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the Tiscali Group and the Linkem Group
retail branch

Testo del comunicato

Vedi allegato.



JOINT PRESS RELEASE

The integration project between the Tiscali Group and the Linkem Group retail branch has started

- The Boards of Directors of Tiscali S.p.A. and Linkem Retail S.r.l. – a company wholly owned by Linkem S.p.A. – approved the merger project by incorporation of Linkem Retail S.r.l. into Tiscali S.p.A..
- The merger is part of a wider integration project at the end of which Tiscali, with Linkem as controlling shareholder, will be the 5th TLC operator in the Italian fixed market and the first in the segment of Ultra BroadBand access in FWA+FTTH technologies, with a total market share of 19.4%.
- The transaction involves the integration of the organisation *assets* of the companies involved, in order to generate significant industrial synergies and take full advantage of the opportunities arising from the implementation of the Italian National Recovery and Resilience Plan (“PNRR”) through an integrated offering of fixed, mobile, 5G, cloud and smart city services.
- As part of the transaction, a merger agreement between Tiscali S.p.A., Linkem S.p.A. and Linkem Retail S.r.l. and a Shareholders’ Agreement between Amsicora, Soru and Linkem have been signed.
- As part of the transaction, a proposal for the reverse stock split (1:100) of the Tiscali shares has been signed and will be submitted to the approval of the Shareholders’ Meeting.
- The effectiveness of the merger is in any case subject to the fulfilment of several conditions precedent indicated in the merger project, published today on the Tiscali website.
- If all conditions precedent are met, the project is expected to be completed by the first half of 2022.

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Cagliari–Rome, 30 December 2021

Today, the Boards of Directors of Tiscali S.p.A. (hereinafter referred to as “**Tiscali**”) and Linkem Retail S.r.l. (hereinafter referred to as “**Linkem Retail**”), a company wholly owned by Linkem S.p.A. (hereinafter referred to as “**Linkem**”), have approved the Merger Agreement and the merger by

incorporation project of Linkem Retail in Tiscali pursuant to Article No 2501 *-ter* of the Italian Civil Code (hereinafter referred to as the “**Merger**”).

The Merger is part of a more complex and articulated transaction aimed at integrating in a single corporate and commercial reality the Tiscali Group and the *retail* branch of Linkem Group, in order to develop synergies, consolidate and strengthen the market position (hereinafter referred to as the “**Transaction**”). Upon completion of the Transaction, Tiscali will be the fifth largest operator in the fixed market and the first in the segment of Ultra BroadBand access in FWA+FTTH technologies – the most innovative and promising ones – with an overall market share of 19.4% (Source: AGCOM data), strategically positioned to take full advantage of the potential of FTTH and 5G FWA technologies.

The purpose of the Transaction is to exploit the market and development opportunities associated with the implementation of the PNRR through the provision of fixed, mobile, 5G, cloud and smart city services dedicated to households, businesses and public administrations.

With mutual esteem and satisfaction for the future collaboration, the CEOs of the two Groups issued the following statements.

“After having contributed in a fundamental way to the diffusion of Internet services in our country, in the last two years Tiscali has redefined its business and created the conditions to be well positioned in the Cloud services offer and thus contribute to the challenge of digital transition that in the next few years will involve the Public Administration and the entire Italian economy. The integration with Linkem Retail is a significant step for the further development of services dedicated both to families, with particular attention to those in the digital divide areas, and to businesses and the Public Administration. Together, we will double our company size, but above all we will have the possibility to carry on our common growth project with greater strength. With this integration, and with the new and important partners, Tiscali can look confidently to the future with renewed growth prospects,” Renato Soru, CEO of Tiscali, said.

“Linkem and Tiscali are two important businesses that from the outset have focused on innovation, customer focus and the specialisation of their organisation. The integration transaction we are protagonist of is based on the sharing of these values and assets, unique in the Italian panorama of telecommunications, which will allow us to take advantage of all the opportunities related to the development of 5G services and the digital transformation of businesses and Public Administration. In fact, in addition to serving households with an integrated offer of fixed and mobile services and thanks to the migration to 5G technology, we aim to develop advanced services dedicated to the Public Administration and citizens of Smart Cities, in line with the objectives of the PNRR,” Davide Rota, Chairman and CEO of Linkem, said.

Linkem has today transferred to Linkem Retail the business branch related to Linkem Group’s commercial activities, it being understood that the effectiveness of the transfer will take place immediately prior to the completion of the Merger and at substantially the same time. In particular, Linkem’s business to be transferred includes: all the existing relationships with *retail, consumer and business* customers, the personnel employed for the management of the aforesaid relationships, some participations that carry out similar activities, the existing contracts with authorized resellers, as well as service and retail sale contracts.

Moreover, in order to bring all retail activities to the same corporate level, the Linkem business are expected – immediately after the completion of the Merger and at the same time – to be transferred by Tiscali to the operating company Tiscali Italia S.p.A. (wholly controlled by Tiscali).

Terms and conditions of the Merger

The Merger project has been prepared on the basis of the Half-Year Financial Report as at 30 June 2021 for the acquiring company (i.e. Tiscali), and a balance sheet position as at 30 November 2021 for the acquired company (i.e. Linkem Retail).

The Boards of Directors of Tiscali and Linkem Retail, after having examined and endorsed the evaluations of the respective advisors, have approved the exchange ratio, based on the number of shares currently outstanding, equal to No 5.0975 Tiscali shares for every EUR 1.00 of Linkem Retail Share Capital held by Linkem. As a result of the Merger, Linkem will therefore become owner of 62% of Tiscali's share capital. An adjustment mechanism is also provided that allows Linkem to become owner of a participation equal to 62% of Tiscali's Share Capital also in case of some transactions on Tiscali's Share Capital carried out before the Merger.

It should be noted that, in the context of the Transaction, Tiscali's Board of Directors has resolved to propose to the Shareholders' Meeting a reverse stock split of Tiscali shares at a ratio of 1:100. If approved, the reverse stock split will be implemented before the date of effectiveness of the Merger.

In addition to the legal conditions, the Merger is conditional upon the fulfilment, by 31 July 2022, of a series of conditions precedent, including certain standard conditions for transactions of this type, such as, by way of example, the obtaining of the relevant authorisations, including any antitrust and Golden Power authorisations, the completion of the necessary trade union procedures, the non-occurrence of a material adverse event under the Merger Agreement, the admission to listing of the newly issued Tiscali shares, as well as, in particular, the following:

- The approval of the Merger by the Extraordinary Shareholders' Meeting of Tiscali with the mechanism of the so called "whitewash", according to Article 49, Paragraph 1, Letter g), of the CONSOB Regulation No 11971/99 (hereinafter referred to as the "Issuers Regulation") with the consequent absence of obligations to launch a public offer on the shares of the company resulting from the Merger and the approval of the merger by the Extraordinary Shareholders' Meeting of Linkem Retail;
- The obtainment of consents from the respective financial counterparts with whom financing contracts and/or bonds and/or rescheduling agreements, which provide for the consent with respect to extraordinary reorganization operations, are in place;
- The completion of the mutual legal, tax and accounting/financial due diligence initiated by the advisors of Tiscali and Linkem on 22 November 2021, with a satisfactory outcome in the reasonable opinion of a professional investor;
- The full issuance and conversion of the first 7 tranches of notes pursuant to the Bond issued by Tiscali and reserved for Nice&Green S.A.;
- The elaboration, the drafting and the approval by Tiscali's Board of Directors of a business plan whose terms and conditions have been previously approved also by Linkem's Board of Directors;

- The raising by Tiscali of the financial resources (in the form of equity or quasi-equity) required to fully cover the financial requirements set out in the Business Plan for at least the 12 months following the effective date of the Merger;
- The signing of a Services Agreement – and the related approval of its terms and conditions by Tiscali’s Related Parties Committee – between Linkem and Linkem Retail concerning the provision of network services;
- The signing of a guarantee and indemnity agreement at market terms and conditions.

Timing of the Transaction

The Merger is expected to be submitted to the approval of the Extraordinary Shareholders’ Meeting of Tiscali and Linkem Retail that will be convened within March 2022. In this respect, in view of the Extraordinary Shareholders’ Meeting of Tiscali called to approve the Merger, Linkem Retail intends to appoint Georgeson to launch a proxy solicitation pursuant to Articles No. 135 *et seq.* of the Issuers’ Regulations.

Following a joint petition filed with the Court of Cagliari filed on 3 December 2021, Deloitte&Touche S.p.A. has been appointed as independent expert to prepare the report on the fairness of the exchange ratio pursuant to Article 2501 *-sexies* of the Italian Civil Code.

It is expected that the Merger, subject to the fulfilment or waiver of all condition precedent, may be completed within the first half of 2022.

Right of withdrawal

Since the corporate purpose of the acquiring company is consistent with that of the acquired company in terms of sector and range of activities, the shareholders of the companies participating in the Merger who did not take part in the relevant resolutions of the Shareholders’ Meetings will not be entitled with the right to withdraw pursuant to Article 2437 of the Italian Civil Code, nor will there be any further grounds for withdrawal pursuant to that provision and/or other provisions of law.

Shareholding structure of Tiscali after the Merger

On the basis of Tiscali’s Share Capital as of today, at the effective date of the Merger: (i) Linkem will hold a stake equal to 62% of Tiscali’s Share Capital, (ii) Amsicora S.r.l. will hold a stake equal to approximately 3.7% of Tiscali’s Share Capital (of which approximately 2.67% held directly and the remaining 1.03% loaned to Nice&Green S.A.), (iii) Renato Soru will hold a stake equal to approximately 2.09% of Tiscali’s Share Capital.

Furthermore, Linkem, Amsicora S.r.l. and Mr. Renato Soru have signed today a Shareholders’ Agreement in order to regulate the mutual commitments in the context of the Merger in relation, principally, to certain lock-up and voting commitments of Amsicora and Mr. Soru as well as the governance of the Issuer after the completion of the Merger. Notice of this Shareholders’ Agreement will be provided in accordance with the applicable laws and regulations.

Advisors to the Transaction

In relation to the Transaction, Tiscali is assisted by: CC & Soci, as financial advisor; Equita SIM S.p.A., which issued a fairness opinion on the fairness from a financial point of view of the exchange ratio; BDO, which carried out the accounting due diligence; and Chiomenti for the legal and tax profiles.

Linkem S.p.A. and Linkem Retail are assisted by Banca Akros S.p.A., that issued a fairness opinion on the fairness of the exchange ratio from a financial point of view, as financial advisor; Studio Spada Partners for fiscal and accounting due diligence; and Gianni & Orioni for legal profiles.

The Merger Plan is published on the website www.tiscali.com at the same time as this press release, which is also available on the website www.linkem.com.

Further documentation relating to the Merger, including the Directors' Report on the Merger and the information document pursuant to Article No. 70, Paragraph 6 of the Issuers' Regulation, will be made available to the public by Tiscali in the manner and within the terms provided for by law and regulation.

About Tiscali S.p.A.

Tiscali S.p.A. (Borsa Italiana, Euronext Milan: TIS), Smart Telco with the largest Fiber coverage in Italy, provides its customers – individuals, businesses and public administrations – with a wide range of services: Fixed and Fixed Wireless BroadBand and UltraBroadband Internet access, mobile phone services and value-added services (including security, cloud and social media services). As at 30 June 2021, Tiscali had a customer portfolio of 648.3 thousand units. Tiscali is also one of the main Italian news portals, with 10 million visitors per month. Tiscali's website can be reached at www.tiscali.it.

Tiscali Press Office Contacts

Ilenia Loi | iloi@tiscali.com

+39 07046011

About Linkem S.p.A.

Linkem S.p.A. is the leading 5G operator in Italy in the Wireless Ultra Broadband sector and the fifth operator in the Fixed market. On the market since 2001, Linkem offers UltraBroadband Internet services for households and businesses throughout the country based on different technologies, Fixed Wireless Access (FWA), fiber, as well as symmetrical/guaranteed point-to-point installations dedicated to the business world and public administrations. Linkem is committed to creating value for customers and for the territories in which it operates thanks to the continuous evolution of the network in terms of capacity and in view of the transition to 5G. Linkem represents a virtuous example of attracting capital from abroad, thanks to the investments made by American funds of the calibre of Jefferies, Cowen in partnership with Armavir, and Blackrock. As of today, Linkem covers 70% of the population at national level thanks to its Fixed Wireless Access (FWA) network based on licensed frequencies in the internationally recognised golden band for the development of 5G networks.

Linkem Press Office Contacts

Claudia Pollio | claudia.pollio@linkem.com

+3755265543

Giorgia Bazurli | giorgia.bazurli@cominandpartners.com

+39 349 2840676

Giulio Sarti | giulio.sarti@cominandpartners.com

+ 39 333 2254536

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