

## Communication to the market as per Art. 114 par. 5 Leg. Decree No. 58/98

Cagliari, January 31, 2018

In compliance with Consob request sent to the Company on July 14, 2009, pursuant to article 114, paragraph 5 of the Law Decree No. 58/98, the Company hereby provides to the market the following information concerning the Tiscali Group as at December 31, 2017.

### NET FINANCIAL POSITION OF THE TISCALI GROUP AND OF TISCALI SPA, SHORT-TERM AND MEDIUM TO LONG-TERM COMPONENTS HIGHLIGHTED

<i>Eur (000)</i>	Note	Tiscali Group December 31, 2017	Of Which: Tiscali S.p.A. Dec. 31, 2017
A. Cash		1,474	247
B. Other Cash Equivalent			
C. Securities held for trading			
<b>D. Current Assets (A) + (B) + (C)</b>		<b>1,474</b>	<b>247</b>
<b>E. Current financial receivables</b>		<b>2</b>	
<b>F. Non-current financial receivables</b>			
G. Current bank payables		13,640	
H. Current Portion of Issued Bonds			
I. Current Portion of non-current debt	(1)	24,463	
J. Other current financial debt	(2)	22,913	
<b>K. Current financial debt (G) + (H) + (I) + (J)</b>		<b>61,016</b>	
<b>L. Net current financial debt (K) – (E) – (D) – (F)</b>		<b>59,539</b>	<b>(247)</b>
M. Non-current bank payables	(3)	70,373	
N. Issued Bonds			
O. Other non-current debts	(4)	50,063	
<b>P. Non-current financial debt (M) + (N) + (O)</b>		<b>120,436</b>	
<b>Q. Net financial debt (L) + (P)</b>		<b>179,975</b>	<b>(247)</b>

#### Notes:

- (1) Includes the short-term amount of the senior loan with Banca Intesa / BPM for EUR 18.9 million, and the short-term amount of other long term banking loans for EUR 5.6 million
- (2) Includes the short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 13 million, the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 9.3 million and the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.6 million
- (3) Includes the long-term amount of the senior loan with Banca Intesa / BPM for EUR 69.4 million and other long-term loans for EUR 1 million.
- (4) Includes the long-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 39.3 million, the long-term portion of finance lease payables related to investments in the network infrastructure for EUR 10.9 million

It should be noted that there are ongoing negotiations with Financial Institutions (Banca Intesa and BancoBpm) aimed at obtaining a standstill agreement on payments due under the *Second Facility Agreement*. A request for standstill on the payments owed to them in September 2017 and March 2018 for capital and interests was formalized.

On September 15, Tiscali received two confirmations from both Financial Institutions, in which the lenders communicated, even without entering into irrevocable commitments, that they have started the preliminary activities and that at their end, the standstill requests made by Tiscali will be submitted to the competent deliberative bodies.

Similarly, negotiations are ongoing to obtain a standstill on payments due under the 'Sale & Lease Back Sa Illetta' contract. On September 19, Mediocredito Italiano and Unicredit Leasing sent a statement in which they stated that they had initiated the preliminary activities.

It should be noted that, with respect to the Group's net financial position as at November 30, 2017, the financial debt related to the convertible bond loan ceased to exist. On December 14, 2017, in fact, following the conversion request received from Rigensis Bank AS and Otkritie Capital International Limited, the Company finalized the conversion of the convertible bond loan, by cancelling No. 37 bonds subscribed for a nominal value of EUR 18,500,000 and the issue of 522,598,870 new shares, having the same characteristics as those outstanding, at a price per share of EUR 0.0354 and with an increase in the share capital of EUR 18,500. 000.

#### **OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT DECEMBER 31, 2017**

As at December 31, 2017, net overdue trade payables amounted to EUR 46.2 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers).

As at the same date, overdue financial debts amounted to EUR 20.9 million (net of credit positions).

There were also overdue tax debts for approximately EUR 11 million, as well as overdue debts towards social security institutions amounting to EUR 1.9 million.

#### **POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT DECEMBER 31, 2017**

There have been no suspensions of relationships with suppliers capable of affecting the course of business.

As at December 31, 2017, the group received reminders for payment only within the ordinary course of business. As at that date, the total main injunctions for payment received amounted to EUR 12.8 million, of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 9.1 million.

## RELATIONSHIPS WITH TISCALI S.P.A. AND THE TISCALI GROUP RELATED PARTIES

The Tiscali Group holds relationships with related parties on terms deemed as customary in the respective reference markets, taking into account the characteristics of the goods and services provided.

The table below summarizes the income statement and balance sheet for the Tiscali Group as at December 31, 2017, arising from transactions with related parties.

<b>INCOME STATEMENT</b>		<b>TISCALI GROUP</b>	<b>Of which:</b>
<i>(EUR 000)</i>		<b>December 31, 2017</b>	<b>Tiscali S.p.A.</b>
			<b>December 31, 2017</b>
Monteverdi S.r.l.	1	(29.2)	
Open Campus	2	49.5	
Open Campus	2	(49.5)	
<b>TOTAL</b>		<b>(29.2)</b>	<b>-</b>
<b>BALANCE SHEET</b>		<b>TISCALI GROUP</b>	<b>Of which:</b>
<i>(EUR 000)</i>		<b>October 31, 2017</b>	<b>Tiscali S.p.A.</b>
			<b>October 31, 2017</b>
Monteverdi S.r.l.	1	(17.8)	
Open Campus	2		
Open Campus	2		
<b>TOTAL CREDIT</b>		<b>(17.8)</b>	<b>-</b>

(1) *Monteverdi S.r.l.:* company participated by the majority shareholder, Renato Soru. The relationship concerned refers to a leasing contract for a space used for the storage of business documentation.

(2) *Open Campus:* company owned 80% by Alice Soru, member of the Board of Directors of Tiscali S.p.A. There are two ongoing contracts with Open Campus, one according to which Tiscali Italia purchases brand promotion services from Open Campus, and the other according to which Tiscali Italia rents an equipped office areas to Open Campus for the performance of its activities. The two contracts are not related one to each other.

*It shall be noted that the income statement and the balance sheet values reported in the table above do not include fees paid to Directors, Statutory Auditors and Top Managers tasked with strategic responsibilities.*

*It should also be noted that, with respect to the information on relationships with related parties as at November 30, 2017, following the conversion, which took place on December 14, 2017, of the Convertible Bond Loan into shares of the Company (as described above), on that date the concerning related part has ceased to exist.*

## STATEMENT OF THE EXECUTIVE IN CHARGE OF DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS

*I, the undersigned Daniele Renna, Executive in charge of drawing up the Company's accounting documents of Tiscali S.p.A., certify that, pursuant to Art. 154-bis, paragraph 2, of the Legislative Decree No. 58/98 and subsequent amendments, that the accounting information contained in this press release is consistent with the official documents, books and accounting records.*

Daniele Renna

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*Executive in charge of drawing up the Company's accounting documents*

### **Information on Tiscali**

*Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy and provides its private and business customers with a wide range of services: internet access through dial-up, ADSL and FIBER, as well as voice, VoIP, media, and added-value services and other technologically advanced products. As at June 30, 2017, Tiscali reported recorded a customer portfolio of about 716.900 units. The Tiscali website may be accessed at [www.tiscali.it](http://www.tiscali.it)*

### **Tiscali S.p.A.**

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