estimating the recoverable value. The sensitivity analysis carried out by the Company shows that even a WAAC higher than 1% (10.27%) would not produce significant effects on the cover level.

Furthermore, a sensitivity analysis on the long-term growth rate was also carried out. These analyses revealed that a zero-growth rate (as compared to a 1.4% rate used by the Company) would not produce significant effects on the cover level.

(iii) ***Considerations concerning the presence of external impairment indicators***

Taking into account the current market situation, considerations have been made regarding the existence of external indicators of loss of value, with particular reference to what is expressed by the financial market. To this end, the market capitalisation of the Tiscali Group does not reveal any elements that differ from the result of the impairment procedure. In particular, as previously indicated, the average market capitalisation as at 31 December 2021 amounted to about EUR 100 million.

Intangible Assets (Note 12)

Intangible assets (EUR 000)	Computers, software and development costs	Concessions and similar rights	Broadband service activation costs	Other intangible assets	Intangible assets under development and advances	Total
HISTORICAL COST						
1 January 2021	**4,641**	**70,023**	**34,180**	**10,252**	**465**	**119,560**
Increases		5,175	10,387	2,302	68	**17,933**
Disposal		3,441		8		**3,448**
Reclassifications			113		(70)	**44**
31 December 2021	**4,641**	**78,639**	**44,680**	**12,562**	**463**	**140,985**
ACCUMULATED AMORTIZATION						
1 January 2021	**4,641**	**39,622**	**19,529**	**4,337**		**68,129**
Increases in amortization		8,009	9,791	2,169		**19,968**
Disposal		3,753		(715)		**3,038**
Reclassifications			113			**113**
31 December 2021	**4,641**	**51,384**	**29,434**	**5,790**		**91,248**
NET BOOK VALUE						
1 January 2021		**30,401**	**14,651**	**5,915**	**465**	**51,431**
31 December 2021		**27,255**	**15,247**	**6,772**	**463**	**49,737**

Changes in intangible assets in 2021 are shown below.

The item *Development costs* includes the development costs of application software customised for the exclusive use of the Group. They are fully amortised.

The balance of *Concessions and similar rights* of EUR 27.3 million mainly includes:

- EUR 10.3 million for licences and software, including software relating to the remote activation and management of equipment installed at customer premises, licences relating to the use of the VOIP platform and customer management software (billing, customer care);
- EUR 15.5 million of multi-year rights and charges related to the purchase of transmission capacity on a multi-year basis, in the form of Indefeasible Right of Use (IRU) concession contracts; these IRUs are accounted for by the subsidiary Tiscali Italia, for which the main suppliers are Telecom Italia, Interoute, Fastweb and Infracom;
- EUR 1.5 million for patent and industrial property rights.

The increase in 2021, amounting to EUR 5.1 million, is attributable to licences and software for EUR 4 million related to the network rationalisation project, the purchase of multi-year rights of use for the fibre optic network (*IRU – Indefeasible Right of Use*) for EUR 0.6 million and the purchase of patents for EUR 0.5 million. Amortisation and depreciation for the period, calculated according to the criteria outlined in the annual financial report, amounted to EUR 8 million.

Disposals refer to adjustments of prior-period items for a net book value of EUR 0.3 million.

The item *Broadband Service Activation Costs* amounts to EUR 15.2 million. The increase in 2021 is EUR 10.4 million, and relates to customer acquisition and activation costs for Fixed Broadband services, of which EUR 9 million for line activation costs and EUR 1.4 million for capitalisation of staffing costs.

Depreciation for the period, calculated in accordance with the criteria set out in the annual financial report, amounted to EUR 9.8 million.

Other intangible assets amounted to EUR 6.8 million. The increase in the period amounted to EUR 2.3 million. Amortisation and depreciation for the period, calculated according to the criteria outlined in the annual report, amounted to EUR 2.2 million.

In addition, this item includes disposals related to the derecognition of assets that have completed their amortisation cycle for a net book value of EUR 0.7 million.

Intangible assets in progress and advances amounted to EUR 0.5 million and the related increases amounted to EUR 68 thousand. Reclassifications in 2021 amount to a negative EUR 70 thousand charged to the item *Plant and Machinery*.

Leased Contracts Rights of Use (Note 13)

Leased contracts rights of use *(EUR 000)*	**Property rights of use**	**Network equipment rights of use**	**Total**
HISTORICAL COST			
1 January 2021	**18,051**	**126,406**	**144,457**
Increases	189	4,367	**4,556**
Disposal	(323)	(169)	**(493)**
Reclassifications		(675)	**(675)**
31 December 2021	**17,917**	**129,928**	**147,845**
ACCUMULATED AMORTIZATION			
1 January 2021	**4,052**	**122,434**	**126,486**
Increases	2,260	1,779	**4,039**
Disposal		(74)	**(74)**
Reclassifications		402	**402**
31 December 2021	**6,313**	***124,541***	**130,853**
NET BOOK VALUE			
1 January 2021	**13,999**	**3,972**	**17,971**
31 December 2021	**11,604**	**5,388**	**16,992**

The item *Property Rights of Use* includes the recognition of the right of use arising from the Sa Illetta headquarters lease agreement and other industrial site lease agreements.

This item includes increases in the period for EUR 0.2 million. Disposals of EUR 0.3 million were attributable to a discount granted by Unicredit and Banca Intesa on the Sa Illetta lease agreement equal to 15% of the value of the lease instalments for the year 2021.

The item *Rights to Use Network Equipment*, which includes operating leases with right of redemption, capitalised as of 1 January 2019, amounted to EUR 5.4 million.

This item includes increases in the period of EUR 4.3 million, of which EUR 2.4 million refer to the purchase of Open Fiber modems and the remaining EUR 1.9 million to leases accounted for in accordance with IFRS16, and disposals of EUR 169 thousand of historical value (against a depreciation provision of EUR 74 thousand). Depreciation and amortisation for the period amounted to EUR 1.8 million.

In addition, this item includes reclassifications of assets for a net book value of EUR 0.4 million. These are assets whose lease agreement has expired, but which have a residual net book value still to be depreciated. As the lease agreement has expired, these assets have been reclassified from this category to *Plant and Machinery*, under *Property, Plant and Equipment*.

Customers Acquisition Costs (Note 14)

(EUR 000)	**Customers Acquisition costs**
HISTORICAL COST	
1 January 2021	**29,320**
Increases	5,285
Disposal	
Reclassifications	(42)
31 December 2021	**34,564**
ACCUMULATED AMORTIZATION	
1 January 2021	**19,134**
Increases in amortization	6,343
Disposal	
Reclassifications	
31 December 2021	**25,478**
NET BOOK VALUE	
1 January 2021	**10,186**
31 December 2021	**9,086**

This item includes costs related to fees paid to dealers and commercial intermediaries for customer acquisition.

Increases for the period amounted to EUR 5.2 million, while amortisation for the period amounted to EUR 6.3 million.

Property, Plant and Equipment (Note 15)

The movements in 2021 are shown in the following table:

Tangible assets (EUR 000)	**Property**	**Plant & machinery**	**Other tangible assets**	**Tangible assets under construction**	**Total**
HISTORICAL COST					
1 January 2021	**1,966**	**156,491**	**5,626**	**1,612**	**165,695**
Increases		**7,426**	37	789	**8,253**
Disposal	(1,966)	**(5,614)**	(27)		**(7,607)**
Other Changes					
Reclassifications		**1,700**	(118)	(1,085)	**497**
31 December 2021		***160,003***	**5,518**	**1,316**	**166,837**
ACCUMULATED DEPRECIATION					
1 January 2021	**1,966**	**129,118**	**4,713**		**135,797**
Increases in amortization		**12,621**	71		**12,692**
Disposal	(1,966)	**(5,437)**	(27)		**(7,430)**
Reclassifications		**(570)**	(122)		**(692)**
31 December 2021		***135,733***	**4,635**		**140,367**
NET BOOK VALUE					
1 January 2021		***27,373***	***912***	**1,612**	**29,898**
31 December 2021		***24,271***	***883***	**1,316**	**26,470**

Plant and machinery of EUR 24.3 million includes specific network equipment such as routers, DSLAMs, servers and transmission equipment installed at ULL sites.

Increases for the period include capital expenditure of EUR 7.4 million.

This item includes the effects of the derecognition of assets that have completed their depreciation cycle for a net book value of EUR 0.2 million.

There are also reclassifications for a historical value of EUR 1.7 million (and a depreciation provision of EUR 0.6 million), of which *i)* EUR 1.1 million is attributable to assets transferred from the category *Tangible assets in progress* for assets that began their depreciation cycle in the period; *ii)* EUR 0.6 million is related to assets transferred from the category *Network equipment usage rights*, as these assets are related to lease agreements that ended in the period, but with a residual book value to be depreciated.

Depreciation for the period amounted to EUR 12.6 million.

Other tangible assets, whose balance amounts to EUR 0.9 million, include furniture and fittings, electronic and electromechanical office machines, and motor vehicles. Investments in the period amounted to EUR 37,000. This item includes disposals for EUR 0.1 thousand of historical value (against EUR 0.1 thousand of accumulated depreciation).

Depreciation for the period amounted to 71 thousand Euro.

The item *Tangible assets under construction and advances*, whose balance amounts to EUR 1.3 million, mainly includes investments in network infrastructure. Investments in the period amounted to EUR 0.8 thousand and mainly refer to the purchase of cooling systems (chillers) for the Data Centre.

This item includes reclassifications of negative EUR 1.1 million attributable to assets transferred from the category *Tangible Assets in Progress* to the category *Plant and Machinery* for assets that began their depreciation cycle in the period.

Investments evaluated at equity method (Note 16)

Investments evaluated at equity method	**31 December 2020**	**Payments for the period**	**Losses for the period**	**31 December 2021**
(EUR 000)				
Investments evaluated at equity method	3,719	365	(365)	3,719
Total	**3,719**	**365**	**(365)**	**3,719**

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

The table below shows Janna's main economic and financial data as at 31 December 2020 (as per the latest approved financial statements):

Name	Registered office	Shareholding owned by	Values as of December 31, 2020 (EUR 000)			Percentage of direct shareholding	Investment Book Value as at Dec 31th, 2020	Investment Book Value as at Dec 31th, 2019
			Share Capital	Net Equity	Net Result			
Janna S.C.p.a.	Italy	Tiscali Italia S.p.A.	5,984	7,535	-927	17%	3,719	3,719

The main financial statement figures of the associate are shown below:

BALANCE SHEET – ASSETS (EUR)		***31-dec-2020***	***31-dec-2019***
A)	Credits toward shareholders	3,389,832	3,995,130
B)	Fixed assets	5,584,211	5,788,219
C)	Current assets	900,310	1,082,097
D)	Prepayments and accrued income	66,726	66,203
	TOTAL ASSETS	**9,941,079**	**10,931,649**

BALANCE SHEET - LIABILITIES (EUR)		***31-dec-2020***	***31-dec-2019***
A)	Shareholders' equity	7,535,442	8,462,144
B)	Provisions for risks and charges	2,003,114	2,003,114
C)	Employee severance indemnities		
D)	Debts	401,402	466,498
E)	Prepayments and accrued income	1,121	-107
	TOTAL LIABILITIES	**9,941,079**	**10,931,649**
		-	-

INCOME STATEMENT (EUR)		***31-dec-2020***	***31-dec-2019***
A)	(+) Production value	20	4,666
B)	(-) Costs of production	927,290	1,191,069
(A - B)	**DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION**	**-927,270**	**-1,186,403**
C)	Net financial income and charges	568	-748
	PROFIT (LOSS) FOR THE YEAR	**-926,702**	**-1,187,151**

The operating headquarters of the consortium company Janna is located at Sa Illetta, km 2,300, in Cagliari.

No dividends were collected from this investee company during the period.

It should be noted that the Shareholders' Agreements require Tiscali Italia S.p.A. to disburse, in proportion to its shareholding, the funds necessary for the subsidiary's operations.

Other non-current financial assets (Note 17)

Other non-current financial assets	31 December 2021	31 December 2020
(EUR 000)		
Guarantee deposits	758	799
Other receivables	8	8
Total	**766**	**807**

Guarantee deposits are represented by deposits paid in the context of the performance of business on contracts with a duration of several years.

Inventories (Note 18)

Inventories amount to EUR 0.2 million and relate to tablets or personal computers that are supplied by Tiscali as part of the Ultrainternet Fibra Voucher offer.

Trade receivables (Note 19)

Trade receivables	31 December 2021	31 December 2020
(EUR 000)		
Trade receivables	19,541	22,456
Write-down provision	(10,753)	(12,872)
Total	**8,788**	**9,584**

Trade receivables, as at 31 December 2021, amounted to EUR 8.8 million, net of write-downs for a total of EUR 10.7 million, and originated from the sales of Fixed Broadband, Fixed Wireless and Mobile services, and from advertising sales.

The analysis of the recoverability of receivables is carried out periodically, adopting a specific policy for the determination of the allowance for bad debts based on experience and historical trends. The Group does not have a particular concentration of credit risk, as its credit exposure is spread over a very large customer base. In particular, it should be noted that the estimate of the 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.

As described above, the effects of the COVID-19 pandemic crisis have affected the behaviour and spending capacity of customers: the estimate of the bad debt provision reflects the additional considerations made to reflect this risk.

The table below shows the changes in the provision for bad debts during the respective years:

Bad debt allowance variations	**31 December 2021**	**31 December 2020**
(EUR 000)		
Bad debt allowance BoP	**(12,872)**	**(20,498)**
Provision	(5,041)	(6,158)
Utilizations	7,160	13,784
Bad debt allowance Eop	**(10,753)**	**(12,872)**

The total provision for the period amounted to EUR 5 million.

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

The following table shows the due dates (gross of the provision for bad debts) as at 31 December 2021 and 31 December 2020, respectively:

Aging Receivables_ gross of Bad debt	**31 December 2021**	**31 December 2020**
(EUR 000)		
not overdue	4,978	5,732
1 - 180 days	5,341	6,021
181 - 360 days	3,360	3,470
more than 360 days	5,863	7,234
Total Receivables	**19,541**	**22,456**
Bad debt	(10,753)	(12,872)
Total Receivables net of bad debt	**8,788**	**9,584**

Below is the schedule net of the provision for bad debts as at 31 December 2021:

Aging Receivables_ net of Bad debt	**31 December 2021**	**31 December 2020**
(EUR 000)		
not overdue	4,893	5,651
1 - 180 days	751	3,205
181 - 360 days	1,060	606
more than 360 days	2,084	122
Total	**8,788**	**9,584**

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 20)

Tax receivables	**31 December 2021**	**31 December 2020**
(EUR 000)		
Tax receivables	3	466
Total	**3**	**466**

This item includes IRES (Corporate Income Tax) credits recorded in the Parent Company's accounts.

Other Receivables and Other Current Assets (Note 21)

Other Receivables and other Current Assets	**31 December 2021**	**31 December 2020**
EUR 000		
Other receivables	13,511	20,505
Prepaid expenses	2,354	2,403
Total	**15,865**	**22,908**

The item *Other receivables* includes the following:

- Tax credits allocated on investments in connection with the Bonus Sud and Industria 4.0 regulations for EUR 8.5 million. These credits generated an impact on the income statement for the year, recorded under Other income, for EUR 2.5 million;
- Receivables from Infratel for voucher contributions of EUR 2.6 million;
- Receivables from the State Treasury for VAT amounting to EUR 1.4 million;
- Other receivables from tax authorities and social security institutions for EUR 0.4 million;
- Other receivables and advances to suppliers for the remaining amount of EUR 0.7 million.

The item *Prepaid expenses*, whose balance is EUR 2.4 million, in line with the figure recognised as at

31 December 2020, includes costs already incurred and accrued in subsequent years, mainly relating to long-term lease contracts for lines, hardware and software maintenance costs, insurance and advertising.

Cash and cash equivalents (Note 22)

Cash and cash equivalents as at 31 December 2021 amounted to EUR 11.6 million and included the Tiscali Group's liquidity, held mainly in bank accounts. There are no time deposits.

Shareholders' Equity (Note 23)

Shareholders' equity	**31 December 2021**	**31 December 2020**
EUR 000		
Share capital	63,655	51,655
Legal Reserve	2,011	1,929
Stock Options Reserve		51
Reserve for employees benefits	(1,701)	(1,664)
Accumulated losses and other reserves	(124,994)	(102,741)
Profit/(loss) for the year	(20,617)	(22,201)
Total Shareholders' equity	**(81,646)**	**(72,971)**

Changes in the Shareholders' Equity items are shown in the relevant table. As at 31 December 2021, share capital amounted to EUR 63.6 million, corresponding to 5,751,767,311 no-par value shares.
The EUR 12 million increase in share capital compared to 31 December 2020 is due to the conversion of the four tranches of a nominal value of EUR 3 million each related to the bond loan subscribed by Nice & Green SA. The conversion took place on 31 May 2021, 7 July 2021, 30 July 2021 and 24 September 2021, respectively. In addition, there was an increase in other reserves following the write-off of previous debt positions for EUR 1.5 million, a decrease of approximately EUR 39 thousand for charges related to the conversion of the POC tranches and a decrease in the employee benefits reserve of EUR 37 thousand.

As at 31 December 2021, two additional tranches related to the same debt were issued for a nominal value of EUR 6 million, converted on 7 January 2022 through the issuance of 362,976,406 new shares, bringing the total count of shares issued at that date to 6,114,743,717.

Equity attributable to minority interests (Note 24)

Minority interests were nil as at 31 December 2021 (also nil as at 31 December 2020).

Current and non-current financial liabilities (Note 25)

Introduction

With reference to the accounting classification of the Senior Loan at 31 December 2020, it should be noted that, not having fully complied with the covenants provided for by the Senior Loan agreement at that date, the Company, based on the provisions of IAS 1, had proceeded to classify the financial liability relative to the Senior Loan among current liabilities, despite the receipt, during 2021, of the relative waivers.

With reference to the Senior Loan, on 7 October 2021, the Group signed the Senior Loan Amendment Agreements, which defined an extension of the debt repayment schedule, equal to a nominal EUR 75.9 million at the date of the Agreements. The Senior Loan Amendment Agreements were also extended to the loan with Banca Intesa (formerly CR Umbria) for EUR 3.5 million.
As a result of these Agreements, the maturity date for both loans was postponed from 2024 to March 2026.
From an accounting point of view, as of 7 October 2021, the amortised cost of the Senior Loan was recalculated on the basis of the new parameters of the Senior Loan Amendment Agreements, proceeding to the recognition of the different value emerged, amounting to EUR 3 million, as discounting income in the income statement.
The Senior Loan Amendment Agreements provide for the following changes compared to the previous version of March 2019:

- Reimbursement Plan defined as follows
    - Two-year grace period (2021 and 2022);
    - Payment of EUR 5.75 million in 2023 in two six-monthly instalments (March and September);
    - Payment of EUR 13.75 million in 2024 in two six-monthly instalments (March and September);
    - Payment of EUR 17 million in 2025 in two six-monthly instalments (March and September);
    - Payment of the outstanding debt of EUR 39.4 million at 31 March 2026.

- Interest rate unchanged from previous agreements;
- Redefinition of contractual covenants to realign them to the changed Group performance forecasts included in the 2021-2024 Business Plan;
- Modification of certain contractual clauses:
- Business acquisitions. The price limit for business acquisitions has been extended, from EUR 2.5 million (provided for in the March 2019 Agreements) to EUR 10 million. In addition, the business being acquired can be different but complementary to Tiscali's (whereas in the previous Agreements the business had to be identical or similar to Tiscali’s);
- Debt limit. The collateral debt limit was increased with respect to senior debt. In particular, the indebtedness relating to leasing agreements for data centres has been extended to EUR 10 million (in the previous version of the Agreements the limit was EUR 3.5 million), and the limit relating to indebtedness towards telco operators has been extended from EUR 10 million to EUR 20 million.

Current Financial Liabilities

Current financial liabilities	**31 December 2021**	**31 December 2020**
(EUR 000)		
Convertible bond	6,000	
Payables to banks and other financing parties	3,323	70,853
Payables for finance leases (short term)	7,773	7,950
Total	**17,096**	**78,803**

<u>Bond Loan</u>

The item related to the Convertible Bond Loan in the amount of Euro 6 million refers to the issue of the fifth and sixth tranche of the bond loan reserved for Nice & Green S.A., each consisting of 30 bonds with a unit value of Euro 100 thousand, for a total amount of Euro 3 million per tranche. This loan was converted into ordinary shares on 7 January 2022.

<u>Payables to banks and other financing parties – current portion</u>

The item *Payables to Banks*, amounting to about EUR 3.3 million, includes the following items:

- The short-term component of the Senior Loan for EUR 0.2 million;
- Bank payables for EUR 2.1 million, compared to the 31 December 2020 figure of EUR 1.4 million;

- A loan with the company Sarda Factoring for EUR 1 million.

Payables for finance leases – current portion

This item amounts to EUR 7.8 million and includes the following elements:

- Short-term portion of payables to leasing companies for finance leases in the amount of EUR 1.9 million;
- Current portion of payables for operating leases for EUR 5.9 million. In particular, this amount includes the short-term portion of the debt arising from the recognition pursuant to IFRS 16 of the lease agreement for the Sa Illetta headquarters for EUR 2.6 million, as well as the short-term portion of the debt arising from the operating leases of network equipment for EUR 3.3 million.

Non-current Financial Liabilities

Non Current financial liabilities	**31 December 2021**	**31 December 2020**
(EUR 000)		
Payables to banks and other financing parties	70,215	3,483
Payables for finance leases (long term)	13,061	15,059
Total	**83,276**	**18,542**

Payables to banks and other financing parties

This item includes the long-term portion of the payable to Senior Lenders for EUR 66.7 million and the long-term component of the Banca Intesa Sanpaolo (former CR Umbria) loan for EUR 3.5 million.

Payables for finance leases – long-term portion

This item includes the long-term portion of payables for operating leases in the amount of EUR 13 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 9.6 million and the long-term portion representing the debt on other leases on certain network equipment for EUR 3.4 million.

Net Financial Indebtedness

The Group's net financial indebtedness is represented in the following table:

Net Financial Position	31 December 2021	31 December 2020
(EUR 000)		
A. Cash and bank deposits	11,614	4,434
B. Cash equivalents		
C. Other current financial assets		
D. Cash and cash equivalents (A) + (B) + (C)	***11,614***	***4,434***
E. Current financial debt	***16,863***	***10,417***
F. Current portion of non-current financial debt	***233***	68,386
G. Current financial indebtedness (E + F)	***17,096***	***78,803***
H. Net current financial indebtedness *(G - D)*	**5,482**	**74,369**
I. Non-current financial debt	83,276	18,542
J. Debt instruments		
K. Trade and other non-current payables	11,743	8,103
L. Non-current financial indebtedness *(I +J +K)*	**95,019**	**26,644**
M. Net financial indebtedness *(H + L)*	**100,501**	**101,014**

The above table is prepared in accordance with CONSOB Communication No. 5/21 dated 29 April 2021.

It should also be noted that the amount of trade payables and payables to other parties overdue by more than 12 months amounted to EUR 7.8 million as at 31 December 2021, compared to an amount of EUR 7.2 million as at 31 December 2020. It should also be noted that the company's severance indemnity provision amounts to EUR 2.6 million.

The following table shows the reconciliation between the net financial indebtedness prepared in accordance with the CONSOB communication and the management net financial indebtedness reported in the Management Report.

	31 December 2021	31 December 2020
(EUR mln)		
Consolidated net financial debt	**88.0**	**92.1**
Non-current financial receivables	0.7	0.8
Long-term trade payables and instalment tax payables	11.7	8.1
Consolidated net financial debt prepared on the basis of CONSOB communication No. 5/21 dated 29 April 2021	**100.5**	**101.0**

The gross financial debt (current and non-current) identified above, amounting to EUR 112 million, is mainly composed of the items shown in the following table:

Breakdown of current and non-current debt	**31 December 2021**	**Current portion**	**Non-current portion**
(EUR 000)			
Senior debt	70,448	233	70,215
Bonds issued	6,000	6,000	
Bank payables	2,100	2,100	
Total Senior debts and other bank payables	**78,548**	**8,333**	**70,215**
Payables to leasing companies	20,833	7,773	13,061
Other financial payables (incl. factoring)	990	990	
Trade payables and other non-current payables	11,743		11,743
Total payables to leasing companies and other financial payables	**33,567**	**8,763**	**24,804**
Total indebtedness	**112,115**	**17,096**	**95,019**

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

- Senior Debt under the Senior Loan Amendment Agreements signed on 7 October 2021 with Intesa San Paolo and Banco BPM for EUR 67 million;
- Intesa Sanpaolo (former CR Umbria) loan under the Amendment Agreements signed on 7 October 2021 for EUR 3.5 million;
- Issue of the fifth and sixth tranche of the bond reserved for Nice & Green S.A. and converted into Tiscali ordinary shares on 7 January 2022 for a total of EUR 6 million;
- Credit line granted by Banco di Sardegna for EUR 2 million;
- Payables for finance lease agreements for EUR 1.9 million;
- Payables for operating lease agreements for EUR 18.9 million. This amount includes the operating lease agreement for the Sa Illetta premises for EUR 12.2 million. The remaining amount of EUR 6.7 million refers to operating lease agreements for network equipment;
- Other financial payables (Sarda Factoring) for EUR 1 million.
- The long-term component of trade payables and accrued tax payables for EUR 11.7 million.

The table below shows the monetary and non-monetary changes in financial liabilities that occurred in 2021:

Cash and no cash variations of Financial liabilities	31 December 2020	Cash movements (repayments/ new debt)	Cash movements (senior loan set up fees)	Accrued Interests	No Cash movements _Discounting Income	Bond Conversion to Capital Increase	31 December 2021
(EUR 000)							
Senior debt	71,857	(899)	(475)	3,211	(3,246)		70,448
Bonds issued		11,190		810		(6,000)	6,000
Bank payables	1,489	611					2,100
Leasing	23,008	(3,704)		1,529			20,833
Other finance liabilities_Sarda Factoring	990			()			990
Trade payables and other non-current payables	8,103	3,640					11,743
Financial liabilities	**105,447**	**10,838**	**(475)**	**5,550**	**(3,246)**	**(6,000)**	**112,115**

<u>Event of default.</u>

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)* the opening 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 2021 (nominal values as at 31 December 2021):

Loan	Amount	Due date	Senior Lenders	Contractor	Guarantors
Tranche A	15.0	31-mar-25	Banco BPM	Tiscali Italia S.p.A.	Tiscali S.p.A
Tranche B	8.3	31-mar-26	Banco BPM		Tiscali International BV
					Tiscali Financial Services SA

Loan	Amount	Due date	Senior Lenders	Contractor	Guarantors
Tranche A	10.0	31-mar-25	Intesa San Paolo S.p.A.	Tiscali Italia S.p.A.	Tiscali S.p.A
Tranche B	42.6	31-mar-26	Intesa San Paolo S.p.A.		Tiscali International BV
					Tiscali Financial Services SA

It should be noted that as at 31 December 2021 there were no events of default.

Leasing

The current value of minimum lease payments due is shown in the table below:

(EUR 000)	**Minimum lease payments**		**Present value of minimum lease payments**	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Not longer than 1 year	8,773	9,210	7,773	7,950
Longer than 1 year and not longer than 5 years	14,214	14,995	12,217	12,481
Longer than 5 years	925	2,688	843	2,577
Total	**23,912**	**26,893**	20,833	23,008
Less future finance charges (-)	3,079	3,884	0	0
Present value of minimum lease payments	**20,833**	**23,008**	**20,833**	**23,008**
Included in the financial statements as:				
Current borrowings			7,773	7,950
Non-current borrowings			13,061	15,059
	0	**0**	**20,833**	**23,008**

Other non-current liabilities (Note 26)

Other non-current liabilities	**31 December 2021**	**31 December 2020**
(EUR 000)		
Trade payables	7,635	2,779
Other payables	10,976	9,123
Total	**18,611**	**11,902**

The item T*rade payables* relates to the long-term component of trade payables. These payables are recorded at amortised cost.

The item *Other payables* of EUR 11 million mainly comprise:

- The long-term component of the deferral of tax credits in the amount of EUR 5.3 million (compared to EUR 8.5 million recognised as current assets). As at 31 December 2020, this component amounted to EUR 2.1 million;

- EUR 4.1 million in tax payables for tax records to be settled in the long term (EUR 5.3 million as of 31 December 2020);
- EUR 1 million in payables to Engineering related to employee severance indemnity provision, arising from the lease of the business unit to Engineering itself (debt unchanged from 31 December 2020)
- EUR 0.2 million for security deposits with customers (EUR 0.3 million as of 31 December 2020);
- EUR 0.4 million due to Janna S.c.p.a. – whose purpose is the management of a submarine fibre optic cable between Sardinia and the peninsula and between Sardinia and Sicily (EUR 0.4 million as at 31 December 2020).

Liabilities for severance indemnities (Note 27)

Changes during the period are shown in the following table:

(EUR 000)	31 December 2020	Accruals	Utilization	Payments to Funds (*)	(Profit)/Actuarial Loss	31 December 2021
	2,708	1,084	(139)	(1,075)	37	2,615
Total	**2,708**	**1,084**	**-139**	**-1,075**	**37**	**2,615**

(*) 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 subsidiaries operating in Italy and amounted to EUR 2.6 million as at 31 December 2021.

In application of IAS 19, the methodologies called Traditional Unit Credit Method, for companies with at least 50 employees, and Projected Unit Credit Cost – service pro rate, for the others, were used for the valuation of the severance indemnity accrued as at 31 December 2006 (defined benefit plan), based on the following steps:

- On the basis of a series of financial hypotheses (cost of living increase, salary increase, etc.), the possible future benefits that could be paid to each employee enrolled in the programme in the event of retirement, death, disability, resignation, etc. were projected. The estimate of future benefits takes into account any foreseeable increases corresponding to further length of service as well as the presumable increase in the salary level received at the valuation date only for employees of companies with less than 50 employees;

- The average current value of future benefits at the valuation date was calculated, based on the annual interest rate adopted and the probability that each benefit has of actually being paid;
- The liability was defined for each company concerned, equal to the average present value of future benefits that will be generated by the fund existing at the valuation date, without considering any future provision (for companies with at least 50 employees) or by identifying the portion of the average present value of future benefits that relates to the service already accrued by the employee in the company at the valuation date (for the others).

Financial Assumptions:

Inflation Rate:	1.75%
Discount Rate:	0.98%

Demographic Assumptions:

Mortality:	ISTAT 2016 Mortality tables M/F
Disability:	INPS Disability tables age/gender
Retirement:	100% on reaching AGO requirements
Advance Payments:	3.50% from 18 to 65 years
Turnover Rate:	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:

	percentage change with respect to the book value of the severance indemnity fund
Turnover rate + 1%	-1.0%
Turnover rate - 1%	1.2%
Inflation rate + 0.5%	3.4%
Inflation rate - 0.5%	-3.3%
discount rate + 0.5%	-5.2%
discount rate - 0.5%	5.7%

As the only defined benefit plan related to severance indemnities accrued by employees as at 31

December 2006, no new contributions to the plan are expected in the next year. 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 28)

(EUR 000)	31 December 2020	Increases in provision	Utilisations - Cash out	Utilisations - Release to PL	Other variations (Reclass)	31 December 2021
Tax Fund	69				(44)	25
Provision for restructuring charges	859		(394)	(380)	(85)	()
Provision for network infrastructure restructuring	1,873	493	(140)			2,226
Customers Supplementary Indemnity Fund	652	10	(45)			617
Employee disputes risk fund	1,191	115	(437)	(397)	(180)	293
Other provisions for risks and charges	803	413	(45)	(190)	(17)	964
Total	**5,448**	**1,031**	**(1,061)**	**(967)**	**(326)**	**4,124**

The provision for risks and charges as at 31 December 2021 amounted to EUR 4.1 million and mainly included the following:

- EUR 2.2 million for provisions for charges to be incurred for the rationalisation of the network infrastructure;
- EUR 1 million for other provisions for risks and charges;
- EUR 0.3 million for provisions for legal disputes with personnel
- EUR 0.6 million for provisions for agents’ termination indemnity.

Provisions made in the period, amounting to EUR 1 million, can be broken down as follows:

- Provision for restructuring charges of EUR 0.5 million relating to network infrastructure, of which EUR 0.4 million for Telecom penalties as a result of the reduced emptying of technical sites
- Provisions for legal disputes with personnel of EUR 0.1 million;
- Accruals to other provisions for risks of EUR 0.4 million, of which EUR 0.3 million relate to the provision for penalties and interest on the 2019 VAT credit unduly offset and EUR 0.1 million for legal disputes.

Monetary utilisations in the period, in the amount of EUR 1 million, mainly related to settlements made in connection with the personnel restructuring and reorganisation plans in the amount of EUR 0.8 million and the restructuring of the network infrastructure in the amount of EUR 0.1 million.

In addition, EUR 1 million was released to the income statement, attributable to the release of the provision for risks on certain legal disputes closed during the year for EUR 0.4 million, the release of the provision for personnel restructuring for EUR 0.4 million and the release of other provisions for risks and charges for the difference.

Reference should be made to the following note *Litigations, Contingent Liabilities and Commitments* for an update on the status of litigations for which the provision for risks accrued is deemed to represent the Group's best estimate of the risk of liability based on available knowledge.

Trade Payables (Note 29)

Trade payables	**31 December 2021**	**31 December 2020**
(EUR 000)		
Trade payables	68,436	58,034
Total	**68,436**	**58,034**

Trade payables refer to trade payables for the provision of telephone traffic, data traffic, supply of materials and technologies and services, as well as the provision of long-term investments (mainly LTE network infrastructure).

As at 31 December 2021, net trade payables past due (net of payment plans agreed with suppliers, accounts receivable and in dispute with the same suppliers) amounted to EUR 21.4 million (EUR 22.1 million as at 31 December 2020).

Tax Payables (Note 30)

Tax payables	**31 December 2021**	**31 December 2020**
EUR 000		
Tax payables	203	56
Total	**203**	**56**

This item includes the IRAP (Italian regional tax on productive activity) payable (netted from any receivables) recognised in the financial statements of Group companies.

Other Current Liabilities (Note 31)

Other current liabilities	**31 December 2021**	**31 December 2020**
(EUR 000)		
Accrued expenses	920	646
Deferred income	17,227	22,094
Other payables	12,375	26,142
Total	**30,521**	**48,882**

Accrued expenses mainly refer to personnel expenses.

Deferred income of EUR 17.2 million mainly refers to:

- The short-term portion of the deferral of tax credits in the amount of EUR 4 million (compared to EUR 8.5 million recognised as current assets)
- The deferral of revenues for the activation of fixed and fixed wireless broadband and voice services, for the non-accrual portion, for about EUR 11 million (EUR 10.6 million at 31 December 2020)
- The deferral of revenues from the sale of transmission capacity (IRU), accrued in future years, for about EUR 2.2 million (EUR 5.6 million as at 31 December 2020).

Other payables, amounting to EUR 12.3 million, mainly include:

- Payables to tax authorities and social security institutions of about EUR 4.7 million (EUR 10 million as at 31 December 2020);
- payables to personnel of EUR 1.3 million (EUR 1.3 million as at 31 December 2020)
- payables for restructuring related to the settlement of lawsuits of EUR 0.2 million;
- Payables for penalties and interest on tax payables not yet paid of EUR 0.5 million;
- Other payables of EUR 5.6 million (EUR 9.9 million as at 31 December 2020) mainly consisting of payables to other public entities. The reduction from the previous year of EUR 3.7 million is attributable to the write-off of debt positions with public entities.

6.15 Other Information

Financial Instruments

Financial risk management objectives

The Group's Corporate Treasury division provides business services, coordinates access to the financial markets, monitors and handles the financial risk associated with the operations of the Group by means of internal risk reports which analyse exposures by risk degree and magnitude. These risks include market risks (inclusive of currency risks, fair value interest rate risks, and price risks), credit risks, and risks in cash flow interest rates.

Risk management linked with interest rate

In relation to the outstanding debt, mainly at a fixed rate, the Company does not feel the risk related to fluctuating rates is significant, therefore it has not entered into any risk hedging transactions.

Liquidity risk handling

The following table considers the maturity of financial investments for the next five years, with particular reference to amounts to be paid in fiscal year 2021.

Cash flows shown in the table refer to the nominal amounts due on outstanding loans:

31 December 2021	Balance Sheet values	Cash out	lower then 1 year	from 1 year to 5 years	higher the 5 years
(EUR 000)					
Guaranteed bank loan_Senior Loan	66,957	79,424	882	78,543	-
Lease debts	20,833	20,833	7,773	8,564	4,497
Trade payables (short and long term)	76,071	76,071	68,436	7,635	-
Other debts (#)	17,800	17,800	12,075	5,726	-
Bank debts	5,592	5,592	5,592	-	-

(#) excluding accruals and deferrals

Please refer to Section 4.8 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 2021 and 31 December 2020, respectively, of the financial instruments existing as at the balance sheet date:

	31 December 2021	
	Balance	Fair Value
(EUR 000)		
Guaranteed bank loan_Senior Loan	66,957	68,119
Bank debts	5,592	5,592
Lease debts	20,833	20,833

	31 December 2020	
	Balance	Fair Value
(EUR 000)		
Guaranteed bank loan_Senior Loan	68,374	68,800
Guaranteed bank loan_Bond	4,972	4,972
Lease debts	23,008	23,008

	31 December 2019	
	Balance	Fair Value
(EUR 000)		
Guaranteed bank loan_Senior Loan	64,675	65,204
Guaranteed bank loan_Bond	5,246	5,246
Bank debts	3,641	3,641
Lease debts	25,471	25,471

The fair value of the financial instruments as indicated above was calculated using the discounted cash flow method, taking as reference the market interest rates, in addition to contractual spreads (where applicable).

Stock Options

As at 31 December 2021, there were no active stock option plans in place.

Disputes, contingent liabilities and commitments

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

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

Civil and administrative proceedings

Opposition to Qualta injunction

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

The Court of Rome ascertained its lack of territorial jurisdiction and, as a result, declared null and void the injunction previously obtained by Qualta, which in May 2021 resumed the proceedings before the Court of Cagliari. Following Qualta's bankruptcy, the proceedings were interrupted and subsequently resumed by Tiscali Italia against the receiver.

Engineering Sardegna S.r.l.

With an appeal pursuant to Article No. 700 of the Civil Procedure Rules filed on 8 October 2021, Tiscali requested the Court of Cagliari to urgently order Engineering Sardegna S.r.l. to return: *"- The current business unit in Cagliari, Loc. Sa Illetta, deputed to the performance of IT services, including all the assets, rights and relationships indicated in the private deed dated 2 February 2017 authenticated in the signatures by notary Capasso of Milan rep. 947726/38600; - The workstations and equipped spaces covered by the Facility Management contract signed on 1 February 2017."* Engineering Sardegna appeared in Court, contesting the grounds of the claim and requesting its rejection. At the hearing of 16 December 2021, the Court reserved the right to decide and the reservation has not yet been dissolved.

BT Italia S.p.A

By ordinary summons, Tiscali requested the Court of Milan to ascertain and declare that Tiscali Italia S.p.a. has a claim against BT Italia S.p.a, of EUR 790,400.00 plus VAT, equal to the monetary countervalue of the claim relating to rights on optical fibre and/or other services recognised under the agreement entered into between the parties on 30 April 2018 and, accordingly, order BT Italia S.p.a. to pay, in favour of Tiscali Italia S.p.a., the aforementioned amount of EUR 790,400.00 plus VAT, to be increased by interest and monetary revaluation, from the demand until satisfaction. The proceedings are pending to date.

Revenue Agency - Provincial Directorate of Cagliari

In December 2019 and in February 2020, the Revenue Agency notified payment notices containing role inscriptions issued by the territorial office of Cagliari 1, both deriving from the automated control pursuant to Articles 36-*bis* of the Presidential Decree No. 600/73 and 54-*bis* of the Presidential Decree No. 633/72, and relating the first to the VAT forms for the years 2010 and 2012 and the second (February 2020) to the VAT form for the year 2011. The notices refer exclusively to penalties, interest and collection charges for a total of EUR 4,259 thousand. The Company filed an appeal against the two tax records with the competent Tax Commission, contesting both the illegitimacy and erroneous nature of the entries on the tax rolls and the criteria for determining the penalties, as well as the illegitimacy of the claim asserted by the tax rolls as contrary, among other things, to the principles set forth in the Taxpayers' Rights Statute. In February 2022, a settlement was reached with the competent offices of the Revenue Agency, for an all-inclusive amount of EUR 753,805 thousand to be paid in 16 quarterly instalments.

Fair Value

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

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

In FY 2021, there were no assets/liabilities recognised at fair value as per the above detailed parameters.

Segment Reporting

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

- Access (BTC and BTB connectivity);
- Corporate.

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

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

31 December 2021 *(EUR 000)*	**Access (BTC connectivity and BTB)**	**Corporate**	**Total**
Revenue			
From third parties	144,123	36	144,159
Intra-group	220	(220)	-
Total revenues	**144,343**	**(184)**	**144,159**
Operating profit	**(13,703)**	**(1,989)**	**(15,693)**
Result on Investments at equity method			(365)
Financial Income			3,249
Financial Expenses			7,535
Pre-tax result			**(20,343)**
Income taxes			274
Net result from operating activities (on-going)			**(20,617)**
Income from held for sale and discontinued operations			-
Net operating income			**(20,617)**

31 December 2020 *(EUR 000)*	**Access (BTC connectivity and BTB)**	**Corporate**	**Total**
Revenue			
From third parties	143,986	27	144,012
Intra-group	451	(451)	-
Total revenues	**144,437**	**(424)**	**144,012**
Operating profit	**(11,916)**	**(2,402)**	**(14,318)**
Result on Investments at equity method			(285)
Financial Income			440
Financial Expenses			7,964
Pre-tax result			**(22,127)**
Income taxes			75
Net result from operating activities (on-going)			**(22,201)**
Income from held for sale and discontinued operations			-
Net operating income			**(22,201)**

31 December 2021 *(EUR 000)*	**Access (BTC connectivity and BTB)**	**Corporate adjustments**	**Total**
Assets			
Segment assets	135,410	4,108	139,518
Equity investments carried at equity	-	-	-
Equity investments in other companies	3,719	-	3,719
Goodwill	-	-	-
Assets held for sale	-	-	-
Total consolidated assets	**139,128**	**4,108**	**143,236**
Liabilities			
Segments liabilities	213,701	11,182	224,882
Liabilities held for sale	-	-	-
Total consolidated liabilities	**213,701**	**11,182**	**224,882**

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

Commitments and other Guarantees

A breakdown of guarantees given in FY 2021 is shown in the table below:

(EUR 000)	31 December 2021	31 December 2020
Guarantees given to third parties (sureties)	77,574	78,607
Commitments	-	-
Total	**77,574**	**78,607**

Guarantees and sureties provided to third parties mainly relate to the guarantee on loans granted by financing institutions to the Tiscali Group for a total of EUR 75.9 million, entirely attributable to the Senior Loan.

The same item includes EUR 1.6 million of other guarantees, which refer for EUR 0.9 million to guarantees provided by Tiscali Italia Spa mainly in favour of public entities for tax payables due to the same entities.

Although not material at the consolidated level, it should be noted that during the year the parent company provided guarantees for credit lines and leasing to the subsidiary Tiscali Italia Spa in the amount of EUR 5.5 million (compared to EUR 7.1 million at 31 December 2020).

The parent company also has commitments of EUR 1.6 million relating to the maintenance of credit lines granted to the subsidiary Tiscali Italia S.p.A. in both 2021 and 2020.

Non-recurring Transactions

Under the provisions of the CONSOB Resolution No. 15519 dated 27 July 2006, it is reported that in FY 2021, non-recurring transactions were recorded with a total positive effect on the Group's income statement equal to EUR 5 million. The transactions that are not part of the ordinary management of the Group even when they occurred in previous years or are expected to occur in the next financial years were considered as “non-recurring” for the purpose of providing the information required by CONSOB Resolution No. 15519 dated 27 July 2006.

In particular, during FY 2021 non-recurring income and costs were recorded, mainly identifiable as follows (referred to in this document as *Non-Recurring Items*):

- The portion of income arising from the *Bonus Sud* and R&D tax credits related to the release of deferred income on tax credits prior to 31 December 2020 for EUR 1.8 million;
- A discounting income related to the extension of the Senior Loan repayment plan from 2024 to 2026 (under the Senior Loan Amendment Agreements signed on 7 October 2021) for EUR 3.2 million.

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

Non-Recurring Transactions	**31 December 2021**	**31 December 2020**
(EUR 000)		
Revenues	0.0	0.0
Other income	1.8	6.8
Purchases of materials and external services	0.0	0.0
Staff costs	0.0	0.0
Other operating expenses / (income)	0.0	0.0
Write-down of customers' receivables	0.0	0.0
Gross operating result (EBITDA)	**1.8**	**6.8**
Depreciation, restructuring costs, provisions for risks and write-downs	**0.0**	**(2.3)**
Operating income (EBIT)	**1.8**	**4.6**
Financial income	3.2	0.0
Financial charges	**0.0**	**0.0**
Result before taxes	**5.0**	**4.6**
Income taxes	**0.0**	**0.0**
Net result from continuing operations	**5.0**	**4.6**
Net gain from the sale to Fastweb	**0.0**	**0.0**
Net income	**5.0**	**4.6**

Atypical and/or Unusual Transactions

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

Related-Party Transactions

Procedure

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

Dealings with non-consolidated Group companies

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

Dealings with other related parties

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

The following table summarises the income statement and balance sheet values recognised in the Tiscali Group's consolidated financial statements as at 31 December 2021 and, as comparative data, the values as at 31 December 2020, respectively, arising from Related Party Transactions:

Income Statement	**Note**	**2021**	**2020**
(EUR 000)			
Monteverdi S.r.l.	1	(29)	(29)
Istella	2	(302)	(55)
CC & Soci	3	(275)	(55)
Open Campus	4	96	
Cuccureddus S.r.l.	5	2	
Lai Dolores	6	(54)	
Close AD family employees	7	(66)	
Directors		(1,759)	(1,397)
Stock option costs	10		(11)
Total Expenses & Income		**(2,387)**	**(1,517)**
Total		**(2,387)**	**(1,517)**

Balance Sheet	Note	31 December 2021	31 December 2020
(EUR 000)			
Monteverdi S.r.l.	1	(43)	(46)
Istella	2	741	637
CC & Soci	3	(122)	(25)
Open Campus	4	117	
Cuccureddus S.r.l.	5	5	
Lai Dolores	6	(3)	
Close AD family employees	7	(8)	
Directors		(519)	(317)
Receivable from Istella sale	8	11	61
Total Suppliers of Materials and Services		**179**	**310**
Stock Option Reserve	9		(51)
Net assets pertaining to the Group			**(51)**
Total		**179**	**259**

1. *Monteverdi S.r.l: a company owned by the CEO and major shareholder of the Company, Renato Soru. The relationship in question refers to a rental contract of a space used for the storage of corporate documents.*
2. *Istella: a company partly owned by the CEO and reference shareholder of the Company, Renato Soru. The relationship in question refers to the provision by Tiscali of IT services (hosting of network equipment), starting from October 2018. Moreover, starting from December 2019, Istella provides Tiscali with consulting services for software development and assistance for customer care automation.*
3. *CC & Soci: the company CC & Soci S.r.l., a subsidiary of CC Holding S.r.l., which holds an approximately 11.8% stake in Amsicora S.r.l.(a shareholder of the Company with a 9.73% stake as at 31 December 2021), entered into a contract with Tiscali Spa in December 2020 for the provision of financial advisory services.*
4. *Open Campus: a company 80% owned by Alice Soru, daughter of CEO Renato Soru. Tiscali Italia has two contracts with Open Campus. Under the first contract, Tiscali Italia buys brand promotion services from Open Campus, while under the second contract it offers the latter hospitality services at the Sa Illetta campus. The two contracts are not related.*
5. *Cuccureddus s.r.l: Tiscali Italia has an existing contract with this company for the provision of connectivity services at the location called Is Cuccureddus in the territory of Villasimius. The Company's legal representative is Michelangelo Soru, son of CEO Renato Soru.*
6. *Dolores Lai: Tiscali Italia has a consultancy contract with lawyer Dolores Lai, for legal consultancy services in the privacy field. Lawyer Lai is the spouse of CEO Renato Soru.*
7. *Costs and payables reported in this line are related to some close relatives of CEO Renato Soru, who are employees of Tiscali Italia.*
8. *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, which took place on 16 October 2017.*
9. *Stock Options: the company had some management incentive plans in the form of Stock Options (please refer to the section "Stock Options" for further details).*

Remuneration of directors, statutory auditors and executives with strategic responsibility

With regard to the performance of their functions, in the Parent Company and other consolidated subsidiaries, the remuneration due to Directors and Statutory Auditors of Tiscali and Tiscali Italia in FY 2021 follows:

	31 December 2021	31 December 2020
(EUR 000)		
Directors	1,092	742
Statutory Auditors	168	159
Manager with strategic responsibilities	667	655
Total Remuneration	**1,927**	**1,556**

List of subsidiaries included in the consolidation area

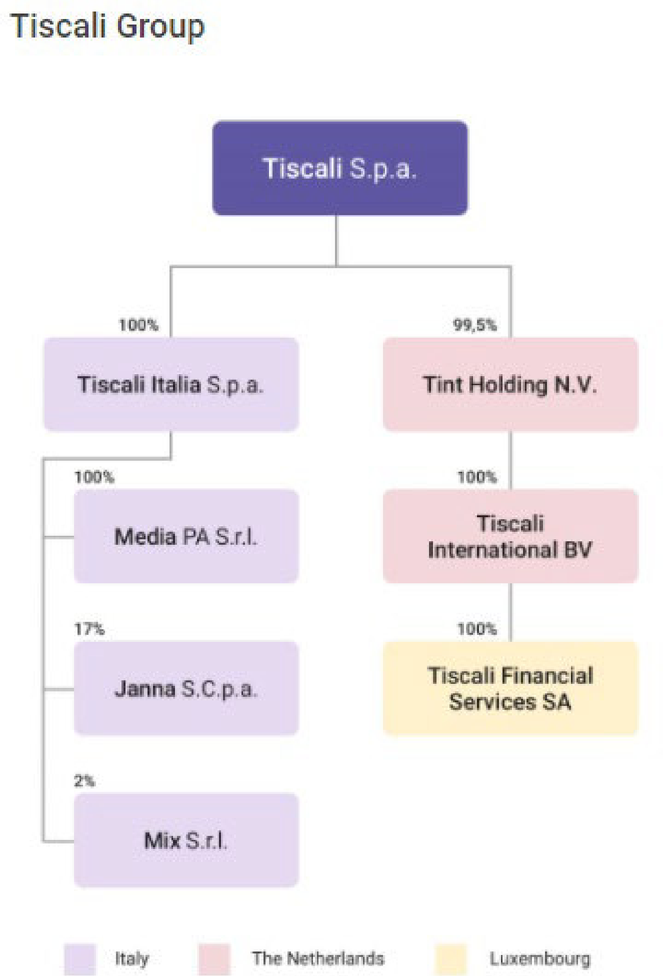
A list of the companies included in the consolidation area follows:

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

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

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

The Tiscali Group as at 31 December 2021:



Annex — Information pursuant to Article No. 149-*duodecies* of the CONSOB Issuers' Regulation

The following table, drawn up in accordance with Article No. 149-*duodecies* of the CONSOB Issuers ' Regulations, indicates the fees for FY 2021 for auditing services and those for other services provided by the independent auditing firm:

Type of services	Party providing the Service	Beneficiary	Fees
EUR/000			
Financial Audit (*)	Deloitte & Touche S.p.A.	Parent Company - Tiscali S.p.A.	266
	Deloitte & Touche S.p.A.	Subsidiaries	61
Other professional services required by law	Deloitte & Touche S.p.A.	Parent Company - Tiscali S.p.A.	36
	Deloitte & Touche S.p.A.	Subsidiaries	
Other services	Deloitte & Touche S.p.A.	Parent Company - Tiscali S.p.A.	47
	Deloitte & Touche S.p.A.	Subsidiaries	65
Total			**476**

(*) amount including supervisory fee

Cagliari, 5 April 2022

The CEO

Renato Soru

The Officer in charge of Preparing the Company's Accounting Documents

Silvia Marchesoli

2021 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, Renato Soru in his capacity of Chief Executive Officer, and Silvia Marchesoli, in her capacity of the Officer in charge of Preparing the Company's Accounting Documents of Tiscali S.p.A., hereby certify, with account also being taken of the provisions of Article No. 154-*bis*, Paragraphs 3 and 4, of Italian Law Decree No. 58 dated 24 February 1998:

- the adequacy in relation to the Company's characteristics;
- the effective application of the administrative and accounting procedures for the formation of the Consolidated Financial Statements in FY 2021.

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

It is also hereby certified that the Financial Statements as at 31 December 2021:

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

Lastly, it is hereby certified that the Management Report includes a reliable analysis of the references to important events which have taken place during the year and of their effect on the consolidated financial statements, together with a description of the main risks and uncertainties.

Cagliari, 5 April 2022

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

Tiscali S.p.A.
Financial Statements
as at 31 December 2021

7 Tiscali S.p.A. – Financial Statements and Explanatory Notes

7.1 Income Statement

Income Statement	*Notes*	**2021**	**2020**
(EUR)			
Revenue	*1*	2,979,987	3,154,718
Other income	*1*	1,895,284	0
Purchase of external materials and services	*2*	(3,311,127)	(2,119,565)
Personnel costs	*3*	(391,418)	(504,129)
Other operating expense (income)	*4*	(679)	0
Write-downs accounts receivable from customers	*5*	(147,066)	1,023,174
Restructuring costs	*5*	(333,044)	0
Operating result (EBIT)		**691,937**	**1,554,198**
Financial Income	*6*	0	433,636
Financial Expenses	*6*	(898,817)	(93,757)
Income (loss) before tax		**(206,880)**	**1,894,077**
Taxation	*7*	(94,146)	(257,932)
Net result from operating activities (ongoing)		**(301,026)**	**1,636,145**
Result from held for sale and discontinued operations	*8*	0	0
Net result for the period		**(301,026)**	**1,636,145**

7.2 Comprehensive Income Statement

Income Statement	Notes	2021	2020
(EUR)			
Result for the period		**(301,026)**	**1,636,145**
Other elements for the comprehensive Income Statement:			
Other elements of the comprehensive income statement that later will be reclassified in the profit/(loss) for the fiscal year		0	0
Other elements of the comprehensive income statement that later will not be reclassified in the profit/(loss) for the fiscal year		0	0
- *o/w (Loss)/profit from revaluation on plans with defined benefits*		**0**	*0*
Total of other elements for the comprehensive Income Statement:		**0**	**0**
Total result of the comprehensive Income Statement		**(301,026)**	**1,636,145**
To be attributed to:			
Shareholders of the Parent Company		**(301,026)**	**1,636,145**
Minority Shareholders		-	-
Total		**(301,026)**	**1,636,145**

7.3 Equity and Financial Statement

Equity and financial statement	Notes	31 December 2021	31 December 2020
(EUR)			
Non-current assets			
Investments	*9*	130,562,909	130,562,909
Other financial assets	*10*	127,171,141	120,096,788
		257,734,050	**250,659,697**
Current assets			
Trade receivables	*11*	16,648,135	14,888,151
Tax credits	*12*	2,866	227,219
Other receivables and other current assets	*13*	1,057,767	240,897
Cash and cash equivalents	*14*	3,184,705	184,684
		20,893,473	**15,540,950**
Total assets		**278,627,523**	**266,200,647**
Capital and reserves			
Share Capital		63,655,159	51,655,159
Results from previous fiscal years and other reserves		1,214,262	(401,218)
Results for the fiscal year pertaining to the Group		(301,026)	1,636,145
Total Shareholders' equity	*15*	**64,568,395**	**52,890,086**
Non-current liabilities			
Other non-current liabilities	*16*	203,889,077	203,032,387
Provisions for liabilities and charges	*17*	351,750	612,586
		204,240,827	**203,644,973**
Current Liabilities			
Convertible bond	*18*	6,000,000	0
Trade payables	*19*	1,828,830	3,412,140
Payables for taxes	*20*	23,530	53,031
Other current liabilities	*21*	1,965,941	6,200,417
		9,818,301	**9,665,588**
Total Shareholders' equity and Liabilities		**278,627,523**	**266,200,647**

7.4 Statement of changes in the Shareholders' Equity

Balance as of 31 December 2019	**46,355,159**	**6,981**	**2,039,135**	**95,543**	**-**	**-**	**(2,506,729)**	**45,990,089**
Bond Conversion	5,300,000							**5,300,000**
Other movements			8,510	(44,658)				**(36,148)**
Net result							1,636,145	**1,636,145**
Balance as of 31 December 2020	**51,655,159**	**6,981**	**2,047,645**	**50,885**	**-**	**-**	**(870,583)**	**52,890,086**
Bond Conversion (POC)	12,000,000							**12,000,000**
Allocation of previous year Net Result		81,807	1,554,338				(1,636,145)	-
Other movements			30,220	(50,885)				**(20,665)**
Net result							**(301,026)**	**(301,026)**
	-	-	-	-	-	-	-	-
Balance as of 31 December 2021	**63,655,159**	**88,788**	**3,632,203**	**-**	**-**	**-**	**(2,807,755)**	**64,568,395**

7.5 Cash Flow Statement

FINANCIAL STATEMENT (Thousands of EUR)	Note	31 December 2021	31 December 2020
OPERATING ACTIVITIES			
Result from Operating activities		**(301,026)**	**1,636,145**
Adjustments for:			
Provisions / releases for bad debt provision (including Intercompany)	5	88,666	(1,023,174)
Provision for risks accrual	5	338,321	0
Release of provisions for risks	5	(205,277)	0
Stock Option figurative cost	3	0	10,852
Income taxes	7	94,146	
Release Put option Bond	6	0	(433,636)
Financial Expenses	6	898,817	93,757
Other changes	1	(1,978,623)	257,932
Cash flows from operating activities before changes in working capital		**(1,064,977)**	**541,876**
Changes in receivables	11	(158,000)	(1,000)
Changes in payables to suppliers	19	(42,658)	(403,551)
Net change in provisions for risks and charges	17	(214,240)	(843)
Changes in other liabilities	21	(3,797,420)	(14,688,354)
Changes in other assets	13	(631,262)	34,997
Changes in working capital		**(4,843,580)**	**(15,058,751)**
AVAILABILITY CASH FLOWS GENERATED BY OPERATING ACTIVITIES		**(5,908,556)**	**(14,516,875)**
INVESTMENT ACTIVITIES			
Change in other financial assets	10	0	0
Acquisitions of Fixed Tangible Assets	-	(0)	0
Acquisitions of Intangible assets	-	0	0
Variation in Investments in Group companies	9	0	0
CASH EQUIVALENTS GENERATED BY THE OPERATING ACTIVITY		**(0)**	**0**
FINANCIAL ACTIVITY			
Changes in intercompany financial assets/liabilities intercompany	10-16	(8,279,578)	14,331,921
Changes in other financial liabilities	18	(1,844)	(1,738)
Changes in bond	18	5,730,000	0
Changes in Net Equity	15	11,460,000	1
AVAILABILITY CASH ARISING FROM/ (USED IN) FINANCIAL ACTIVITIES		**8,908,578**	**14,330,183**
Change in assets / liabilities sold and held for sale		**0**	**0**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		**3,000,021**	**(186,692)**
AVAILABILITY CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**184,684**	**371,376**
CASH AND CASH EQUIVALENTS		**3,184,705**	**184,684**

7.6 Explanatory Notes

Tiscali S.p.A. (hereinafter referred to as “Tiscali” or the “Company” and jointly with its subsidiaries the “Group” or the “Tiscali Group”) is a joint stock company founded in Italy and registered at the Business Registry of Cagliari. Tiscali heads the Tiscali Group, which provides its clients integrated Internet access, telephony and multimedia services, in particular positioning itself in the IP technology services segments, which allow the provision of Internet and voice services through the same technologic platform.
These Financial Statements are prepared using Euros (EUR) as the currency since this was the currency used for the majority of the transactions performed by the Parent Company.
The income statement and balance sheet, the cash flow statement, the statement of changes in equity are presented in Euro (EUR), while the values shown in the explanatory notes are presented in thousands of Euros (EUR 000).

7.6.1 Introduction and Declarations of Assurance

The following tables have been prepared on the basis of the Financial Statements as at 31 December 2021, to which reference should be made. The 2021 Financial Statements represent the separate financial statements of the Parent Company Tiscali 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).

Assessment of the business as a going-concern

Financial and economic performance for the period

Tiscali S.p.A closed the year 2021 with net equity of EUR 64.6 million (EUR 52.9 million as at 31 December 2020) and a loss of EUR 0.3 million (compared to a profit of EUR 1.6 million as at 31 December 2020). As at 31 December 2021, net financial debt amounted to a negative EUR 79.5 million and was mainly represented by financial payables to Group companies (net of credit positions) of EUR 76.1 million (compared to a negative net financial debt of EUR 82.7 million as at 31 December 2020, of which EUR 82.9 million were financial payables to Group companies, net of credit positions).

These financial payables are recorded under non-current financial liabilities. The Company's assets mainly consist of the value of the investment in the subsidiary Tiscali Italia Spa 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 Tiscali Group's going concern.

Background: the merger between Tiscali and Linkem

On 30 December 2021, the Group issued a press release in which it informed the market of the launch of the integration project between the Tiscali Group and the retail branch of the Linkem Group. With reference to this project, on 2 November 2021, Tiscali and Linkem S.p.A. (hereinafter also referred to as "**Linkem**") signed a Memorandum of Understanding aimed at evaluating the possible implementation of an agreement (hereinafter also referred to as the "**Transaction**") of integration between the group headed by Linkem and the group headed by Tiscali. Subsequently, on 25 November 2021, the company Linkem Retail was established, wholly owned by Linkem, in order to contribute to it the branch of business containing the commercial activities of Linkem S.p.A. (hereinafter also referred to as the "**Linkem Business Unit**"). Such Linkem Business Unit was then conferred on 30 December 2021 (subject to the occurrence of certain conditions precedent related to the Transaction described below). The Linkem Business Unit includes, inter alia:

- All existing relationships with retail consumer and business customers served through Linkem's own infrastructure as well as through the infrastructure owned by Telecom Italia S.p.A. and related customer management systems:
- Personnel employed for the management of the aforesaid relationships;
- Certain majority and minority shareholdings in companies that provide and manage services to retail and business customers and related contracts in place with such companies;
- Existing contracts with authorised resellers as well as contracts for the resale of services and retail sales.

It should also be noted that:

3. The Transaction is subject to certain conditions precedent that must be fulfilled by 31 July 2022;
4. The purpose of the Transaction is to bring about the integration of the organisational assets of the two companies involved, in order to generate significant industrial synergies and provide an integrated offer of fixed, mobile, 5G, cloud and smart city services, taking full advantage of the opportunities connected to the implementation of the PNRR. Following the successful completion of the Transaction, the merged company will be the 5th largest telecommunications

operator in the Italian fixed market and the largest in the Ultra Broadband access segment in FTTH and FW technologies, with an overall market share of 19.4%.

Given the relevance of this Transaction also with respect to the analysis of the Group as an ongoing concern over the next 12 months, the Directors have proceeded to verify the presence of the going concern prerequisite primarily from a stand-alone perspective, and therefore without considering this Transaction, but also in the event of its completion in consideration of the fact that the Board has assessed this opportunity and will proceed in this sense, subject to the due steps to be made during the Shareholders' Meeting, if it deems that the conditions for its completion are met.

Going concern in the stand-alone scenario

The Directors point out that in the financial year 2021 the Group:

i. showed a negative result for the year, i.e. a loss of EUR 20.6 million, marking an improvement of EUR 1.6 million compared to the FY2020. Moreover, in the same period, Group EBITDA decreased by EUR 1.1 million, from EUR 29.1 million in FY2020 to EUR 28 million in FY2021;
ii. had net current liabilities at the consolidated level (non-financial) of EUR 74.3 million, compared to net current liabilities of EUR 74 million as at 31 December 2020
iii. generated a flow from operations before changes in working capital of EUR 27.2 million, which is lower than the flow of EUR 41.2 million generated in 2020 (although this decrease is largely influenced by the use of the Fastweb voucher in 2020 for an amount that is EUR 15.4 million higher than in 2021)
iv. recorded a decrease in the Fixed Broadband customer base (approximately 351 thousand users as at 31 December 2021, compared to 377 thousand users as at 31 December 2020, or 6.9%)
v. had a consolidated capital deficit of EUR 81.6 million, which increased compared to a value of EUR 73 million, as at 31 December 2020, mainly due to the combined effect of the capital increases resulting from the conversion of the first four tranches of the POC Nice & Green SA for a total of EUR 12 million and the negative operating result of EUR 20.6 million.

Against the backdrop of the economic, financial and management results described above, and with the aim of strengthening the Group's capital and financial structure, the following actions were implemented:

i. on 17 September 2021, a business plan was approved for the 2021-2024 period (thereinafter also referred to as the "2021-2024 Business Plan"), sworn pursuant to Article 67 of the

Finance Law for the purposes of the Amendment Agreements to the Senior Loan, which provides for certain management strategies aimed at increasing revenues in the explicit period, so as to ensure that the Group will reach break-even by 2023 and will be able to generate sufficient cash to guarantee the development of the business and the fulfilment of corporate obligations throughout the period of the plan. Although actual revenues for the 2021 financial year were lower than expected in the Business Plan (EUR 4.1 million lower than the Plan), Ebitda for the period was EUR 1.5 million higher than the Plan, however with a mix that includes higher non-recurring income. The Directors also believe that the slowdown accumulated at the end of 2021 on the achievement of operating targets is recoverable over the Plan period and does not affect the overall feasibility of the Plan. In fact, the failure to achieve the 2021 targets is partially attributable to the delayed development of services dedicated to business customers and Media services, as well as to certain non-recurring factors.

ii. on 14 May 2021, an agreement was signed with N&G for the issuance of a mandatory convertible bond (thereinafter also referred to as the "**N&G Bond**") for a maximum amount of EUR 21 million, with an option for the Company to extend it for a further EUR 21 million, issuable in several tranches at the Group's discretion. As of the date of approval of the Annual Report, all 7 tranches for the total amount of EUR 21 million had been issued and converted.

iii. a negotiation process was initiated and then concluded on 7 October 2021 with the lending banks Intesa San Paolo and Banco BPM (thereinafter also referred to as the "Bank Pool") that led to the amendment of its debt, amounting to EUR 75.9 million at the date of the agreements, towards these institutions (the "Senior Loan Amendment Agreements"). These amendments provide for the rescheduling of the loan repayment plan, thus allowing for a two-year grace period (2021-2022) and a progressively increasing rescheduling of the repayment instalments in the years 2023-2026, in order to make them compatible with the cash flows expected by the Group and included in the forecasts of the 2021-2024 Business Plan.

iv. a cash plan was drawn up for the April 2022 – March 2023 period, which incorporates the financial effects of delays in achieving the Plan's objectives accumulated as at 31 March 2022. This plan, which is conservative in nature, shows cash needs over the period consistent with the sources already identified by the Directors.

In addition to these actions, the Directors point out the existence of some positive signs related to both period performance and forecasts on future performance. In particular, they point out that as at 31 December 2021 the Group:

i. has a total net financial indebtedness of EUR 88 million, an improvement of EUR 4.1 million with respect to 31 December 2020 (EUR 92.1 million), with a more sustainable debt structure thanks to the different time profile of the repayments under the Senior

Loan Amendment Agreements;

ii. had cash and cash equivalents of EUR 11.6 million, compared to EUR 4.4 million in the comparative period;

iii. the Senior Loan Amendment Agreements provide for the verification of compliance with certain financial covenants on a half-yearly basis, which, as at 31 December 2021, have been met;

iv. generated a net cash flow from operations of EUR 34.9 million, lower than the flow of EUR 29.4 million generated in the year;

v. showed an improvement in the mix of the customer base with a significant growth in the number of Fibre customers, which increased by 26.1% from 223 thousand users as at 31 December 2020 to 281 thousand users as at 31 December 2021. This objective was also achieved thanks to the significant increase in FTTH network coverage, with coverage reaching 1,600 municipalities as at 31 December 2021 compared to the 886 municipalities reached at the end of 2020. In addition, thanks to the Bitstream NGA network, Tiscali has further expanded its Ultra Broadband coverage, and can potentially provide Fibre services to approximately 28 million households and businesses: in mixed copper Fibre technology to approximately 19 million households and businesses and in FTTH technology to approximately 9 million households and businesses;

vi. had net trade payables past due (net of payment plans agreed with suppliers, as well as accounts receivable and in dispute with the same suppliers) of EUR 21.4 million (compared to EUR 22.1 million as at 31 December 2020), financial payables past due net of accounts receivable of EUR 0.4 million (compared to EUR 0.5 million as at 31 December 2020) and, tax and social security payables past due of EUR 5.4 million (compared to EUR 10.6 million as at 31 December 2020). In total, therefore, overdue amounts in comment amounted to EUR 27.2 million, as at 31 December 2021, compared to total overdue amounts of EUR 33.2 million in the previous year, an improvement of EUR 6 million.

Furthermore, the Directors point out that they have agreed with Nice & Green the exclusion of the extraordinary transaction with Linkem from the so-called significant negative event causes that could have allowed Nice & Green to suspend the N&G Bond, as well as to have notified the commitment to extend it for further EUR 21 million as per existing contractual agreements. The Directors have, therefore, considered the amount of the extension of the N&G Bond for an additional EUR 21 million as one of the funds available to finance the 2021-2024 Business Plan and, more specifically, to meet corporate obligations in the foreseeable future.

In the situation described above, the Directors reiterate that the achievement of a medium- and long-term balance sheet, economic and financial equilibrium of the Group from a stand-alone perspective is subject to the following aspects that present profiles of uncertainty: *(i)* The achievement of the results forecasted in the 2021-2024 Business Plan, which provides for the break-even in 2023, and *(ii)* The realisation of the forecasts and assumptions contained therein in a market context characterised by strong competitive pressure.
Moreover, and with specific reference to the use of the going concern assumption in the preparation of this consolidated annual report from a stand-alone perspective, the Directors confirm that the financial sources available are sufficient to guarantee the Company's obligations in the time horizon of 12 months following the date of approval of the 2021 financial statements.

Going concern in the event of completion of the Transaction (or "Combined" scenario)

The Directors of Tiscali S.p.A., jointly with the Directors of Linkem Retail S.r.l., have started the preparation of a Business Plan of the two combined entities post-merger on the 2022-2025 time frame (hereinafter also referred to as the "2022-2025 Combined Business Plan"). However, with reference to this plan, it should be noted that – as at the date of publication of this report – the 2022-2025 Combined Business Plan, although at an advanced stage of definition, has not yet been approved by the Boards of Directors of the Companies and, therefore, may be subject to change.
The 2022-2025 Combined Business Plan will be based on the following assumptions:

i. the consolidation of the business-to-consumer ("B2C") customer base to be achieved primarily through the exploitation of 5G Fibre – Fixed Wireless technologies, in which the combined entity will be the market leader;
ii. The strengthening of the business to business ("B2B") and business to government segment through the expansion of sales channels and the proposition of new offerings in line with market needs;
iii. The exploitation of opportunities arising from "Smart Cities" projects and the digitalisation needs of public administration, including through public-private partnership mechanisms;
iv. The brand repositioning on digital services and the strengthening of sales on digital channels, including through a greater focus on the Tiscali.it portal;
v. The minimisation of non-customer related investments and the further reduction of network costs thanks to the agreement signed with Tim on fixed-line and MVNO.

From a financial point of view, the 2022-2025 Combined Business Plan is strongly influenced by the growth metrics set forth therein, which will negatively impact expected cash flows, particularly in the first few years of the Plan due to the need to finance new customer acquisitions and the replacement of terminations. These activities foresee, from a financial point of view, a significant cash absorption. In the circumstance described, the implementation of the Plan is based on the following assumptions:

i. The drafting and conversion of the "extension" of the POC underwritten with N&G for EUR 21 million described above in order to ensure financial equilibrium until the effective date of the merger;

ii. The cash flow savings resulting from the use of the tax credits provided by the Bonus Sud and Industria 4.0 regulations;

iii. The improvement of the financial terms and conditions already agreed with the suppliers OpenFiber and TIM, particularly regarding new activations;

iv. The approval by the Shareholders' Meeting of Tiscali of the agreement signed with N&G on xx date for the disbursement of a EUR 90 million mandatory convertible bond loan (hereinafter also referred to as the "POC N&G 2022");

v. the obtaining of further financial resources from the banking market, thanks to the forecast reduction of the financial leverage deriving from a strong increase in the Group's Ebitda expected as a result of the Transaction, even in the absence of a significant increase in the Net Financial Indebtedness as the Linkem Retail branch has a lower financial exposure. In fact, the Directors believe that the improvement in the NFP/Ebitda ratio will allow the Group to have greater access to the financial market following the completion of the Transaction, and in particular they aim to reach a NFP/Ebitda ratio of 3, in order to make it easier to obtain further EUR 50 million loans from the banking market.

In the hypothesis under analysis, therefore, the Directors indicate that the achievement of a medium- and long-term balance sheet, economic and financial equilibrium of the Group in the Combined perspective is subject to the following aspects that present profiles of uncertainty:

i. To the achievement of the results set forth in the 2022-2025 Combined Business Plan, which provides for the generation of operating cash flow from 2024 and the realisation of the forecasts and assumptions contained therein, in a market context characterised by strong competitive pressure.

ii. To the achievement of the Shareholders' Meeting approval of the POC N&G 2022 required to give full effect to the agreement signed between Tiscali and N&G on 5 April 2022 so as to give full effect to the agreement that would make available to the Group EUR 90 million of financial resources;

iii. To the obtaining in the medium term of further financial resources from the banking system as specified above.

It should be noted that in the event that condition ii. above does not materialise, and in the absence of the identification of sufficient alternative financial resources to ensure the Group's continuity post-merger, a condition precedent to the Transaction would be unfulfilled, which – if not waived by both parties – would lead to the Transaction being blocked. For this reason, the Group's going-concern assuming the completion of the Transaction implies the identification of the financial resources necessary to finance the 2022-2025 Combined Business Plan for a period of not less than 12 months from the effective date of the Transaction (which is assumed to be effective as of July 2022).

The Directors, based on the forecasts included in the 2022-2025 Combined Business Plan currently being defined, with specific reference to the use of the going concern assumption in the preparation of this consolidated annual report under the Combined perspective, confirm that the financial sources already identified, and in particular those relating to the N&G 2022 POC, are sufficient to guarantee the corporate obligations under the Combined assumption in the time horizon of 12 months following the date of approval of the 2021 Financial Statements.

Conclusions on going concern

In the circumstances outlined in the preceding paragraphs, the Directors believe, after analysing the uncertainties and results of the period, that the Group is able to honour its obligations while maintaining a level of past due amounts substantially in line with the current one in both the stand-alone and combined assumptions.

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 have therefore adopted the accounting principles proper to a going concern in preparing the Group's Consolidated Financial Statements. 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.

Drafting Standards

The 2021 Financial Statements constitute the separate financial statements of the parent company Tiscali S.p.A. and have been prepared according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and harmonised by the European Union, as well as to the provisions implementing Article No. 9 of the Law Decree No. 38/2005. The IFRS include also all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as Standing Interpretations Committee ("SIC").

The preparation of the Financial Statements requires Directors to make a few estimates and, in specific cases, to adopt assumptions in applying the accounting principles. The areas of the financial statements which, in such circumstances, presuppose the adoption of application assumptions, and those most characterised by the making of estimates are described in the following Note, *Critical decisions taken in the application of accounting standards and in the use of 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. The preparation of financial statements requires management to make certain estimates and in certain cases, the adoption of assumptions in the application of accounting standards by the Directors. The areas of the financial statements which, under the circumstances, presuppose the adoption of applicative assumptions and those more fully characterised by estimates made, are described in the subsequent note of this section.

Equity investments in subsidiaries

Equity investments in subsidiaries and affiliated companies are recognised at cost, adjusted for any permanent impairment. In application of IAS 36, the value of equity investments recognised at cost is reduced if there is impairment or if circumstances emerge that indicate that said cost is not recoverable. If the impairment is discovered to no longer apply or is reduced, the book value is increased to the new estimated recoverable value, within the limits of the value recognised initially.

Impairment of Assets (Impairment)

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 if 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

Tiscali 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 Tiscali 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 Tiscali 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 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.

Major decisions in applying accounting policies and in the use of estimates

In the process of applying the accounting policies described in the previous section, Tiscali's Directors made some significant decisions importance for the recognition of amounts in the financial statements. The Directors 'decisions are based on historical experience as well as on expectations associated with the realisation of future events, considered reasonable under the circumstances.

The recoverability of the main asset is based on estimates of income and cash flows that the Group believes it will be able to generate in the future. As more fully described in the Note *Assessment of the business as a going-concern*, achieving the results set forth in the business and financial plan, used for the assessment, depends on whether the forecasts and assumptions contained therein are reached. Some of these variables are beyond the control of the Directors and the Group management, as described in the section *Assessment of the business as a going-concern and future outlook*.

Accounting estimates and relevant assumptions

Provisions for liabilities and charges

Provisions for risks 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 that can reasonably be will argued 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 are reflected in the income statement.

Equity investments, Intangible and Tangible Assets

The impairment test, particularly with regard to equity investments, is carried out when indicators emerge that the assets may have suffered impairment losses as indicated above under “Impairment of assets”. The ability of each unit (equity investment) to generate cash flows such as to recover the value recorded in the financial statements is determined on the basis of the prospective, economic and financial data of the investee companies themselves or any subsidiaries. The preparation of such prospective data, as well as the determination of an appropriate discount rate, requires, to a significant extent, estimates whose change is in some cases beyond the management’s control.

As at 31 December 2021, the impairment test was performed at the consolidated level and on the investment in Tiscali Italia Spa recorded in the books of Tiscali Spa.

Determination of Fair Value

Depending on the instrument or financial statements item to be estimated, the directors identify the most suitable method, doing as much as possible to objective market data. In the absence of market values, that is, quotations, valuation techniques are used with reference to those most commonly used.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS EFFECTIVE FROM 1 JANUARY 2021

For information on the IFRS accounting standards, amendments and interpretations applied from 1 January 2021, please refer to Section 6.13 *Major decisions made in the application of accounting standards and the use of estimates* in the Consolidated Explanatory Notes.

Revenues and Other Income (Note 1)

Operating revenues consist of:

Revenues	**2021**	**2020**
(EUR 000)		
Revenues from services provided to Group companies	2,944	3,128
Revenues from services to third parties	36	27
Revenue	**2,980**	**3,155**
Other income	1,895	-
Other income	**1,895**	**-**
Total	**4,875**	**3,155**

Revenues from services provided to Group companies mainly refer to the invoicing of services rendered by the Company in favour of the operating subsidiary Tiscali Italia Spa, including charges for the licence to use the Tiscali brand determined as a percentage of the user company's turnover. *Revenues from services to third parties* relate to licences for the use of domains.

Other income mainly includes a reversal of prior-period debt positions in the amount of EUR 1.5 million.

Revenues by geographical area	**2021**	**2020**
(EUR 000)		
Revenues from services provided to Group companies	**2,944**	**3,128**
- Italy	2,944	3,128
Revenues from services to third parties	**36**	**27**
- South Africa	0	2
- The Netherlands	18	24
- Italy	18	1
Total	**2,980**	**3,155**

Purchase of materials and outsourced services (Note 2)

	2021	2020
EUR 000		
Purchase of materials and outsourced services	3,311	2,120
Total	**3,311**	**2,120**

Costs for the purchase of materials and external services, shown net of the benefits of renegotiating contracts with suppliers, include professional fees of EUR 0.6 million, remuneration for the Board of Directors and the Board of Statutory Auditors of EUR 1.2 million, surcharges for late repayment of EUR 1 million, and other general and external service costs of EUR 0.5 million.

Staffing Costs (Note 3)

Staffing costs refer in detail to:

	2021	2020
(EUR 000)		
Wages and Salaries	216	345
Other Payroll costs	175	159
Total	**391**	**504**

The reduction in personnel expenses compared to the previous year of EUR 0.1 million is mainly attributable to the departure of an executive in 2021, as shown in the table below.

The number of employees as at 31 December 2021 was 1 full-time equivalent. The breakdown by category with the corresponding figure as at 31 December 2021 is shown below:

	2021	2020
Managers	1	2
Total	**1**	**2**

Other operating (costs)/income (Note 4)

The item *Other operating (costs)/income* is not significant.

Write-down of receivables, restructuring costs and other write-downs (Note 5)

	2021	2020
(EUR 000)		
Write-down of trade receivables	147	(1,023)
Restructuring costs and other write-downs	200	0
Provisions for risks and charges	133	0
Total	**480**	**(1,023)**

Write-down of trade receivables mainly refers to the alignment of the allowance for doubtful accounts to the value of the total receivable from the foreign affiliate. The release recognised in the previous year related to the adjustment of the excess of an intercompany bad debt provision to align the provision to the value of the receivable due from foreign affiliates.

Restructuring costs and other write-downs includes EUR 0.2 million for personnel restructuring charges.

Provisions for risks and charges includes the provision for penalties and interest on VAT credit of 2019 unduly offset for EUR 0.3 million and releases of previous provisions for litigation, for closure of cases, for EUR 0.2 million.

Financial income (charges) (Note 6)

	2021	2020
(EUR 000)		
Financial Income		
Interests on bank deposits	-	-
Income from transfer of dividends	-	-
Other financial income	-	434
Total Financial Income	**-**	**434**
Financial Charges		
Interests and other charges due to banks	812	56
Other financial charges	87	38
Total Financial Charges	**899**	94
Net financial income (charges)	**(899)**	**340**

Net financial charges of EUR 0.9 million consisted of:

- EUR 0.8 million from financial charges related to the bond loan converted and converted into Tiscali ordinary shares, subscribed by Nice & Green through the exercise of 6 tranches, each consisting of 30 bonds converted into Tiscali shares with a unit value of EUR 100,000 each, for a total amount of EUR 18 million;

- EUR 0.1 million from interest on arrears for late payment of tax payables.

Income Taxes (Note 7)

	2021	2020
(EUR 000)		
Current tax	94	258
Total	**(94)**	**(258)**

The balance of current taxes includes IRAP (Regional Business Tax) for the year of EUR 0.1 million.

With reference to IRES (Corporate Income Tax) and IRAP for the period recognised under income taxes, the reconciliation between the theoretical rate and the effective rate is shown below.

Reconciliation between current tax charge and theoretical tax charge (IRES)

(EUR/000)		
(a)	Result before the taxes	**(207)**
(b)	Theoretical tax burden (24%)	
(c)	temporary taxable differences in subsequent years	
(d) =(a) + (c)	**Total**	**(207)**
	temporary differences deductible in subsequent years	
(e)	Write-downs of fixed assets	
(f)	Provisions for risk	338
(g)	Costs deductible in subsequent years	802
(h)= (d) + (e)+ (f)+ (g)	**Total**	**933**
(i)	Reversal of temporary differences from previous years	**(648)**
(j)= (h) + (i)	**Total**	**286**
	Differences that will not be reversed in subsequent years	
(k)	Dividends cash in	(475)
(l)	Non deductable costs	524
(m)	Deduction for aid to economic growth	(335)
(n)= (j) + (k) + (l)+ (m)	**Total**	-
(o)	Losses from previous years	
(p) = (n) + (o)	**Taxable income**	-
*(q)= (p)*24%*	**Current income taxes for the year**	**0**

Reconciliation of current tax charges and theoretical tax charges (IRAP)

(EUR/000)		
(a)	Difference between value and production costs	690
(b)	Margin of interest	(861)
(c)	Irrelevant items of the IRAP tax base	652
(d)= [(a) + (b) + (c)]* 5,57%	**Theoretical tax burden (5.57%)**	**27**
(e)	temporary taxable differences in subsequent years	-
(f)= (a) + (b) + (c)	**Total**	**481**
(g)	temporary differences deductible in subsequent years	-
(h) = (f) + (g)	**Total**	**481**
(i)	Reversal of temporary differences from previous years	-
(j)= (h) + (i)	**Total**	**481**
(k)	Differences that will not be reversed in subsequent years	-
(l)	Non deductible costs	1,581
(m)	Deduction of permanent staff costs	(372)
(n)=(j) +(l) + (m)	**Total**	**1,690**
(o)= (n)	**Taxable income**	**1,690**
*(p)= (o) * 24%*	**Current income taxes for the year**	**94**

With reference to prior tax losses, on which no deferred tax assets were recognised as at 31 December 2021, it should be noted that as at 31 December 2021, the amount of such losses was EUR 154.5 million. In 2021, the amount of the tax benefit attributable to prior tax losses in the financial statements and not recognised as deferred tax assets but used to offset 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.

Equity investments (Note 9)

As at 31 December 2021, this item included equity investments in subsidiaries, amounting to EUR 130.6 million, and referred exclusively to the investment in Tiscali Italia Spa.

SUBSIDIARIES	**31 December 2021**			**31 December 2020**		
(EUR 000)	***Cost***	***Reval / (Deval)***	***Book value***	***Cost***	***Reval / (Deval)***	***Book value***
Tiscali Italia S.p.A.	130,563	0	130,563	86,602	43,961	130,563
Tint Holding N.V.	-	0	-	1,811,994	(1,811,994)	-
Aria S.p.A.	-	0	-	43,961	(43,961)	-
	130,563	**0**	**130,563**	**1,942,557**	**(1,811,994)**	**130,563**

The following table shows the changes during the year:

SUBSIDIARIES *(EUR 000)*	**Balance 31 December 2020**	**Increases**	**(Disposals)**	**Revaluation / (Devaluation)**	**Other changes**	**Balance 31 December 2021**
Tiscali Italia S.p.A.	130,563					130,563
	130,563	**-**	**-**	**0**	**-**	**130,563**

Comparison of net book value and relative book value of equity investments:

SUBSIDIARIES	**Registered Offices**	**Share Capital**	**Shareholders' equity**	**Result**	**% Held**	**Book value**	**Difference between book value and net equity**
(EUR 000)							
Tiscali Italia S.p.A.	Cagliari	18,794	75,311	(23,011)	100%	130,563	55,252
Tint Holding N.V.	Rotterdam	115,519			100%		
		134,313	**75,311**	**(23,011)**		**130,563**	**55,252**

Impairment Test

The impairment test was carried out on the investment in Tiscali Italia S.p.A., which was recognised in Tiscali Spa at a value of EUR 130.6 million.

The impairment test was carried out by comparing the equity value of Tiscali Italia Spa with the carrying amount of the investment itself recorded in the books of Tiscali 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 11 *Impairment Test* of the notes to the consolidated financial statements.

The impairment test showed that the equity value exceeds the value of the investment, therefore there is no need to write down the investment.

The sensitivity analysis carried out on the WACC and the long-term growth rate (+/- 0.5% with respect to the reference parameters) did not reveal any need for impairment.

Other Financial Assets (Note 10)

Other non-current financial assets include financial receivables from Group companies of EUR 127.2 million.

	2021	2020
(EUR 000)		
Receivables from other companies of the Group	127,171	120,097
Total	**127,171**	**120,097**

Details of financial receivables from Group companies are as follows:

	2021	2020
(EUR 000)		
Tiscali International BV	1,605	1,605
Tiscali Italia S.p.A.	125,566	118,492
Total	**127,171**	**120,097**

It should be noted that the increase to the subsidiary Tiscali Italia Spa. of EUR 7 million is attributable to the transfer of funds from Tiscali Spa to Tiscali Italia for cash requirements.

Receivables from Customers (Note 11)

	2021	2020
(EUR 000)		
Receivables from Customers	16,648	15,363
of which:		
towards Group companies	*16,630*	*14,856*
towards third parties	*18*	*507*
Allowance for doubtful accounts	*0*	*(475)*
Total	**16,648**	**14,888**

The allowance for doubtful accounts was fully utilised for the write-off of past credit positions that are no longer recoverable.

Receivables from customers related to intra-group positions are summarised in detail in the table below:

	2021	2020
(EUR 000)		
Tiscali Italia S.p.A.	16,630	14,856
Total	**16,630**	**14,856**

The breakdown of trade receivables by due date is as follows:

	2021	2020
(EUR 000)		
Within 12 months	16,648	14,887
Between 1 – 5 years	-	-
Beyond 5 years	-	-
Total	**16,648**	**14,887**

The carrying value of trade receivables, including the allowance for doubtful accounts, approximates their fair value.

Tax credits (Note 12)

	2021	2020
(EUR 000)		
Tax credits	3	227
Total	**3**	**227**

This item includes the IRES (Corporate Income Tax) credit claimed by the Company.

Other current receivables and sundry assets (Note 13)

	2021	2020
(EUR 000)		
Other Receivables	787	219
Prepaid Expenses	271	22
Total	**1,058**	**241**

The item Other Receivables mainly includes tax receivables of EUR 0.8 million, of which EUR 0.6 million related to the VAT position.

Cash and cash equivalents (Note 14)

Cash and cash equivalents at the end of the 2021 financial year amounted to EUR 3.2 million and included the Company's liquidity held mainly in bank accounts. For an overall analysis of the financial position, see the relevant section of the Management Report, as well as the Cash Flow Statement.

Shareholders' Equity (Note 15)

	2021	2020
(EUR 000)		
Share capital	63,655	51,655
Legal reserve	89	7
Stock option reserve	0	51
Other reserves	3,632	2,048
Result from previous fiscal years	(2,507)	(2,507)
Result for the fiscal year	(301)	1,636
Total	**64,568**	**52,890**

Changes in Shareholders' Equity items are detailed in the statement to which reference should be made.

At the end of the year, Tiscali S.p.A. showed a negative result of EUR 0.3 million, compared to the positive result of EUR 1.6 million realised in 2020.

The number of shares, representing the Parent Company's share capital, was 5,751,767,311, with no par value, compared to 5,061,225,582 shares last year. The increase for the period amounted to 690,541,729 shares and is attributable to the conversion of the four tranches of the bond loan subscribed by Nice & Green SA. The increase in share capital of EUR 12 million was realised as follows:

- On 1 June 2021, 137,899,333 new ordinary shares were issued, without par value, by virtue of the conversion requested by Nice&Green S.A. ("N&G") of the first tranche consisting of 30 bonds of the mandatory convertible bond loan subscribed by N&G on 27 May 2021;

- On 7 July 2021, 181,488,203 new ordinary shares, with no par value, were issued pursuant to the conversion requested by Nice&Green S.A. ("N&G") of the second tranche consisting of 30 bonds of the mandatory convertible bond loan subscribed by N&G on 2 July 2021;

- On 30 July 2021, 214,822,771 new ordinary shares, with no par value, were issued pursuant to the conversion requested by Nice&Green S.A. ("N&G") of the third tranche consisting of 30 bonds of the mandatory convertible bond loan subscribed by N&G on 29 July 2021;

- On 24 September 2021, 156,331,422 new ordinary shares, with no par value, were issued pursuant to the conversion requested by Nice&Green S.A. ("N&G") of the fourth tranche consisting of 30 bonds of the mandatory convertible bond loan subscribed by N&G on 7 September 2021.

Other non-current liabilities (Note 16)

	2021	2020
(EUR 000)		
Payables to Group companies	203,324	202,975
Other Payables	565	57
Total	**203,889**	**203,032**

Other payables of EUR 0.6 million includes tax payables for tax bills to be regularised in the long term.

Financial payables to group companies of EUR 203.3 million are detailed in the table below:

	2021	2020
(EUR 000)		
Tiscali Italia S.p.A.	201,719	201,370
Tiscali International BV	1,605	1,605
Total	**203,324**	**202,975**

The breakdown of *Other non-current liabilities* by maturity is as follows:

	2021	2020
(EUR 000)		
Within 12 months	-	-
Between 1 and 5 years	203,324	202,975
Beyond 5 years	-	-
Total	**203,324**	**202,975**

These financial liabilities are recorded under non-current financial liabilities.

Provisions for risks and charges (Note 17)

The following table shows the changes during the year:

	31 December 2020	Increases in provision	Utilization Cash out	Utilization Release to PL	Other variation (Reclass)	31 December 2021
(EUR 000)						
Other Provisions for Risks and Charges	613	338	(214)	(205)	(180)	352
Total	**613**	**338**	**(214)**	**(205)**	**(180)**	**352**

The provision for risks and charges includes accruals for penalties and interest on the 2019 VAT credit unduly offset in the amount of EUR 0.3 million.

Monetary utilisations in the period, amounting to EUR 0.2 million, mainly relate to settlements made as part of personnel restructuring and reorganisation plans.

In addition, EUR 0.2 million was released to the income statement in relation to past provisions for outstanding disputes, following the settlement of the related lawsuits.

Bond Loan and Payables to Banks and Other Lenders (Note 18)

(EUR 000)	2021	2020
Bond Issued	6,000	-
Payables to banks and other lenders	-	-
Total	**6,000**	**-**

The item Bond loan, amounting to EUR 6 million, includes payables related to the convertible bond loan subscribed by Nice & Green SA, and related to the fifth and sixth tranche of shares subscribed and converted in early 2022.

Payables to suppliers (Note 19)

(EUR 000)	2021	2020
Trade Payables to Third Parties	1,603	3,407
Trade Payables to Group companies for materials and services	225	5
Total	**1,829**	**3,412**

Trade payables to Third Parties mainly refer to payables for the provision of professional consulting services.

Trade payables are due within one year and their carrying amount at the balance sheet date is deemed to approximate their fair value.

Trade payables to Group companies are detailed below:

(EUR 000)	2021	2020
Tiscali Italia S.p.A.	225	5
Total	**225**	**5**

Tax Payables (Note 20)

(EUR 000)	2021	2020
Tax payables	24	53
Total	**24**	**53**

This item includes the Company's IRAP payable (net of related receivables).

Other current liabilities (Note 21)

	2021	2020
(EUR 000)		
Deferred Income	18	-
Other Payables to the Group Companies	-	-
Other Payables	1,948	6,200
Total	**1,966**	**6,200**

The item Other payables is mainly comprised of payables to tax authorities and social security institutions in the amount of EUR 1 million, payables to Directors in the amount of EUR 0.5 million, and payables for penalties and interest on unpaid tax liabilities in the amount of EUR 0.5 million.

Guarantees Pledged and Commitments

Guarantees pledged are detailed as follows:

	31 December 2021	31 December 2020
(EUR 000)		
Guarantees (Sureties) Pledged to Third Parties	81,867	83,526
Commitments	1,600	1,600
Total	**83,467**	**85,126**

Sureties Pledged include EUR 75.9 million in relation to the guarantee provided by the Parent Company for the loans granted by financial institutions as part of the restructuring of the Senior Loan.

The remaining EUR 5.7 million are related to guarantees pledged by the Parent Company for credit and leasing lines to the subsidiaries Tiscali Italia S.p.A., as well as EUR 0.2 million in guarantees given to third parties.

The entire balance of the item *Commitments* concerns the maintenance of the credit facilities granted to the subsidiary Tiscali Italia S.p.A.

Net Financial Position

In accordance with CONSOB Attention Reminder No. 5/21 of 29 April 2021, the net financial position at 31 December 2021 and 2020 is summarised in the table below:

Net Financial Position	31 December 2021	31 December 2020
(EUR 000)		
A. Cash and bank deposits	3,185	185
B. Cash equivalents		
C. Other current financial assets		
D. Cash and cash equivalents (A) + (B) + (C)	**3,185**	**185**
E. Current financial debt	**6,000**	**0**
F. Current portion of non-current financial debt		
G. Current financial indebtedness (E + F)	**6,000**	**0**
H. Net current financial indebtedness *(G - D)*	**2,815**	**(185)**
I. Non-current financial debt	76,153	82,879
J. Debt instruments		
K. Trade and other non-current payables	565	57
L. Non-current financial indebtedness *(I +J +K)*	**76,718**	**82,936**
M. Net financial indebtedness *(H + L)*	**79,533**	**82,751**

The company has no liabilities for severance pay.

Financial Risk Management

Financial risk management objectives

The Group's Corporate Treasury division provides business services, co-ordinates access to the local and international financial markets, monitors and handles the financial risk associated with Group operations by means of internal risk reports which analyse the exposures by degree and magnitude of the risk. These risks include market risks (inclusive of currency risks, fair value interest rate risks and price risks), credit risks and risks in cash flow interest rates.

Market risks

The Company's activities expose it primarily to the financial risk of changes in exchange rates for foreign currency and to the interest rate.

Related-Party Transactions

During FY 2021, Tiscali S.p.A. had a number of dealings with related parties which, mainly, refer to intergroup relationships and towards Directors.

These were transactions regulated by market conditions; the table below summarises the balance sheet and income statement values recorded in the Parent Company's financial statements as of 31 December 2021, arising from transactions with related parties.

The effects on the Income Statement follow:

Income Statement	*Notes*	2021	of which related parties	%	2020	of which related parties	%
(Thousands of Euros)							
Revenues	1	2,980	2,944	99%	3,155	3,128	99%
Other incomes	1	1,895			0		
Purchase of materials and external services	2	(3,311)	(1,571)	47%	(2,120)	(1,059)	50%
Personnel cost	3	(391)	(303)	77%	(504)	(366)	73%
Other operating (charges)/incomes	4	(1)			0		
Write-downs of receivables from customers	5	(147)			1,023		
Restructuring costs	5	(333)			0		
Operating result		**692**	**1,070**		**1,554**	**1,703**	
Financial Income	6	0	-		434	-	
Financial Expenses	6	(899)	-		(94)	-	
Income (loss) before tax		**(207)**	**1,070**		**1,894**	**1,703**	
Taxation	7	(94)	-		(258)	-	
Net result from operating activities (ongoing)		**(301)**	**1,070**		**1,636**	**1,703**	
Result from held for sale and discontinued operations	8	0			-		
Net result		**(301)**	**1,070**		**1,636**	**1,703**	

The effects on the Statement of Assets and Liabilities are as follows:

Consolidated Statement of Equity and Liabilities	31 december 2021	o/w related parties	%	31 december 2020	o/w related parties	%
(EUR/000)						
Non-current assets	257,734	127,182	49.35%	250,660	120,158	47.94%
Current assets	20,893	16,630	79.59%	15,541	14,856	95.59%
Total Assets	**278,628**	**143,812**		**266,201**	**135,014**	
Net equity	64,568	0	0.00%	52,890	51	0.10%
Total net equity	**64,568**	**0**		**52,890**	**51**	
Non-current liabilities	204,241	203,324	99.55%	203,645	202,975	99.67%
Current liabilities	9,818	845	8.61%	9,666	324	3.35%
Total Net equity and Liabilities	**278,628**	**204,169**		**266,201**	**203,350**	

The most significant figures, as at 31 December 2021, summarised by counterparty, are as follows:

INCOME STATEMENT VALUES		31 december 2021				31 december 2020			
EUR/000		Cost	Devaluation	Interest income (expense)	Revenues	Cost	Devaluation	Interest income (expense)	Revenues
Tiscali Italia S.p.A.	1	(220)			2,944	(312)			3,128
Total Group companies		**(220)**	**0**	**0**	**2,944**	**(312)**	**0**	**0**	**3,128**
Other Related Parties									
Board of Directors' Remuneration		(1,075)				(722)			
Strategic Executives' Remuneration		(303)				(355)			
Stock Option		-				(11)			
CC & Soci		(275)				(25)			
Other Related Parties		**(1,653)**	**0**	**0**	**0**	**(1,113)**	**0**	**0**	**0**
Total Group Companies and other Related Parties		**(1,874)**	**0**	**0**	**2,944**	**(1,425)**	**0**	**0**	**3,128**

(1) Group companies

BALANCE SHEET VALUES *EUR 000*	Notes	31 dicember 2021							
		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	16,630	125,566	225	-	201,719			
Total Group Companies		**16,630**	**127,171**	**225**	-	**203,324**	-	-	-
Other Related Parties									
Receivables from the sale of Istella			11						
Board of Directors' Remuneration								479	
Strategic Executives' Remuneration							19		
Stock Option									
CC & Soci								122	
Other Related Parties		-	**11**	-	-	-	**19**	**601**	-
Total Group Companies and other Related Parties		**16,630**	**127,182**	**225**	-	**203,324**	**19**	**601**	**0**

(1) Group companies

BALANCE SHEET VALUES *EUR 000*	Notes	31 dicember 2020							
		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	14,856	118,492	5	-	201,370			
Total Group Companies		**14,856**	**120,097**	**5**	**-**	**202,975**			
Other Related Parties									
			61						
Board of Directors' Remuneration								267	
Strategic Executives' Remuneration							27		
Stock Option									51
Stock Option								25	-
Other Related Parties		**-**	**61**	**-**	**-**	**-**	**27**	**292**	**51**
Total Group Companies and other Related Parties		**14,856**	**120,158**	**5**	**-**	**202,975**	**27**	**292**	**51**

(1) Group companies

Disputes, contingent liabilities and commitments

There are no litigations or contingent liabilities outstanding as of the date of this Report as at 31 December 2021.

With regard to the Group's disputes, contingent liabilities and commitments, please refer to Section 4.10.

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							
Alberto Trondoli	Chairman	In office from 27 Jun 2019 to the approval of the financial statements as of 31 Dec 2021	112,000	-	4,725	-	116,725
Renato Soru	CEO	In office from 27 Jun 2019 to the approval of the financial statements as of 31 Dec 2021	326,667	-	4,725	618,130	949,521
Manilo Marocco	Director	In office from 27 Jun 2019 to 18 Mar 2021	5,376	1,075	-	-	6,452
Paolo Fundarò	Director	In office from 14 May 2021 to the approval of the financial statements as of 31 Dec 2021	14,863	3,159	-	-	18,021
Anna Belova	Director	In office from 27 Jun 2019 to the approval of the financial statements as of 31 Dec 2021	23,333	5,000	-	-	28,333
Cristiana Procopio	Director	In office from 29 September 2020 to the approval of the financial statements as of 31 Dec 2021	23,333	5,000	-	-	28,333
Federica Celoria	Director	In office from 27 Jun 2019 to the approval of the financial statements as of 31 Dec 2021	23,333	15,000	-	-	38,333
Patrizia Rutigliano	Director	In office from 27 Jun 2019 to the approval of the financial statements as of 31 Dec 2021	23,333	15,000	-	-	38,333
Total							**1,224,053**

Board of Statutory Auditors in office from 1 January 2021 to 24 June 2021

Name and Surname	Position	Term of Office	Remuneration for the Position	Non-monetary benefits	Other forms of Remuneration	Total EUR
Statutory Auditors						
Barbara Tadolini	Chairman	In office from 27 Jun 2019 to 24 Jun 2021	18,798	-	-	18,798
Emilio Abruzzese	Standing Statutory Auditor	In office from 27 Jun 2019 to 24 Jun 2021	14,623	-	-	14,623
Valeria Calabi	Standing Statutory Auditor	In office from 27 Jun 2019 to 24 Jun 2021	14,623	-	-	14,623
Total						**48,044**

Board of Statutory Auditors in office from 24 June 2021 to the approval of the Financial Statements as at 31 December 2021

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 24 Jun 2021 to the approval of the financial statements as of 31 Dec 2021	24,490	-	-	24,490
Gaetano Rebecchini	Standing Statutory Auditor	In office from 24 Jun 2021 to the approval of the financial statements as of 31 Dec 2021	19,048	-	-	19,048
Rita Casu	Standing Statutory Auditor	In office from 24 Jun 2021 to the approval of the financial statements as of 31 Dec 2021	19,048	-	-	19,048
Totale						**62,585**

It should also be noted that the total value of the cost incurred in the year 2021 for the remuneration of Executives with strategic responsibilities amounts to approximately EUR 0.2 million.

Appendix – Information pursuant to Article No. 149-*duodecies* of the Issuers' Regulation

The following table, prepared pursuant to Article No. 149-*duodecies* of the CONSOB Issuers' Regulations, shows the fees for the financial year 2021 for audit and non-audit services rendered by the independent Auditing Firm.

Type of services	Beneficiary	Fees
EUR/000		
Financial Audit	Parent Company - Tiscali S.p.A.	266,141
Other professional services required by law	Parent Company - Tiscali S.p.A.	36,068
Other services	Parent Company - Tiscali S.p.A.	47,000
		349,208

Proposed allocation of the result for the year

Dear Shareholders,

The financial statements at 31 December 2021 which we submit for your approval closed with a negative result of EUR 301,026.32.

We propose that you approve the Financial Statements, 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 explanatory notes as prepared.

Cagliari, 5 April 2022

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

- The adequacy in relation to the Company's characteristics;
- The effective application of the administrative and accounting procedures for the formation of the Financial Statements in FY 2021.

Tiscali S.p.A. has adopted as a reference framework for the definition and evaluation of its internal control system, with particular reference to internal controls for the preparation of the financial statements, the *Internal Control – Integrated Framework model issued by the Committee of Sponsoring 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 at 31 December 2021:

- 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 and all the companies included in the consolidation area.

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, 5 April 2022

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

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 ADLS base by doubling the flow of bits in download. The bandwidth can reach up to 24 Mbps for downloads and 1.5 Mbps for uploads, depending on the distance between the SDLAM and the user's home.
Areas not covered	Also called "indirect access areas", they identify geographical areas that are not directly served by the Tiscali network (see also Bitstream and Wholesale).
ARPU	Average revenue from fixed and mobile telephony services by user calculated over a determined period for an average number clients of the Tiscali Group or active clients (for other operators) in the same period.
Bitstream	*Bitstream* (or numerical flow) service: a service consisting of the supply on the part of the access operator of the fixed telephone line of the transmission capacity between the location of the final user and the point of presence of an operator or ISP offering wide bandwidth to the final user.
Broadband	System of data transmission in which multiple data is sent simultaneously to increase the effective speed of transmission with a data flow equivalent or superior to 1.5 Mbps.
Broadcast	Simultaneous transmission of information to all nodes of a network.
Unique browsers	The number of different browsers that, in a determined period of time, access a site one or more times.

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

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

ISDN	Acronym for Integrated Service Digital Network, a telecommunications protocol in Narrowband able to carry in an integrated form various kinds of information (voice, data, texts, and images) coded in digital form on the same transmission line.
Internet Service Provider or ISP	Company that provides Internet access to single users or organizations.
Leased lines	Lines whose transmission capacity is made available through leasing contracts for the transmission capacity.
LTE-TDD	Long Term Evolution Time Division Duplex is a data transmission mobile technology which follows the LTE international standards and which was developed for 4G networks. It is a network technology, which uses one frequency only for transmitting in time-sharing, in other words alternatively between data upload and download with a dynamic adaptation ratio based on the amount of exchanged data.
MAN	Acronym for Metropolitan Area Network, a fiber optic network that extends across a metropolitan area and links a Core Network to an Access Network.
Mbps	Acronym for megabit per second, a unit of measurement that states the capacity (and thus the speed) of data transmission along a computer network.
Modem	Modulator/demodulator: it is a device that modulates digital data in order to permit its transmission along analogue circuits, usually made up of telephone lines.
MNO	Acronym for Mobile Network Operator, an operator of proprietary telecommunications on a mobile network that offers its own services wholesale to all MVNOs (Mobile Virtual Network Operator).

MPF	Acronym for Metallic Path Facility, the pair of copper wires (unscreened twisted pair) that comes from an exchange (MDF-Main Distribution Frame) in an operator's telephone room and arrives at the user's premises (individual or corporate). Connections can be Full or Shared. A Full type connection enables the use of the data service (broadband) in addition to voice traffic. A Shared kind of connection only enables the use of the data service (broadband). In a "shared access" service, the LLU operator (in ungrouped access) provides the ADSL services to the end user, whilst the incumbent operator provides the analogue telephone service using the same access line.
MSAN	Acronym for Multi-Service Access Node, a platform able to carry a combination of traditional services on an IP network and that supports a variety of access technologies such as for example a traditional telephone line (POTS), and ADSL2+ line, a symmetric SHDSL line, VDSL and VDSL2 over a copper or fiber-optic network.
MVNO	Acronym for Mobile Virtual Network Operators: a party that offers mobile telecommunications services to the public, using its own mobile network interconnection structures, its own HLR, its own mobile phone network code MNC, Mobile Network Code), its own customer handling (marketing, invoicing and support) and issuing its own SIM cards, but does not have assigned frequencies and takes advantage, for access, of agreements negotiated or regulated via one or more licensed mobile network operators.
Narrowband	System for connecting to data networks, for example the Internet, by means of a telephone call. In this kind of connection all, the bandwidth used for the means of transmission is used as a single channel: one single signal occupies all the available bandwidth. The bandwidth of a communications channel identifies the maximum quantity of data that can be carried by means of transmission of the unit over time. The capacity of a communication channel is limited by the frequency interval that the equipment can sustain and by the distance to be travelled. An example of a Narrowband connection is the common modem narrowband connection at 56 kbps.

OLO	Acronym for Other Licensed Operators, operators other than the dominant one that operate in a national telecommunications services market**.**
Opex	Acronym for Operating Expenses, which are direct and indirect costs that are recoded in the income statement.
Pay-Per-View	System by which a spectator pays to view a single programme (such as a sporting event or a film or concert) at the time it is transmitted or broadcast.
Pay TV	Pay TV channels. To receive Pay TV or Pay-Per-view, you have to connect a decoder and have an access system subject to conditions.
Platform	It is the total of the inputs, including hardware, software and equipment for running and the procedures for production (production platform) or for the management (management platform) or for a special service (service platform).
POP	Acronym for Point of Presence, a site at which telecommunications apparatus is installed and that forms a node on the network.
Portal	Website that forms a point of departure or an entry point for a major group of Internet resources or an Intranet.
Router	Hardware or in some cases software instrument that identifies the next point on the network to which a data packet is to be sent, and routes that data packet towards the end destination.
Service Provider	Party that provides end users and content providers with a range of service, including that of an owned, leased or third party service centre.
Server	Computer component that provides services to other components (typically client calls) via a network.
Set-top-box o STB	Device able to handle and route data, voice and television connections, installed at the end user's premises.
Syndication	The sale of radio and TV transmissions wholesale by a media company that owns the rights and usually the delivery platform also.
SoHo	Acronym for Small Office Home office, for small offices, mostly professional offices or small firms.

SHDSL	Acronym for Single-pair High-speed Digital Subscriber Line. SHDSL is a technology for telecommunications of the xDSL family and is made by using direct LLU interconnections and enables high-speed connections to be made in a balanced way in both directions (transmission and reception).
Single Play	Service including only broadband data access, not combined with other multi play components such as voice and IPTV services. Broadband access may be provided through LLU platforms, Wholesale or Bitstream.
Single Play voice	Service including only voice access, not combined with other multi play components such as broadband and IPTV access. Voice service can also be provided by VoIP and CPS procedures.
SMPF	Acronym for Shared Metallic Path Facilities, which is synonymous with Shared Access (ungrouped access).
Triple Play	A combined offering of fixed and/or mobile telephony, Internet and/or TV made by a single operator.
Local loop unbundling or LLU	Unbundled access to a local network, in other words, the possibility that telephone operators have had, since the telecommunications market was deregulated, to use existing physical infrastructures built by another operator to offer its own services to customers, paying a rental to the operator that is the actual owner of the infrastructure.

VAS Acronym for Value-Added Services; services with added value provide a greater level of functionality compared with the basic transmission services offered on a telecommunications network for the transfer of information between terminals. These include switched analogue voice communications via cable or wireless, a direct digital point to point network "unrestricted" at 9,600 bits/s; packet switching (called virtual) service; analogue and direct broadband transmission of TV signals and extra services, such as closed user groups; call waiting; reverse charging; call forwarding and identification of the number called**.** The value-added services provided over a network, from terminals or specialist 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.

VISP Acronym for Virtual Internet Service provision (sometimes also called Wholesale ISP). This is selling of Internet services purchased wholesale from an Internet Service Provider (ISP) that owns the network infrastructure.

VoD Acronym for Video On Demand. It is the supply of television programs on request by a user for payment of a subscription or of a sum for each programme (a film, or a football match) purchased. Broadcast in a special way by satellite TV and for cable TV.

VoIP Acronym for Voice over internet Protocol, a digital technology that enables the transmission of voice packets through Internet, Intranet, Extranet and VPN networks. The packets are carried according to H.323 specifications, which are the ITU (International Telecommunications Union) standard that forms the basis for data, audio, video and communications on IP networks.

VPN Acronym for Virtual Private Network, which can be realized on Internet or Intranet. Data between workstations and the server of the private network is sent along common public Internet networks, but using protection technologies against any interception by unauthorized persons.

Virtual local loop unbundling or VLLU	Procedure for accessing a local analogue network by which, even in the absence of physical infrastructures, the conditions and terms of access under LLU terms are replicated. This is a temporary access system that is usually replaced by LLU.
xDSL	Acronym for Digital Subscriber Lines, a technology that, by means of a modem, uses the normal telephone twisted pair and transforms the traditional telephone line into a high-speed digital connection for the transfer of data. ADSL, ADSL 2, and SHDSL etc. belong to this family of technologies.
WI-FI	Service for connection to the internet at high speed wirelessly.
Wi-Max	Acronym for Worldwide Interoperability for Microwave Access: it is a technology that enables wireless access to broadband telecommunications networks. It has been defined by the WiMax forum, a worldwide consortium made up of the largest companies in the fixed and mobile telecommunications field that has the purpose of developing, promoting and testing the interoperability of systems based on IEEE standard 802.16-2004 for fixed access and IEEE.802.16e-2005 for fixed and mobile access.
WLR	Acronym for Wholesale Line Rental, the resale by a telecommunications operator of the service of lines leased from the incumbent.

9 Reports