

Approved the half-year financial statement as of June 30, 2023

- **Revenue and other income amounted to 119.0 million euros;**
- **EBITDA amounted to 18.6 million euros;**
- **Consolidated net loss of 26.7 million euros;**
- **Net financial debt as of June 30, 2023 amounted to 88.8 million euros, an improvement of about 9 million euros compared to December 31, 2022.**

Cagliari, September 28, 2023

The Board of Directors of Tessellis S.p.A. ("**Tessellis**" or the "Company") met today and reviewed and approved the Consolidated Half-Year Financial Report as of June 30, 2023.

In the first half of 2023, the Group generated revenues and other income of **119** million euros and recorded EBITDA of **18.6** million euros. The consolidated net result was a loss of **26.7** million euros. Net Financial Debt as of June 30, 2023 was **88.8** million euros, an improvement from **97.7** million euros as of December 31, 2022.

"The figures in this half-year report, the first entirely under the new management since the Tiscali - Linkem merger, tell us that the path we have taken is the right one: a challenging one, but one that is already bearing fruit. We are satisfied not only with the economic data, but also and especially with the progress of our refocusing on higher-margin services, all with a significant decrease in the Group's debt and with the concrete prospect of closing the financial year with an improvement our forecasts." commented **Davide Rota**, CEO of Tessellis.

TESSELLIS

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The **Group's business activities during the** first half of 2023 focused mainly on the strategic objectives of diversifying from the role of operator, enhancing Tiscali's synergistic positioning on all FWA 5G, FTTH and Mobile telecommunications technologies.

The main consolidated economic and financial data are shown below with reference to the first half of 2023, and it should be noted that there are no comparative economic data for the first half of 2022 because the Tessellis Group arose after the completion of the merger between Linkem Retail and Tiscali S.p.A. in August 2022:

Consolidated Income Statement	June 30th, 2023
<i>(EUR mln)</i>	
Revenue	117.737
Other income	1.301
Purchase of external materials and services	78.020
Personnel costs	19.428
Other operating expense (income)	100
Write-downs accounts receivable from customers	2.869
Gross Operating Result (EBITDA)	18.621
Restructuring costs and other provisions	105
Depreciations & amortizations	41.907
Operating result (EBIT)	(23.391)
Result from the investments evaluated at equity method	(108)
Financial Income	80
Financial Expenses	3.257
Income (loss) before tax	(26.676)
Taxation	0
Net result from operating activities (ongoing)	(26.676)
Result from held for sale and discontinued operations	0
Net result for the period	(26.676)
	0
Minority interests	0
Group Net Result	(26.810)
Third parties Net Result	134

Profit and Loss Statement of the Group	June 30th, 2023
<i>(EUR mln)</i>	
Revenue	118,9
Telco revenues	104,9
of which fixed Broadband	42,5
of which Broadband FWA	52,6
of which MVNO	9,8
Business service revenues and value-added service revenues	10,3
of which Wholesale	0,5
of which Business service	8,5
of which value-added service	0,5
of which Media	0,8
Other revenues	2,5
Other income	1,2
Gross operating margin	55,3
Indirect operating costs	33,9
Marketing and sales	2,1
Personnel costs	19,4
Network & IT costs	8,2
Other indirect costs	4,1
Write-down of receivables	2,9
Gross Operating Result (EBITDA)	18,6
Restructuring costs and other provisions	0,1
Depreciations & amortizations	41,9
Operating result (EBIT)	(23,4)
Net Result pertaining to the Group	(26,7)

Analysis of Revenues and Other Income

Revenues and other income as of June 30, 2023 amounted to 119 million euros.

Revenues from Telco

The largest revenue business line remains **Telco**, with revenues amounting to approximately 104.9 million euros and including Fixed Broadband revenues (EUR 42.5 million), Broadband FWA revenues (EUR 52.6 million) and MVNO revenues (EUR 9.8 million).

Revenues from **Business Services** and **Value Added Services and Media** amounted to 10.3 million euros.

The **customer base of** Fixed Broadband stands at 300 thousand users as of June 30, 2023, while the customer base of Wireless FWA Access stands at 456 thousand users.

The MNVO segment's customer base as of June 30, 2023 stood at about 306 thousand users, up 7% from December 31, 2022.

Other revenue and other income

Other revenues and other income as of June 30, 2023 **amounted** to approximately 3.7 million euros **Gross operating margin** (the "**Gross Margin**"), stood at 55.3 million euros as of June 30, 2023.

Indirect operating costs show a balance of 33.9 million euros as of June 30, 2023, and are as follows: marketing costs of about 2.1 million euros (1.8% of revenues), personnel costs of 19.4 million euros (16.3% of revenues), network and IT costs of 8.2 euros (6.9% of revenues), and other overhead costs of about 4.1 million euros (3.5% of revenues).

Other items

The **provision for bad debt** as of June 30, 2023 is 2.9 million euros. The ratio of this item to revenues is 2.4%.

Depreciation and amortization as of June 30, 2023 amounted to 41.9 million euros.

Net **financial expenses** as of June 30, 2023 amounted to 3.2 million euros.

HIGHLIGHTS OF THE FIRST HALF OF 2023

Business TLC

In terms of strategy, during 2023, the Tessellis Group, and in particular its subsidiary Tiscali Italia S.p.A., has focused on pursuing the development of the Ultrabroadband market, whose coverage on the national territory is constantly expanding, with a particular focus on the B2B segment, and on the mobile market.

In the area of **services to PAs** (Public Administration offices), Tiscali Italia began the year 2023 as a winner of the RFP for Emerging Technologies 2022 as a technology partner and provider of 5G solutions within two of the seven initiatives that received funding under the 5G Technology Support Program. The partnerships promoted by Tiscali Italia with the municipalities of Pesaro and Campobasso were the winners of the Call for Proposals 2022, which in total provides an allocation from the Ministry of Business and the Made in Italy of 80 million euros over two years for the creation of new Emerging Technology Houses, with the aim of creating an ecosystem capable of fostering the development of technologies and innovation on the entrepreneurial fabric of the territory.

In relation to the "**connectivity voucher plan**," the measure desired by MISE/MIMIT aimed at promoting the spread of ultrabroadband connectivity services throughout the country with the goal of overcoming the digital divide and in support of the population with geographic and income limitations, Tiscali Italia joined on March 3, 2022 the phase 2 of the voucher reserved for VAT Numbers and Public Medium Enterprises (SMEs) for the activation of Ultrabroadband connectivity services improving on pre-existing ones and with an economic contribution from 300 to 2.500 euros.

During the first half of 2023, activities continued as part of the strategic partnership between Tiscali Italia S.p.A. and FibreConnect S.p.A., aimed at bringing ultra-broadband services to selected artisanal industrial areas. The partnership is part of a framework of collaboration with local operators, thanks to which Tiscali Italia will enjoy the possibility of access to a new ultra-broadband network that will enable it to achieve greater penetration in industrial and artisanal areas (AIA) of the national territory. Tiscali Italia aims to become the operator of reference in the selected AIAs and will play a key role in accelerating the development of next-generation networks that will make it possible to exploit the benefits of OTT services such as Cloud, Smart Manufacturing and Internet of Things (IoT).

During the first half of 2023, Tiscali Italia formalized the selection of the 22 industrial areas of interest, and on part of them the commercialization of FttH products was started.

Also in the context of activities related to services for Public Administration and businesses, during 2023 Tessellis Group continued the preparation of the *Villanova project - Generative AI models and composable application-services on Cloud Edge continuum* within the IPCEI-CIS program, activating important collaborations in the national and European sphere with other selected companies resulting in the exchange of best practices and creation of important synergies that could lead to the creation of a European cloud to support and protect the economic and social development of Europe. MIMIT selected the Villanova project for its specificity and potential, including commercial potential, having among its goals the creation of multimodal generative AI models for the creation of high-quality textual and multimedia content in real time.

As for Mobile services, customers increased by 7 percent from 285,000 as of Dec. 31, 2022 to 306,000 as of June 30, 2023, thanks in part to the Try&Buy mobile option that gave new subscribers to the fiber service the chance to test mobile services for free for two months with a SIM with 1,000 minutes, 100 SMS and 50 GB of data traffic per month.

Communication activities in 2023 continued the Tiscali brand relaunch strategy launched in November last year with the "Love for internet" multichannel communication campaign.

As part of the process of enhancing the value of some assets that are not fully exploited and in execution of the Business Plan, Tessellis concluded an agreement to sell a lot of 320 thousand IPv4 addresses to one of the world's leading players operating in the field of providing services on web platforms. This sale generated proceeds of approximately 16 million euros, received between the months of April and May 2023. IPv4 addresses form the foundation on which the Internet infrastructure rests and allow objects such as computers, servers, websites to be connected to the network and uniquely identified from

outside. Following the sale of the above-mentioned lot, as of June 30, 2023, the Group held about **1 million IPv4 addresses** in its portfolio.

In the area of **Media services**, Tessellis Group is increasingly configured as a multi-platform and multi-access Media Company consisting of three separate but complementary Business Units that interact to attract qualified traffic and generate value. The Units are represented by Portals (generalist and "vertical"), which in addition to disseminating news present formats and self-produced audiovisual multimedia content. Together they make up the Group's editorial offer; the platforms (Mail, Shopping Mall and Comparator) that offer service solutions; and the Veesible Concessionaire, which is the value aggregator for the Group's Properties, but also for a series of "Third Parties." Together, the Units constitute an "open" ecosystem that evolves towards a Syndication: that is, it aggregates Portals, Platforms and Content Providers also from Third Parties,

ESG Framework

As part of **innovation and sustainability** projects, Tiscali Italia and SIDI (Swiss Institute for Disruptive Innovation) in June 2023, strengthened their joint commitment with the planting of 20,000 trees, thus expanding Tiscali's existing corporate forest. This is a continuation of their adherence to "The Greenest" project, promoted by SIDI for reforestation in equatorial areas, a project that Tiscali had joined in 2021 with a batch of 25,000 trees planted in Madagascar. Now an additional 20,000 trees will be planted by SIDI and its certified partners on behalf of Tiscali, whose corporate forest will contain as many as 45,000 trees of different mangrove species, the plant chosen for reforestation in Madagascar: it will be one of the largest corporate forests in Europe and will contribute to the reduction of 1,350 tons of CO2 per year, while providing additional fair employment opportunities for the people in the regions that will host the new trees.

The Tessellis Group continues its commitment to the "Prison Work" Program and together with the contribution of other telephony and digital companies, continues to devote itself to the laboratory at the Uta (Cagliari) prison, aimed at the regeneration of network terminal equipment with the intention of enhancing prison work in the telecommunications and ICT sector.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On July 31, **the capital increase** resolved on May 11, 2023 by the Board of Directors (in partial execution of the authorization given to it by the Extraordinary Shareholders' Meeting of January 10, 2023) was formally concluded with the subscription of a total of 48,696,912 shares, equivalent to 78.81% of the shares offered in the context of the increase itself, for a total amount of **19,478,764.80** euros.

For more details, please refer to Section 4.3 - Tessellis Shares, subsection "New Group Shareholding Structure as of July 31" of the Consolidated Financial Report as of June 30, 2023.

Also in July 2023, Tiscali Italia landed the Tiscali Campus project in the Metaverse, with the support of EY as tech provider. The goal of the project is to create a virtual environment for Tiscali users where they can live experiences, enjoy content and purchase

goods and services. Tiscali Metaverso is bidding to become one of the pioneers of the Metaverse in the Italian telco sector, and Vevisible - a company of the Tessellis Group - is the first concessionaire in Italy to propose a system of organic collection of advertising investments on the metaverse.

Outlook

The Group, which in the first six months of fiscal year 2023 achieved economic results in line with the forecasts of the Updated Business Plan 2023-26, is undergoing an ambitious process of transformation into a Digital Company capable of enhancing its range of services to businesses and Public Administrations by enriching them with value-added vertical services being developed in the ecosystem of the so-called "Innovation Lab." In the meantime, the Group continues to work on improving the marginality of prevailing services (ultrabroadband internet connections and mobile phone services), as well as on the relaunch of the Tiscali Brand in the market.

Against the economic, financial and management results recorded in the first half of 2023, and up to the date of this document, the Group has carried out the following actions aimed at improving result performance and strengthening the capital and financial structure:

- increased the mobile customer base from 285 thousand active customers to 306 thousand customers (+7%);
- concluded in July the capital increase approved by the Board of Directors on May 11 and offered under option to shareholders, obtaining new financial resources of approximately 19.5 million euros
- continued the Group's restructuring plan, reducing both the amount of trade and tax overdue, which fell from 15.7 million euros and 3.3 million euros, respectively, as of December 31, 2022 to 15.3 million euros and 2.3 million euros as of June 30, 2023
- significantly improved net financial debt (including trade and other non-current payables), which went from 121 million euros as of December 31, 2022, to 109 million euros as of June 30, 2023, partly due to the repayment of approximately 4.2 million euros of the outstanding senior loan with Banca Intesa and Banco BPM. It should be noted that the amount as of June 30, 2023 includes approximately 3.5 million euros related to the recognition of a put option on minority interests held by the current shareholders of 3P Italia S.p.A.
- had a positive cash flow from operations before changes in working capital of 26.6 million euros;
- put in place actions aimed at business diversification, investing in the development of value-added businesses, such as media and advertising services through the launch of the concessionaire Vevisible and the restyling of the portals under management (Tiscali.it, Gamesurf, Milleunadonna), as well as those dedicated to the development of so-called future communities, in particular thanks to some commercial agreements and some direct investments in some young companies in the sector;

- enhanced the value of some assets not in use through the sale of some IP addresses exceeding the Group's needs for a consideration of approximately 15.8 million euros;
- approved, on May 11, 2023, the update of the business plan by preparing the Updated 2023-26 Business Plan.

In addition, as envisaged in the 2023-26 Business Plan, the Group is putting in place some operational efficiencies that are expected to result in the improvement of the ratio of EBITDA to investments, with the aim of achieving break-even at the free cash flow level in fiscal year 2024, as described in detail in the half-year financial report as of June 30, 2023.

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About Tessellis

Tessellis S.p.A. (Italian Stock Exchange. Milan: TSL) is the holding company of the Group born from the merger between Linkem Retail and Tiscali S.p.A. and includes among its business areas that of Tiscali Italia S.p.A., national operator among the first in the ultrabroadband segment (FWA - Fixed Wireless Access and FTTH - Fiber To The Home), the portal www.tiscali.it, one of the main Italian news portals, with about 8 million visitors per month to its credit, as well as the advertising concessionaire Vevisible s.r.l.

PROFIT AND LOSS ACCOUNT

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<i>(EUR mln)</i>	
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Minority interests	0
Group Net Result	(26.810)
Third parties Net Result	134

Balance Sheet

Consolidated Statement of Equity and Liabilities (EUR mln)	June 30th, 2023	December 31th, 2022
Non-current assets	283,8	304,9
Current assets	56,2	65,7
Total Assets	340,0	370,6
Net equity of the Group	42,3	65,1
Net equity attributable to minority interests	1,1	1,0
Total net equity	43,5	66,1
Non-current liabilities	134,8	153,2
Current liabilities	161,7	151,3
Total Net equity and Liabilities	340,0	370,6

Note: The asset values shown in the December 31, 2022 column have been restated from those approved by the Shareholders' Meeting on June 12, 2023 in order to retrospectively reflect the effects of the PPA on the Transaction.

Net Financial Position

Net Financial Position (EUR mln)	Note	June 30th, 2023	December 31th, 2022
A. Cash and bank deposits		7,6	8,3
B. Cash equivalents			
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		7,6	8,3
E. Current financial receivables			
F. Non-current financial receivables		0,8	0,8
G. Current bank payables		2,1	3,6
H. Current portion of bonds issued	(1)	0,0	0,0
I. Current part of long-term loans	(2)	10,3	7,6
J. Other current financial payables	(3)	7,7	8,4
K. Current financial indebtedness (G) + (H) + (I) + (J)		20,1	19,7
L. Net current financial indebtedness (K)-(D)-(E)-(F)		11,7	10,6
M. Non-current bank loans	(4)	58,7	64,7
N. Bonds issued			
O. Other non-current financial payables	(5)	18,4	22,3
P. Non-current financial indebtedness (M)+(N)+(O)		77,1	87,0
Q. Net financial indebtedness (L)+(P)		88,8	97,7

Notes:

- (1) The item related to the Convertible Bond is void as of June 30, 2023;
- (2) Includes the current portion of the debt to Senior Lenders in the amount of 10.3 million euros;
- (3) Includes the short-term portion of finance lease payables related to network infrastructure investments and leases capitalized in accordance with IFRS.
- (4) Includes the long-term portion of debt to Senior Lenders amounting to €58.3 million and other long-term bank loans amounting to €0.4 million.
- (5) This item includes the long-term portion of financial lease payables related to network infrastructure investments and leases capitalized in application of IFRS 16. in the amount of 14.8 million euros, as well as the financial debt recorded in connection with the put option held by the subsidiary 3P Italia S.p.A. in the amount of 3.6 million euros.