

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

Cagliari, March 1, 2019

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 January 31, 2019.

### NET FINANCIAL POSITION OF THE TISCALI GROUP AND OF TISCALI SPA WITH HIGHLIGHTING OF SHORT TERM COMPONENTS SEPARATELY FROM MEDIUM/LONG TERM COMPONENTS

Consistent with what was done in the 2017 Annual Financial Report and in the Financial Statements as at June 30, 2018 also in this Communication, due to the failure to comply with some financial covenants and the non-repayment of some the installments provided for by the original financial amortization plans of the Senior Loan and Sale and Lease back Sa Illetta Debt, the Company has proceeded to classify the entire amount of the aforementioned loans as short-term financial payables in accordance with the International Accounting Standard 1 (IAS 1) provisions.

As already described in the Financial Statements mentioned above, the Group has proposed to the Financial Institutions the Senior Debt Restructuring and the Sa Illetta Leasing Restructuring Agreements. The terms and conditions included in the proposed Agreements, for which in November 2018 the Company received some comfort letters from the aforementioned Institutes, were not reflected in the Group's Net Financial Position reported in this Communication as of January 31 2019, as they are still undergoing refinement.

<i>Eur (000)</i>	Note	Tiscali Group January 31, 2019	Of Which: Tiscali S.p.A. January 31, 2019
A. Cash and bank deposits		20,489	10,251
B. Other Cash Equivalent			
C. Securities held for trading			
<b>D. Current Assets (A) + (B) + (C)</b>		<b>20,489</b>	<b>10,251</b>
<b>E. Current financial receivables</b>			
<b>F. Non-current financial receivables</b>			
G. Current bank payables		5,688	
H. Current Portion of Issued Bonds	(1)	9,624	9,624
I. Current Portion of non-current debt	(2)	97,073	
J. Other current financial debt	(3)	61,640	434
<b>K. Current financial debt (G) + (H) + (I) + (J)</b>		<b>174,025</b>	<b>10,058</b>
<b>L. Net current financial debt (K) – (E) – (D) – (F)</b>		<b>153,535</b>	<b>(193)</b>
M. Non-current bank payables	(4)		
N. Issued Bonds			
O. Other non-current debts	(5)	6,661	
<b>P. Non-current financial debt (M) + (N) + (O)</b>		<b>6,661</b>	

Q. Net financial debt (L) + (P)

160,197

(193)

**Notes:**

- (1) *The item relates to the Convertible Bond Loan issued on January 31, 2019 for a nominal value of EUR 10.6 million subscribed on the same date for a value of EUR 10.1 million by ICT Holding Limited and Sova Disciplined Equity Fund SPC in equal shares. These shares correspond to a total of EUR 9.6 million at amortized cost. For more information, please refer to the Illustrative Report on the convertible bond loan published by the Company on 10 January 2019.*
- (2) *Includes the following items: i) the component of EUR 27.7 million due within the current financial year of the Senior Lenders loan (portions of principal and interest repayable within 12 months), ii) the component of EUR 64.9 million originally due beyond the exercise of the aforementioned loan, reclassified as due within the current financial year due to the presence of some events of default and pending standstill negotiations with Senior Lenders, iii) short-term portions of other long-term bank loans for EUR 4.5 million.*
- (3) *Includes the following items: i) short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 23.2 million, ii) the component of EUR 29.9 million originally due beyond the exercise of the aforementioned loan, reclassified as due within the current financial year due to the presence of some events of default and pending standstill negotiations for Sa Illetta Leasing Restructuring Agreement, iii) the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 7.9 million, iv) the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.2 million. v) as for EUR 0.4 million per Euro the value of the convertible bond loan option, as better described in the previous note (1).*
- (4) *This item is zero following the reclassification carried out (in compliance with the provisions of IAS 1) in consideration of the status of the completion process of the Senior Lenders Loan Restructuring and of the Sa Illetta Leasing Restructuring Agreements, referred to in the previous note (2.)*
- (5) *This item includes the long-term portion of financial lease payables related to investments for the network infrastructure for EUR 6.6 million. This item shows a significant reduction following the reclassification carried out (in compliance with the provisions of IAS 1) in consideration of the status the completion process of the Senior Lenders Loan Restructuring and of the Sa Illetta Leasing Restructuring Agreements, referred to in the previous note (3ii).*

**OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT JANUARY 31, 2019**

As at January 31, 2019, net overdue trade payables amounted to EUR 53.6 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers). This amount represents an improvement of EUR 4.1 million compared to the end of December.

As at the same date, overdue financial debts amounted to EUR 37.7 million (net of credit positions). This amount represents a worsening of EUR 0.7 million compared to the end of December.

There were also overdue tax debts for approximately EUR 20.6 million (a worsening of 2.4 million compared to the end of December), as well as overdue debts towards social security institutions amounting to EUR 0.7 million (0.5 million at the end of December).

**POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT JANUARY 31, 2019**

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

As at January 31, 2019, 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 13.8 million (with a decrease of EUR 17.2 million compared to the end of December), of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 8.8 million (with a decrease of EUR 4.9 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 January 31, 2019, arising from transactions with related parties.

<b>INCOME STATEMENT</b> (EUR 000)	Notes	<b>TISCALI GROUP</b> January 31, 2019	<i>Of which:</i> <b>Tiscali S.p.A.</b> January 31, 2019
Monteverdi S.r.l.	1	(2.4)	
Istella	2	21,4	
Convertible bond	3		
<b>TOTAL</b>		<b>19</b>	<b>-</b>
<b>BALANCE SHEET</b> (EUR 000)		<b>TISCALI GROUP</b> January 31, 2019	<i>Of which:</i> <b>Tiscali S.p.A.</b> January 31, 2019
Monteverdi S.r.l.	1	(47)	
Istella	2	99.9	
Convertible bond	3	(4812)	<b>(4,812.0)</b>
<b>TOTAL</b>		<b>(4,759.1)</b>	<b>(4,812.0)</b>

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

(2) *Istella:* company owned 64% by the shareholder and Board of Directors' member Renato Soru. The relationship concerned refers to supply, by Tiscali, of IT services (hosting of network equipment) from October 2018.

(3) *Convertible Bond Loan:* issued on January 31, 2019 for a nominal value of EUR 10.6 million subscribed on the same date by ICT Holding Limited and Sova Disciplined Equity Fund SPC in equal shares. The share subscribed by ICT, equal to EUR 5.3 million of nominal value (EUR 4.8 million as amortized cost) is shown in the table above, due to the fact that ICT is a related party pursuant to the Regulation on Transactions with Related Parties adopted by Consob with resolution no. 17221 of 12.3.2010 and of the Regulations for the execution of transactions with related parties adopted by Tiscali S.p.A. on 28.4.2017, as better specified in the Illustrative Report available on the company's website.

*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.*

## 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: Ultra Broadband internet access through Wireless Fiber To The Home (WFTTH) and Fiber technology, as well as VoIP, MVNO, media and other technologically advanced products. As at June 30, 2018, Tiscali recorded a customer portfolio of about 697.400 units. The Tiscali website may be accessed at [www.tiscali.it](http://www.tiscali.it)*

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

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