

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

Cagliari, August 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 July 31, 2018.

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

It should be noted that, in this information, consistent with what was done in the 2017 Annual Financial Report, the Company has reclassified the long-term portion of the Senior Loan debt and the "Sale and Lease Back Sa Illetta" leasing loan from long-term debts to short-term payables, for a total amount as at 31 July 2018 of 103.3 million euros, of which 69.1 million euros attributable to the Senior Loan and 34.2 million euros attributable to the Sa Illetta debt.

This classification follows the failure to comply with some financial covenants and the non-repayment of some installments envisaged by the previous financial amortization plans. Pending the approval of the standstill with the respective financial counterparties, given the failure to complete it as at 31 July 2018, the Company has classified the entire amount of the aforementioned loans as short-term financial payables in accordance with the International Accounting Standard 1 (IAS 1) provisions.

<i>Eur (000)</i>	Note	Tiscali Group July 31, 2018	Of Which: Tiscali S.p.A. July 31, 2018
A. Cash and bank deposits		2,238	7
B. Other Cash Equivalent			
C. Securities held for trading			
D. Current Assets (A) + (B) + (C)		2,238	7
E. Current financial receivables			
F. Non-current financial receivables			
G. Current bank payables		8,996	
H. Current Portion of Issued Bonds			
I. Current Portion of non-current debt	(1)	96,978	
J. Other current financial debt	(2)	65,349	
K. Current financial debt (G) + (H) + (I) + (J)		171,323	
L. Net current financial debt (K) – (E) – (D) – (F)		169,086	(7)
M. Non-current bank payables	(3)		
N. Issued Bonds			
O. Other non-current debts	(4)	7,221	
P. Non-current financial debt (M) + (N) + (O)		7,221	
Q. Net financial debt (L) + (P)		176,306	(7)

Notes:

- (1) *Includes the following items: i) the component of EUR 21.2 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 69.1 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 6.6 million*
- (2) *Includes the following items: i) short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 18.5 million, ii) the component of EUR 34.2 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 Mediocredito Italiano and Unicredit Leasing ("Pool Leasing"), iii) the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 12.1 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 0.5 million.*
- (3) *This item is zero following the reclassification carried out (in compliance with the provisions of IAS 1) in consideration of the status of the process of obtaining the standstill referred to in the previous note (1)*
- (4) *This item includes the long-term portion of financial lease payables related to investments for the network infrastructure for EUR 7.2 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 of the process of obtaining the standstill referred to in the previous note (2)*

It should also be noted that has requested the credit institutions with which the senior debt was refinanced in June 2016 (Intesa SanPaolo and Banca Popolare di Milano -"Senior Lenders") a moratorium on payments due by Tiscali Italia pursuant to the First Facility Agreement and the Second Facility Agreement, starting from payments due as of September 30, 2017, and up to September 30, 2019 (excluded), as well as granting the reset of the contractual covenants to the light of the new Plan 2018-2021

With regard to the payment of the Second Facility Agreement installment due by Tiscali Italia expired on March 31, 2017, Tiscali has proposed to make such payment on September 30, 2018.

In addition, Tiscali Italia has also requested the leasing companies to redefine the overall amortization plan for the leasing debt concerning the property of Sa Illetta, including a moratorium on payments due up to and including September 30, 2019. Payment commitments unfulfilled amount to a total of overdue and unpaid debts of EUR 8.2 million as of July 31, 2018. Negotiations are ongoing however the leasing companies have not formally replied to the requests made by the Company yet.

To date, numerous meetings have already taken place between the Group's management and the technical and commercial structures of the aforementioned Credit Institutes and leasing companies, and the preparatory activities for the operation have already been completed.

On May 9, 2018, each of the Credit Institutions sent a comfort letter to Tiscali in order to communicate that it will initiate the investigation process related to the transaction requested by Tiscali in the terms referred to above , not having detected critical status regarding the request and confirm its commitment, subject to *i) the contribution of new financial resources to the Group through the commitment of the ICT and SOVA members in the terms previously indicated, ii) to the payment to Intesa SanPaolo of the installment due at March 31, 2017 in the manner described above, iii) to the provision of further documentation by the Company on how to allocate the liquidity generated by the sale of the business unit, iv) definition of the terms and conditions of medium and long-term funding sources provided for supporting the investments envisaged in the Plan, to submit the matter to the competent decision-making bodies.*

OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT JULY 31, 2018

As at July 31, 2018, net overdue trade payables amounted to EUR 67.6 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 32.8 million (net of credit positions).

There were also overdue tax debts for approximately EUR 12.6 million, as well as overdue debts towards social security institutions amounting to EUR 1.7 million.

POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT JULY 31, 2018

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

As at July 31, 2018, 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 17.9 million, of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 12.6 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 July 31, 2018, arising from transactions with related parties.

INCOME STATEMENT		TISCALI GROUP	<i>Of which:</i>
<i>(EUR 000)</i>			Tiscali S.p.A.
		July 31, 2018	July 31, 2018
Monteverdi S.r.l.	1	(16.9)	
Open Campus	2	33	
Open Campus	2	(33)	
TOTAL		(16.9)	-
BALANCE SHEET		TISCALI GROUP	<i>Of which:</i>
<i>(EUR 000)</i>			Tiscali S.p.A.
		July 31, 2018	July 31, 2018
Monteverdi S.r.l.	1	(34.9)	
Open Campus	2		
Open Campus	2		
TOTAL CREDIT		(34.9)	-

(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.

(1) *Open Campus:* company owned 80% by Alice Soru, member of the Board of Directors of Tiscali S.p.A. until June 26, 2018. On that date, in which the Tiscali Spa Shareholders' Meeting approved the 2017 Financial Statements, the members of the Board of Directors of Tiscali Spa ended their term of office. Alice Soru's mandate was not renewed. 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. The economic values relating to the contracts in question shown in the "related party" table refer to January - July 2018.

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

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 December 31, 2017, Tiscali reported recorded a customer portfolio of about 748.000 units. The Tiscali website may be accessed at www.tiscali.it

Tiscali S.p.A.

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