

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

Explanatory report of the Board of Directors of Tiscali S.p.A., concerning the proposal to the Extraordinary Shareholders' Meeting of Tiscali S.p.A. convened for 24 June 2021, in a single call, on the issue of the remaining tranches of the mandatory convertible bond for a total maximum amount of EUR 15,000,000.00 (with the possibility of renewal for a further maximum of EUR 21,000,000.00), to be offered in full for subscription to Nice & Green S.A. and consequently an increase in the share capital of Tiscali against contribution in cash, in one or more tranches, also in separate issues, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code for a total amount, including any share premium, of a maximum of EUR 36,000,000.00, to exclusively and irrevocably service the conversion of the mandatory convertible bond, through the issue of Tiscali ordinary shares, without nominal value, with regular rights and the same characteristics as the Tiscali ordinary shares in circulation at the issue date. Amendment to Article 5 of the Company's Articles of Association. Related and consequent resolutions.

## INTRODUCTION

On 14 May 2021, Tiscali S.p.A. (hereinafter referred to as “**Tiscali**” or the “**Company**”) entered with Nice&Green S.A, a professional investor based in Nyon, Switzerland (hereinafter referred to as the “**Investor**”), into an investment agreement (hereinafter referred to as the “**Investment Agreement**”) concerning a programme for the financing of Tiscali by issuance of a mandatory convertible bond converting into Tiscali ordinary shares, consisting of convertible bonds with a nominal amount of EUR 100,000.00 each (hereinafter referred to as the “**Bonds**”), for a total maximum amount of EUR 21,000,000.00 (with the possibility of renewal for further maximum of EUR 21,000,000.00) reserved to the Investor (hereinafter referred to as the “**POC**”).

The Investment Agreement provides for the issue of the POC, over a period of 21 months starting from the second business day following the date of approval of the issue of the first tranche of the Bonds by the Company’s Board of Directors, by means of the subscription of a maximum of 7 tranches, for an amount of EUR 3,000,000.00.

The Company will have the right to renew the Investment Agreement, under the same terms and conditions, if all the Bonds have been subscribed before the end of the issue period. In the event of renewal, the Investor has undertaken to subscribe for a further 7 tranches of Bonds, each in the amount of EUR 3,000,000.00.

Therefore, the Board of Directors of 14 May 2021, in the context of the Investment Agreement resolved to propose, *inter alia*:

- To the Board of Directors to approve the issuance of the first and second tranches of the POC amounting to a total of EUR 6,000,000.00 and consequently the capital increase to service the issuance of the first and second tranches of the POC, through the exercise of the powers granted by the Extraordinary Shareholders’ Meeting of the Company held on 26 June 2018, pursuant to Articles 2420-*ter* and 2443 of the Italian Civil Code, for the remaining portion of the aforementioned powers;
- To the Extraordinary Shareholders’ Meeting of the Company called for 24 June 2021 to approve the issue of the remaining tranches of the POC pursuant to Article 2420-*bis* of the Italian Civil Code for a maximum total amount of EUR 15,000,000.00, and, consequently, the capital increase to service the conversion of the Bonds pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum total amount, including share premium, of EUR 36,000,000.00.

Furthermore, on 14 May 2021, in the context of the Investment Agreement, Amsicora S.r.l. (hereinafter referred to as “**Amsicora**”), holder of a 17.75% interest in the share capital of Tiscali, and the Investor entered into a separate share loan agreement (hereinafter referred to as the “**Share Loan**”), through which Amsicora undertook to lend to the Investor — free of charge, without any trading purpose — a sufficient number of Tiscali shares that the Investor may borrow to anticipate the issue of new Tiscali shares in order to receive a number of shares at least equal to 120% of the amount of each tranche equal to EUR 3,000,000.00 (hereinafter referred to as the “**Borrowed Shares**”).

This Explanatory Report (hereinafter referred to as the “**Report**”) — drafted pursuant to Article 125-*ter* of the Legislative Decree 58/1998, as subsequently amended and supplemented (hereinafter referred to as the “**TUF**”, Consolidated Law on Finance) and Article 72 of the regulation adopted by CONSOB resolution no. 11971 of 14 May 1999 and subsequent additions and amendments (hereinafter referred to as the “**Issuers’ Regulations**”) — illustrates the proposal to the Extraordinary Shareholders’ Meeting of Tiscali regarding the issue of the remaining tranches of the POC, for a total maximum amount of EUR 15,000,000.00 (with the possibility of renewal for further EUR 21,000,000.00), to be offered in full for subscription to the Investor, and the consequent increase of Tiscali’s share capital against contribution in cash, in one or more tranches, also in separate issues, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code for a total amount, including any share premium, of a maximum of EUR 36,000,000.00, to service

exclusively and irrevocably the conversion of the POC, through the issue of Tiscali ordinary shares, without par value, with regular dividend rights and the same characteristics as the Tiscali ordinary shares in circulation at the issue date.

The Report is available on the Company's website <http://www.tiscali.com> as well as at Tiscali's registered office.

## 1. DESCRIPTION OF THE TRANSACTION AND OF THE CAPITAL INCREASE TO SERVICE THE CONVERSION OF THE POC

The proposal subject of the Report consists of the approval of the issue of the remaining tranches of the POC for a total maximum amount of EUR 15,000,000.00 (with the possibility of renewal for a further EUR 21,000,000.00) reserved to the Investor and the consequent increase in share capital, pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to exclusively and irrevocably service the conversion of the Bonds.

The main terms and conditions of the Investment Agreement, to which the POC regulations are attached, follow.

### 1.1. Main features of the POC

The Investment Agreement provides for a total issuance period of the POC of 21 months starting from the second business day following the date of approval of the issue of the first tranche of the Bonds by the Board of Directors of the Company (hereinafter referred to as the “**Issuance Period**”), consisting of a maximum of 7 tranches of Bonds for an amount of EUR 3,000,000.00.

The Bonds will mature 21 months from the date of issue of the first tranche of the Bonds. At maturity, all outstanding Bonds not yet converted will be irrevocably converted into Tiscali shares.

The Company will be entitled to renew the Investment Agreement, under the same terms and conditions (hereinafter referred to as the “**Renewal**”), where all Bonds have been subscribed before the end of the Issue Period. In the event of a Renewal, the Investor has agreed to subscribe for a further 7 tranches of Bonds, each with an aggregate nominal value of EUR 3,000,000.00.

The Bonds will be issued in bearer form and in book-entry form, and will be entirely and exclusively deposited with Monte Titoli pursuant to Articles 83-*bis* et seq. of the TUF and the joint resolution of CONSOB and the Bank of Italy of 13 August 2018. The Bonds will not be admitted to trading.

The Bonds represent zero-coupon convertible bonds. The Bonds are direct, unconditional and unsecured obligations and, in the event of liquidation, insolvency or dissolution will be considered (i) *pari passu* with any other present and future unsecured creditor of Tiscali and (ii) subordinate to the indebtedness of the Company pursuant to the Senior Loan entered into, *inter alia*, between the Company and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A., unless otherwise provided for by Law.

### 1.2. Application for subscription of the Bonds and subscription price of the Bonds

The Company shall have the right (and not the obligation) to request the subscription of each tranche of Bonds by submitting to the Investor an application for subscription of the Bonds.

The Company may deliver the request for subscription of the Bonds 10 business days after the second business day following the day on which the previous tranche was issued.

However, notwithstanding the foregoing, the Investor may, at its sole discretion and in consideration of market conditions, submit to the Company a new application for subscription of Bonds prior to the end of the aforementioned period of 10 business days, it being understood that the Company will not be obliged to issue the Bonds.

The subscription price of each tranche of Bonds is equal to 95.5% of the nominal amount of each Bond, equal to EUR 100,000.00 (hereinafter referred to as the “**Subscription Price**”).

### 1.3. Conversion period, conversion request and conversion price of the Bond

Each tranche of Bonds may be converted into Tiscali ordinary shares at any time before maturity (hereinafter referred to as the “**Conversion Period**”).

Each conversion request is binding and irrevocable and must be submitted by the Investor for a minimum amount of EUR 3,000,000.00. The conversion into Tiscali shares shall always cover the entire nominal value of the Bonds for which the conversion is requested. It is understood that the Investor may temporarily receive Tiscali shares under the terms of the Share Loan.

The conversion price of the Bonds is equal to 95% of the second lowest Volume Weighted Average Price (“VWAP”) of the ordinary shares of the Company recorded in the 6 open market days preceding the date of request of conversion of the Bonds by the Investor (hereinafter referred to as the “**Conversion Price**”).

The Company shall issue new Tiscali shares for an amount equal to the nominal value of the Bonds divided by the Conversion Price (for the sake of clarity, the number of new Tiscali shares to be issued for each Bond is determined by dividing the nominal value of each Bond by the Conversion Price), unless the Investor receives Tiscali shares under the Share Loan.

The issue of new Tiscali shares to service the conversion of the Bonds shall be carried out by the Company within 5 trading days from the date of receipt of the relevant conversion request. The Company will be liable and will have to indemnify the Investor for any loss arising from the failure to issue the new Tiscali shares for the conversion of the Bonds within the above mentioned 5 trading days.

In the event that the Investor does not receive the new Tiscali shares, the Company will be obliged to pay the Investor an amount equal to the conversion ratio multiplied by the difference (if positive) between (a) the closing price of the Tiscali shares in the 5 trading days following the date of the conversion request and (b) the closing price of the Tiscali shares of the day immediately preceding the date on which the relevant Tiscali shares are received by the Investor, unless the Investor receives Tiscali shares pursuant to the Share Loan.

Finally, please note that the Bonds will be irrevocably converted into new Tiscali shares upon maturity.

#### 1.4. Conditions precedent to the subscription of the first tranche of Bonds

The obligation of the Investor to subscribe for the first tranche of Bonds is subject to the fulfilment by the Company (unless waived in writing by the Investor) of certain conditions, including *inter alia*:

- (i) The delivery by the Company to the Investor of the minutes of the Shareholders’ Meeting and/or of the Board of Directors of the Company certifying the authorisation to issue the first and second tranches of the Bonds and the capital increase to service the conversion of the Bonds;
- (ii) The delivery by the Company to the Investor of the minutes of the Board of Directors attesting that the Board of Directors resolved to sign the Investment Agreement;
- (iii) The execution of the Share Loan;
- (iv) The delivery to the Investor of the Borrowed Shares.

#### 1.5. Conditions precedent to the subscription of subsequent tranches of Bonds

The obligation of the Investor to subscribe for subsequent tranches of Bonds is subject to the fulfilment by the Company (unless waived in writing by the Investor) of certain conditions, such as:

- (i) The Company’s compliance with the covenants and obligations under the Investment Agreement;
- (ii) The non-occurrence of any event or change that would render any of the representations and warranties made by the Company false or incorrect in any material respect; *and*
- (iii) The non-occurrence of a material adverse change under the Investment Agreement;

- (iv) The non-occurrence of an event of default under the Investment Agreement which is not remedied within the relevant grace period;
- (v) The lack of opposition by any competent authority (including CONSOB and Borsa Italiana) to the issue of the Bonds or to their conversion or exercise;
- (vi) The failure of the Company to undertake any binding commitment that could lead to the conclusion of a public purchase or exchange offer resulting in the acquisition of control of the Company;
- (vii) The resolution by the Company's Shareholders' Meeting regarding the issue of the subsequent tranches of the POC and the shares to be issued to service the conversion of the Bonds;
- (viii) The Issue Period has not ended;
- (ix) The listing of the shares on the Mercato Telematico Azionario (hereinafter referred to as "MTA");
- (x) The non-suspension or revocation, or the threat of suspension or revocation, of the shares from trading on the MTA by CONSOB or Borsa Italiana, as at the reference date;
- (xi) The payment by the Company of the amounts due to the Investor (or to its subsidiaries) and the delivery of all Tiscali shares deriving from previous requests for conversion of Bonds, it being understood that this condition shall be deemed to be satisfied if the Investor receives Tiscali shares under the Share Loan;
- (xii) The validity of the Share Loan;
- (xiii) Without prejudice to the provisions of paragraph (xiv) below, the ability of the Company to issue, at the time of the subscription request, a number of shares representing at least 120% of the amount of each tranche;
- (xiv) At the time of submission of the request for subscription of the Bonds, if the Company is unable to issue new listed shares, the Share Loan shall contain a sufficient number of Tiscali shares for the conversion of 120% of the Bonds of each tranche of the POC;
- (xv) The failure of the Company to issue the Tiscali shares to service the conversion of the Bonds within the term of 5 trading days from the date of receipt of the request for conversion of the Bonds, it being understood that this condition shall be deemed to be satisfied if the Investor receives Tiscali shares pursuant to the Share Loan;
- (xvi) The delisting of Tiscali shares, unless they are admitted to listing within less than 30 trading days on another European or Italian stock exchange or regulated market.

#### 1.6. Termination due to lack of liquidity

The Investor will be entitled to suspend the Investment Agreement if the amount of each tranche of Bonds represents an amount greater than or equal to 25% of the total daily traded value of Tiscali shares during the 21 trading days preceding the issue of each tranche of Bonds.

The Investor will be entitled to terminate the Investment Agreement if the liquidity of Tiscali shares does not improve during the following 3 months.

#### 1.7. Default Events

An event of default means the occurrence of any of the following events during the Conversion Period of the Bonds:

- (i) A default by the Company in the payment of any amount due to the Investor under the terms of the Investment Agreement or the Share Loan or an unremedied breach of the covenants or obligations under the Investment Agreement;
- (ii) A breach of the original collateral sharing agreement as described under the terms of the Amendment Agreement to be entered into between the Company, the Investor, Banco BPM S.p.A. and Intesa

Sanpaolo S.p.A., which has not been remedied;

- (iii) The occurrence of a material adverse change under the terms of the Investment Agreement or of a public purchase or exchange offer resulting in the acquisition of control of the Company;
- (iv) The voluntary suspension by the Company or the discontinuance or liquidation of its activities (unless the transaction is on an arm's length basis or for a fair consideration), or the Company is declared bankrupt, subject to liquidation or corporate reorganisation;
- (v) The non-payment by the Company of an amount exceeding EUR 1,500,000.00 following the receipt of a final judgment issued by the competent court, without prejudice to the possible suspension of the aforementioned judgment following an appeal;
- (vi) The request by the competent authority to replace one or more members of the Board of Directors.

#### **1.8. Early termination**

The Company has the right to terminate the Investment Agreement at any time upon 21 business days' notice.

The Investor has the right to terminate the Investment Agreement by written notice to the Company:

- (i) If, after the subscription of the first tranche of the Bonds, the Company does not make any subscription requests within 6 months, unless the Company has suspended the subscription; or
- (ii) Upon the occurrence of an event of default, a material adverse change, a public takeover bid or exchange offer resulting in the acquisition of control of the Company or a lack of liquidity, pursuant to the Investment Agreement.

In the event of early termination of the Investment Agreement, the issued Bonds will be converted by the Investor within a maximum of 90 business days.

#### **1.9. Suspension at the request of the Company**

The Company has the right to temporarily suspend the POC one or more times, without any prejudice to the Investor converting the Bonds outstanding during such suspension period.

The Investment Agreement will be effective again after the suspension period, provided that the Issue Period is not extended.

#### **1.10. Tiscali share price**

The Tiscali shares to be awarded to the Investor as a result of the conversion of the Bonds will be admitted to listing on the MTA on the basis of a listing prospectus to be submitted for approval to CONSOB or exempt from the publication of such listing prospectus. If the Tiscali shares resulting from the conversion of the Bonds can only be admitted to listing following the publication of a listing prospectus, the Investor may use the Shares borrowed under the Share Loan to exchange the unlisted Tiscali shares resulting from the conversion for listed Tiscali shares.

## **2. CRITERIA FOR DETERMINING THE CONVERSION PRICE AND COMMITMENT FEE OF THE TRANSACTION**

It is preliminarily confirmed that all shares previously issued by the Company have been paid up pursuant to Article 2438, paragraph 1, of the Italian Civil Code, and that all contributions previously due pursuant to Article 2481, paragraph 2, of the Italian Civil Code have been executed.

The Conversion Price of the Bonds is equal to 95% of the second lowest Volume Weighted Average Price ("VWAP") of the ordinary shares of the Company recorded in the 6 open market days preceding the date of

the Investor's request for conversion of the Bonds.

The number of Tiscali shares to be issued to service the conversion of the Bonds will therefore be determined on the basis of the ratio between the value of the Bonds (to be communicated by the Investor on the basis of the individual conversion requests) and the Conversion Price.

The decision not to determine a fixed price is in line with market practice for similar operations characterised by a long period of time in which the subscription of the Bonds and the capital increase to service the conversion of the same take place. The criterion for the determination of the Conversion Price allows the issue of shares at a price in line with the market value of Tiscali shares in the observation period (i.e., 6 open market days preceding the date of the investor's request for conversion of the Bonds).

In this respect, it should be noted that, also taking into account the length of the time period within which the conversion may take place, the adoption of a pre-established price could have the consequence, in the event that the stock market prices of Tiscali shares are significantly higher than this price, of penalising the Company and its shareholders to the advantage of the Investor. The adoption of a criterion based on the performance of the shares allows, instead, to issue shares at a price that follows the trend of the value of the stock itself, a value also recognised by the market. Furthermore, the criterion selected appears to be in line with market practice for transactions in which the subscription of the capital increase to service the conversion of the bonds is deferred, potentially, over a long period of time. In general, in such cases, the adoption of a pre-established fixed price could lead to a heavy penalisation of the Group and its Shareholders, should such price in the future be significantly lower than the stock market value of the securities at the time of the actual conversion of the bonds.

It should be noted that the application of a 5% discount appears to be in line with similar transactions. It should also be noted that the adoption of the second-lowest stock market price in the six-day reference period results in a discount compared to the average value of the period. An analysis of Tiscali's share price trends over the last six months has confirmed that this discount, combined with the previous discounts for conversion and subscription of the Bonds, would in any case bring the overall discount to a level that would still fall within the values of the sample of comparable transactions analysed and that would in any case be lower than the discount applied in connection with the capital increase to service the POC the Group recently issued.

It should also be noted that the Investment Agreement does not provide for any commitment fee but for a subscription price of the Bonds equal to 95.5% of their nominal value, which must be added to the Conversion Price in order to quantify the total return for the Investor.

In fact, in the event of the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, Article 2441, paragraph 6, of the Italian Civil Code states that the issue price of the shares is determined by the Directors *"On the basis of the value of equity, taking into account, for shares listed on regulated markets, also the price performance over the last six months."*

In light of the above, and considering that the value of the Shareholders' Equity of the Group headed by Tiscali is negative, the Directors have deemed it appropriate — in order to identify a conversion price that corresponds to the market value of Tiscali shares — to take into account the valuation implicit in the stock market prices of Tiscali shares as well as the specific characteristics of the Company and in particular the volatility of the stock.

In order to identify the criteria for determining the price of Tiscali shares, the Board of Directors has analysed the valuation methods that are commonly used for similar transactions, both on the domestic and international markets, also taking into account the applicable provisions of the Italian Civil Code. From an



analysis of the issues carried out in Italy, it emerges that the conversion price of the bonds into shares of the Company, even if it must necessarily take into account the peculiarities of the transaction, cannot disregard the share prices at a given time, in order to identify the correspondence of such conversion price with the market value.

In particular, in order to determine the price (or value) of the shares, investors, in accordance with established practice in similar transactions, make reference not only to the stock market price but also to other elements of both a quantitative and qualitative nature, including (i) the recent evolution of the stock's performance, (ii) the liquidity of the stock, (iii) the volatility of the stock, (iv) the market conditions at the time of the transaction, (v) the investors' expectations regarding the company's future results, (vi) the type of transaction carried out and the type of subscribers, (vii) the specific characteristics of the transaction, such as the size of the offer and the destination of the new financial resources raised through the transaction.

The decision to apply the stock market price method is not only referred to in the Italian Civil Code, but is also supported by practice and doctrine. In particular, the *Italian Valuation Principles ("PIV")*, for example, indicate that *"In the presence of an efficient and undisturbed stock market, and in the absence of competition to acquire control of a company, the stock market capitalisation (share price per number of outstanding shares) of a company should normally constitute the best approximation of the (market and intrinsic) value of a company."*

In any case, it should be noted that stock market prices can be subject to significant fluctuations over time, in relation to the general economic situation, the national and international financial context and speculative forecasts; therefore, valuations based on stock market prices, even if they relate to different time periods, may have been affected by such fluctuations in the period of time taken as reference for the determination of the price.

In consideration of the analyses carried out, the Company's Board of Directors considers that the criteria adopted for the determination of the Conversion Price of the Bonds are consistent with the criteria established by Article 2441, paragraph 6, of the Italian Civil Code and, therefore, appropriate to identify a price that will preserve the patrimonial interests of the Company's Shareholders, in consideration of the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code.

Finally, it should be noted that the auditing firm Deloitte & Touche S.p.A. is called upon to issue its opinion on the fairness of the issue price of the shares.

### **3. INFORMATION ON THE RESULTS FOR THE LAST FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Please refer to the information published on 17 May 2021 following the meeting of the Board of Directors held on 14 May 2021, which can be found at the following link:

[https://www.tiscali.com/wp-content/uploads/Comunicati/2021/ENG/tiscali\\_spa\\_bod\\_report2020\\_lv\\_pr.pdf](https://www.tiscali.com/wp-content/uploads/Comunicati/2021/ENG/tiscali_spa_bod_report2020_lv_pr.pdf)

### **4. GUARANTEE AND/OR PLACEMENT SYNDICATES AND ANY OTHER FORMS OF PLACEMENT PROVIDED FOR**

As this is a reserved capital increase to service the conversion of the remaining tranches of the POC, there are no guarantee and/or placement syndicates. No other form of placement is envisaged.

## 5. SHAREHOLDERS WHO HAVE EXPRESSED THEIR WILLINGNESS TO SUBSCRIBE TO THE NEWLY ISSUED MANDATORY CONVERTIBLE BOND

Pursuant to the terms of the Investment Agreement, the subscription of the POC is reserved exclusively for the Investor, who has undertaken to subscribe for it.

## 6. JUSTIFICATION OF THE PROPOSAL AND EXCLUSION OF OPTION RIGHTS

The signing of the Investment Agreement and the POC, with the flexibility typical of this instrument, will allow the Company to raise resources to meet the Company's liquidity requirements necessary to implement its business plan, within the time horizon envisaged by the POC.

The decision to proceed with the issue of a POC allows the Company to obtain financial resources within a timeframe consistent with its needs, which would be difficult to obtain through instruments such as bank borrowings, obtaining resources through the financial market or a capital increase. In particular, these instruments, in addition to being complex to implement given the Company's current financial structure, would in any case entail long lead times and high costs for Tiscali.

Therefore, the POC provides the Company with a flexible funding instrument, capable of raising, in a short time and at a limited cost, resources from the non-banking capital market, necessary to implement the business plan, in accordance with the terms of the Senior Loan agreed between the Company and the banks.

Furthermore, the particular structure of the POC, which provides for the mandatory conversion of the Bonds at maturity, ensures the Company the possibility of strengthening its equity by sterilising, at the time of conversion, any effect on its net financial position, with a consequent reinforcing of the Company's financial structure.

In this context, therefore, the advantages for the Company resulting from the placement of the POC are mainly represented by:

- The obtaining of financial resources through a transaction that offers characteristics of flexibility in favour of the Company; *and*
- The improvement of the capital structure at the maturity of the Bonds by converting them into Tiscali shares.

In this perspective, the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code is a structural element of the transaction since the newly issued shares resulting from the conversion will be attributed exclusively to the subscriber of the Bonds who will become a shareholder of the Company by virtue of the offsetting of the credit from the redemption of the bonds with the debt from the subscription of the new shares. In fact, the decision to reserve the subscription of the POC to the Investor, as a qualified investor, is based on the Company's need to promptly obtain financial resources at favourable conditions, by extending the average maturity of its existing debt.

For these reasons, the Board of Directors deemed this transaction to be in the Company's interest.

Lastly, it should be noted that the transaction as described could have a dilutive effect, as of today not calculable, on the shareholdings held by the Company's current Shareholders, which will depend on how it is carried out, and in particular, on the number of shares issued to service the conversion of the Bonds and therefore on the portion of the Company's capital actually subscribed to by the Investor as well as the relative subscription price of the Bonds.

## **7. PERIOD FOR ISSUING THE BOND AND CARRYING OUT THE CAPITAL INCREASE TO SERVICE THE CONVERSION**

The Investment Agreement provides for a total issuance period of the POC of 21 months, commencing on the second business day following the approval date of the issuance of the first tranche of the Bonds by the Board of Directors of the Company.

Each tranche of Bonds may be converted at any time prior to maturity.

The Bonds will mature 21 months after the date of issue of the first tranche of the Bonds. At maturity, all outstanding Bonds not yet converted will be irrevocably converted into Tiscali shares.

## **8. DATE OF ENTITLEMENT OF NEWLY ISSUED SHARES**

The Tiscali ordinary shares to be issued will have the same entitlement and the same characteristics as the Tiscali ordinary shares outstanding at the issue date.

## **9. INFORMATION ON THE PUBLICATION OF A LISTING PROSPECTUS**

In light of the circumstance that the number of shares that will be issued as a result of the requests for conversion of the Bonds is not determinable, as well as in consideration of the duration of the POC and that the Company is obliged to deliver to the Investor shares admitted to listing, the Company will promptly start the preparatory and functional activities for the approval of a prospectus for the admission to listing on the MTA of the Tiscali shares deriving from the conversion of the Bonds.

## **10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

A comparison of the current and proposed text of Article 5 follows. The text proposed for inclusion is indicated in bold type.

Art. 5 (Share Capital and Shares)

The share capital is EUR 51,655,159.37 (fifty-one million six hundred and fifty-five thousand one hundred and fifty-nine point thirty-seven). The shareholdings are represented by 5,061,225,582 (five billion sixty-one million two hundred and twenty-five thousand five hundred and eighty-two) shares with no par value. The fully paid-up shares are indivisible and freely transferable.

The Extraordinary Shareholders' Meeting of 16 June 2016 resolved to increase the share capital by a maximum nominal amount of EUR 25,193,708.00, against payment, also in separate issues, pursuant to and for the purposes of Art. 2441, paragraphs 5 and 6, of the Italian Civil Code, and therefore with the exclusion of option rights pursuant to the aforementioned provision, by issuing a maximum of 314,528,189 ordinary Tiscali S.p.A. shares without the identification of the nominal value, having the same characteristics as those already in circulation, regular enjoyment, at the price of: EUR 0.070 for 188,716,915 shares, EUR 0.0886 for 62,905,637 shares, EUR 0.1019 for 62,905,637 shares. The beneficiaries of the capital increase are the beneficiaries of the 2016-2021 Stock Option Plan approved by the Shareholders' Meeting on 16 June 2016 and reserved for the Chief Executive Officer of the Company, Riccardo Ruggiero, and the management of the Tiscali Group, or their respective heirs, to be implemented through the free assignment of options (hereinafter referred to as the "Options") valid for the subscription of newly issued ordinary shares of Tiscali S.p.A.. The deadline for subscription of the increase is set at 24 December 2021 with the provision that if, at the expiry of this deadline, the share capital increase is not fully subscribed, the share capital itself, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, shall be deemed to be increased by an amount equal to the subscriptions collected up to that time and as of the date of such subscriptions, provided that they are subsequent to the registration of these resolutions with the Register of Companies.

The Extraordinary Shareholders' Meeting of 16 February 2016 resolved to increase the share capital by a maximum nominal amount of EUR 16,371,192.25, against payment, also in separate issues, pursuant to and for the purposes of art. 2441, paragraphs 5 and 6, of the Italian Civil Code, and therefore with the exclusion of option rights pursuant to the aforementioned provision, through the issue of a maximum of 251,622,551 ordinary shares of Tiscali S.p.A. with no indication of nominal value, having the same characteristics as those already in circulation, regular dividend rights, at a price of: EUR 0.060 for 157,264,095 shares, of EUR 0.069 for 47,179,228 shares, of EUR 0.078 for 47,179,228 shares. The beneficiary of the capital increase is the beneficiary of the 2015 - 2019 Stock Option Plan approved by the Shareholders' Meeting on 16 February 2016 reserved for the Chairman of the Board of Directors of the Company, Renato Soru, or his heirs, and to be implemented through the free assignment of options (hereinafter referred to as the "Options") valid for the subscription of newly issued Tiscali S.p.A. ordinary shares.

The deadline for the subscription of the capital increase is set

Art. 5 (Share Capital and Shares)

The share capital is EUR 51,655,159.37 (fifty-one million six hundred and fifty-five thousand one hundred and fifty-nine point thirty-seven). The shareholdings are represented by 5,061,225,582 (five billion sixty-one million two hundred and twenty-five thousand five hundred and eighty-two) shares with no par value. The fully paid-up shares are indivisible and freely transferable.

The Extraordinary Shareholders' Meeting of 16 June 2016 resolved to increase the share capital by a maximum nominal amount of EUR 25,193,708.00, against payment, also in separate issues, pursuant to and for the purposes of Art. 2441, paragraphs 5 and 6, of the Italian Civil Code, and therefore with the exclusion of option rights pursuant to the aforementioned provision, by issuing a maximum of 314,528,189 ordinary Tiscali S.p.A. shares without the identification of the nominal value, having the same characteristics as those already in circulation, regular enjoyment, at the price of: EUR 0.070 for 188,716,915 shares, EUR 0.0886 for 62,905,637 shares, EUR 0.1019 for 62,905,637 shares. The beneficiaries of the capital increase are the beneficiaries of the 2016-2021 Stock Option Plan approved by the Shareholders' Meeting on 16 June 2016 and reserved for the Chief Executive Officer of the Company, Riccardo Ruggiero, and the management of the Tiscali Group, or their respective heirs, to be implemented through the free assignment of options (hereinafter referred to as the "Options") valid for the subscription of newly issued ordinary shares of Tiscali S.p.A.. The deadline for subscription of the increase is set at 24 December 2021 with the provision that if, at the expiry of this deadline, the share capital increase is not fully subscribed, the share capital itself, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, shall be deemed to be increased by an amount equal to the subscriptions collected up to that time and as of the date of such subscriptions, provided that they are subsequent to the registration of these resolutions with the Register of Companies.

~~The Extraordinary Shareholders' Meeting of 16 February 2016 resolved to increase the share capital by a maximum nominal amount of EUR 16,371,192.25, against payment, also in separate issues, pursuant to and for the purposes of art. 2441, paragraphs 5 and 6, of the Italian Civil Code, and therefore with the exclusion of option rights pursuant to the aforementioned provision, through the issue of a maximum of 251,622,551 ordinary shares of Tiscali S.p.A. with no indication of nominal value, having the same characteristics as those already in circulation, regular dividend rights, at a price of: EUR 0.060 for 157,264,095 shares, of EUR 0.069 for 47,179,228 shares, of EUR 0.078 for 47,179,228 shares. The beneficiary of the capital increase is the beneficiary of the 2015 - 2019 Stock Option Plan approved by the Shareholders' Meeting on 16 February 2016 reserved for the Chairman of the Board of Directors of the Company, Renato Soru, or his heirs, and to be implemented through the free assignment of options (hereinafter referred to as the "Options") valid for the subscription of newly issued Tiscali S.p.A. ordinary shares.~~

~~The deadline for the subscription of the capital increase is~~

for 24 June 2019 with the provision that if, at the end of this deadline, the capital increase is not fully subscribed, the capital itself, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, shall be deemed to be increased by an amount equal to the subscriptions collected up to that time and as of the date of the same, provided that it is subsequent to the registration of these resolutions with the Register of Companies.

The Extraordinary Shareholders' Meeting of 26 June 2018 resolved to grant the Board of Directors a proxy, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital, against payment, by a maximum amount of EUR 35,000,000.00 (thirty-five million point zero zero), including any share premium, to be carried out in one or more tranches, also in separate issues, within five years from the date of the resolution — using the individual tranches also to service the conversion of the convertible bonds issued in execution of the proxy pursuant to art. 2420-*ter* of the Italian Civil Code conferred by today's Shareholders' Meeting — by issuing a maximum of 1,300,000,000 (one billion three hundred million) ordinary shares with no nominal value, in dematerialised form, with the same characteristics as those in circulation and regular dividend rights, excluding option rights pursuant to paragraph 5 of Article 2441 of the Italian Civil Code, to be reserved for qualified investors pursuant to art. 34-*ter*, paragraph 1, letter b) of the Regulations adopted by CONSOB resolution no. 11971/1999 and subsequent amendments and additions; all with the power to define the terms, conditions and objectives of the increase, including the price of the shares to be issued, in compliance with all applicable laws and regulations.

The Extraordinary Shareholders' Meeting of 26 June 2018 resolved to grant the Board of Directors a proxy, pursuant to Article 2420-*ter* of the Italian Civil Code, for the issue, also in several tranches, of a convertible bond for a maximum total amount of EUR 35,000,000.00 (thirty-five million point zero zero), reserved for qualified investors pursuant to Article 34-*ter*, paragraph 1, letter b) of the Regulation adopted by CONSOB resolution no. 11971/1999 and subsequent amendments and additions, with the power to establish all the terms and conditions of the same, including the rate, duration, issue price of the bonds and the conversion ratio, for the conversion of which the power conferred on the Board of Directors by the Shareholders' Meeting on the same date, pursuant to Article 2443 of the Italian Civil Code, will be used. The Board of Directors meeting of 31 (thirty-one) January 2019 (two thousand and nineteen), in implementation of the powers conferred on it pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 26 (twenty-six) June 2018 (two thousand and eighteen), recorded by deed drawn up by Gianluigi Cornaglia, notary public in Tortoli, on 31 (thirty-one) January 2019 (two thousand and nineteen), repository no. 15474, collection no. 7484, resolved to increase the share capital against payment in one or more tranches up to a maximum of EUR 10,600,000.00 (ten million six hundred thousand point zero zero) to service exclusively the conversion of the convertible bonds to be issued by 31 (thirty-one) January 2019 (two thousand and nineteen), in

~~set for 24 June 2019 with the provision that if, at the end of this deadline, the capital increase is not fully subscribed, the capital itself, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, shall be deemed to be increased by an amount equal to the subscriptions collected up to that time and as of the date of the same, provided that it is subsequent to the registration of these resolutions with the Register \_\_\_\_\_ of \_\_\_\_\_ Companies.~~

The Extraordinary Shareholders' Meeting of 26 June 2018 resolved to grant the Board of Directors a proxy, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital, against payment, by a maximum amount of EUR 35,000,000.00 (thirty-five million point zero zero), including any share premium, to be carried out in one or more tranches, also in separate issues, within five years from the date of the resolution — using the individual tranches also to service the conversion of the convertible bonds issued in execution of the proxy pursuant to art. 2420-*ter* of the Italian Civil Code conferred by today's Shareholders' Meeting — by issuing a maximum of 1,300,000,000 (one billion three hundred million) ordinary shares with no nominal value, in dematerialised form, with the same characteristics as those in circulation and regular dividend rights, excluding option rights pursuant to paragraph 5 of Article 2441 of the Italian Civil Code, to be reserved for qualified investors pursuant to art. 34-*ter*, paragraph 1, letter b) of the Regulations adopted by CONSOB resolution no. 11971/1999 and subsequent amendments and additions; all with the power to define the terms, conditions and objectives of the increase, including the price of the shares to be issued, in compliance with all applicable laws and regulations.

The Extraordinary Shareholders' Meeting of 26 June 2018 resolved to grant the Board of Directors a proxy, pursuant to Article 2420-*ter* of the Italian Civil Code, for the issue, also in several tranches, of a convertible bond for a maximum total amount of EUR 35,000,000.00 (thirty-five million point zero zero), reserved for qualified investors pursuant to Article 34-*ter*, paragraph 1, letter b) of the Regulation adopted by CONSOB resolution no. 11971/1999 and subsequent amendments and additions, with the power to establish all the terms and conditions of the same, including the rate, duration, issue price of the bonds and the conversion ratio, for the conversion of which the power conferred on the Board of Directors by the Shareholders' Meeting on the same date, pursuant to Article 2443 of the Italian Civil Code, will be used. The Board of Directors meeting of 31 (thirty-one) January 2019 (two thousand and nineteen), in implementation of the powers conferred on it pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 26 (twenty-six) June 2018 (two thousand and eighteen), recorded by deed drawn up by Gianluigi Cornaglia, notary public in Tortoli, on 31 (thirty-one) January 2019 (two thousand and nineteen), repository no. 15474, collection no. 7484, resolved to increase the share capital against payment in one or more tranches up to a maximum of EUR 10,600,000 (ten million six hundred thousand point zero zero) to service exclusively the conversion of the convertible bonds to be issued by 31 (thirty-one) January 2019 (two thousand and nineteen), in execution of the authority granted to the Board by the same

execution of the authority granted to the Board by the same Shareholders' Meeting of 26 June 2018 pursuant to Article 2420-ter of the Italian Civil Code, through the issue of a maximum of 1,300,000,000 (one billion three hundred million) ordinary shares without nominal value, in dematerialised form, having the same characteristics as those in circulation and regular dividend rights, with the exclusion of option rights pursuant to paragraph 5 of Article 2441 of the Italian Civil Code, to be reserved for qualified investors pursuant to Article 34-ter, paragraph 1, letter b) of the Regulation adopted by CONSOB Resolution No. 11971/1999, and subsequent amendments and additions. The subscription price of the shares deriving from each tranche of the capital increase will be equal to 85% (eighty-five per cent) of the lowest volume weighted average of the closing prices of the Issuer's shares recorded in the last 10 (ten) working days prior to the date of the conversion request. The request for conversion of the bonds must take place by 30 (thirty) June 2020 (two thousand and twenty) and the issue of the shares resulting from the conversion must be completed within the technical time limits provided for by law.

Shareholders' Meeting of 26 June 2018 pursuant to Article 2420-ter of the Italian Civil Code, through the issue of a maximum of 1,300,000,000 (one billion three hundred million) ordinary shares without nominal value, in dematerialised form, having the same characteristics as those in circulation and regular dividend rights, with the exclusion of option rights pursuant to paragraph 5 of Article 2441 of the Italian Civil Code, to be reserved for qualified investors pursuant to Article 34-ter, paragraph 1, letter b) of the Regulation adopted by CONSOB Resolution No. 11971/1999, and subsequent amendments and additions. The subscription price of the shares deriving from each tranche of the capital increase will be equal to 85% (eighty-five per cent) of the lowest volume weighted average of the closing prices of the Issuer's shares recorded in the last 10 (ten) working days prior to the date of the conversion request. The request for conversion of the bonds must take place by 30 (thirty) June 2020 (two thousand and twenty) and the issue of the shares resulting from the conversion must be completed within the technical time limits provided for by law.

**The Board of Directors' meeting of 20 (twenty) May 2021 (two thousand and one), recorded by deed drawn up by Federico Pavan, notary public in Iglesias, on 20 May 2021, repository no. 2078, collection no. 1620, in implementation of the powers conferred on it pursuant to Articles 2420-ter and 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 26 (twenty-six) June 2018 (two thousand and eighteen), resolved to approve the issue of the first and second tranches of the mandatory convertible bond loan consisting of convertible bonds with a nominal amount of EUR 100,000.00 (one hundred thousand point zero zero) each, for a total maximum amount of EUR 6,000,000.00 (six million point zero zero), to be offered in full for subscription to Nice&Green S.A. in the context of a private placement intended for qualified investors pursuant to article 34-ter, paragraph 1, letter b) of the Regulation adopted by CONSOB resolution no. 11971/1999 and subsequent amendments and supplements and, consequently, to increase the share capital against payment, in one or more tranches and also in separate issues with the exclusion of option rights pursuant to article 2441, paragraph 5 of the Italian Civil Code. 2441, for a maximum total amount, including any share premium, of EUR 6,000,000.00 (six million point zero zero), through the issue of a maximum of 220,655,181 (two hundred and twenty million six hundred and fifty-five thousand one hundred and eighty-one) ordinary shares to service exclusively and irrevocably the conversion of the first and second tranches of the mandatory convertible bond loan. The subscription price of the shares servicing the conversion of the mandatory convertible bond loan will be equal to 95% of the second lowest Volume Weighted Average Price ("VWAP") of Tiscali shares recorded in the 6 trading days prior to the date of the request for conversion of the convertible bonds.**

Cash payments made by shareholders to the Company by way of financing may be made within the limits of

Cash payments made by shareholders to the Company

the law:

- In the form of a capital contribution with no right of repayment;
- In the form of an interest-bearing or non-interest-bearing loan with a natural right to repayment. The share capital is intended for the achievement of the corporate purpose and may also be increased by contributions in kind and/or receivables pursuant to the combined provisions of Articles 2342, 2343 et seq. of the Italian Civil Code. The Shareholders' Meeting may resolve to reduce the capital, also by assigning to individual shareholders or groups of Shareholders certain corporate assets or shares or quotas in other companies in which the Company holds a stake. The Shareholders' Meeting may resolve to increase the share capital pursuant to and within the limits of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, and grant the administrative body the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

by way of financing may be made within the limits of the law:

- In the form of a capital contribution with no right of repayment;
- In the form of an interest-bearing or non-interest-bearing loan with a natural right to repayment. The share capital is intended for the achievement of the corporate purpose and may also be increased by contributions in kind and/or receivables pursuant to the combined provisions of Articles 2342, 2343 et seq. of the Italian Civil Code. The Shareholders' Meeting may resolve to reduce the capital, also by assigning to individual shareholders or groups of Shareholders certain corporate assets or shares or quotas in other companies in which the Company holds a stake. The Shareholders' Meeting may resolve to increase the share capital pursuant to and within the limits of Article 2441, paragraph 4, second sentence, of the Italian Civil Code, and grant the administrative body the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

## 11. RIGHT OF WITHDRAWAL

The proposed amendments to Tiscali's Articles of Association set out in this Report do not give rise to a right of withdrawal pursuant to Article 2437 of the Italian Civil Code for shareholders who did not participate in the resolutions covered by this Report.

## 12. PROPOSAL FOR A RESOLUTION

In light of the above, the Board of Directors hereby submits the following proposal for a resolution to the Extraordinary Shareholders' Meeting of Tiscali convened for 24 June 2021, in a single call:

*"The Extraordinary Shareholders' Meeting of the company 'Tiscali S.p.A.':*

- having acknowledged the Directors' Report, pursuant to Article 2441, paragraph 6 of the Italian Civil Code, Article 72 of the regulation adopted by CONSOB resolution No. 11971 of 14 May 1999 and subsequent additions and amendments, and Article 125-ter of the Legislative Decree No. 58 of 24 February 1998 and subsequent amendments;*
- having acknowledged the opinion on the fairness of the issue price issued by the auditing firm Deloitte & Touche S.p.A.;*

*resolves:*

- 1. To approve the issuance of the remaining tranches of the mandatory convertible bond for an amount of EUR 3,000,000.00 each, consisting of convertible bonds with a nominal amount of EUR 100,000.00 each, for a total maximum amount of EUR 15,000,000.00 (with the possibility of renewal up to a maximum of EUR 21,000,000.00), to be offered in full for subscription to Nice&Green S.A. within the framework of a private placement intended for qualified investors pursuant to Article 34-ter, paragraph 1, letter b) of the Regulation adopted by CONSOB resolution No. 11971/1999 and subsequent amendments and additions. The Bonds will have a duration of 21 months from the date of issue of the first tranche and will be irrevocably converted at maturity. The subscription price of the convertible bonds is 95.5% of the nominal amount of the same tranche;*
- 2. Consequently, to increase the share capital of Tiscali S.p.A. against payment, in one or more tranches and also in separate issues, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code for a total amount, including any share premium, of a maximum of EUR 36.000. 000.00, to exclusively and irrevocably service the conversion of the mandatory convertible bond, through the issue of Tiscali ordinary shares, without nominal value, with regular entitlement and the same characteristics as the Tiscali ordinary shares in circulation at the issue date. The subscription price of the shares to be used for the conversion of the remaining tranches of the convertible and convertible bonds is equal to 95% of the second lowest volume weighted average price (VWAP) of Tiscali shares recorded in the 6 trading days preceding the request for conversion of the convertible bonds;*
- 3. To amend Article 5 of the Articles of Association as indicated in the Report;*
- 4. To authorise the Chairman and the Chief Executive Officer, severally, to update the numerical expressions contained in Article 5 (Share Capital and Shares) of Tiscali S.p.A.'s Articles of Association, as amended, as a result of the partial and/or total exercise of conversion rights by the bondholder and the consequent partial and/or total execution of the capital increase to service the conversion of the bond loan, also filing the relevant filings with the Register of Companies;*



5. *To authorise the Chairman and the Chief Executive Officer, severally, to exercise the widest possible powers, including through special attorneys, to do whatever is necessary or even only appropriate to implement the above resolutions, including the power (i) to set the issue date of the convertible bonds (ii) to prepare and submit any document required for the purposes of implementing the above resolutions as well as to fulfil the formalities necessary to proceed with the admission to listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. of the newly issued shares deriving from the conversion of the convertible bonds, including the power to arrange for the preparation and submission to the competent authorities of any application, request, document or prospectus necessary or appropriate for this purpose, (iii) to file with the Register of Companies the new text of the Articles of Association of Tiscali S.p.A. updated, pursuant to art. 2436 of the Italian Civil Code, (iv) to resolve on the possible renewal of the Investment Agreement and the consequent issue of the convertible bonds and capital increase to service the conversion of the convertible bonds and (v) to update the numerical expressions contained in Article 5 (Share Capital and Shares) of the Articles of Association of Tiscali S.p.A. as amended, as a consequence of the partial and/or total exercise of the conversion rights by the bondholder and the consequent partial and/or total execution of the capital increase to service the conversion of the bond loan, also providing for the relevant filings with the Register of Companies as well as including the power to introduce in the resolutions themselves all the amendments, additions or deletions, of a non-substantial nature, deemed necessary or even only appropriate or that may be required by the competent authorities at the time of authorisation and registration.”*

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Cagliari, 14 May 2021

For the Board of Directors

Renato Soru  
(Chief Executive Officer)