

FINANCIAL INFORMATION AT SEPTEMBER 30, 2023



*This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails.*

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TIM's Board of Directors met on November 8, 2023 chaired by Salvatore Rossi to approve the TIM Group's Financial Information at September 30, 2023.

HIGHLIGHTS

Financial results for the third quarter of 2023

The Group's results in the third quarter, during which growth of both revenues and EBITDA continued, are fully in line with the targets for 2023.

Total revenues were up by 3.7% YoY, to 4.1 billion euros, thanks to the positive contribution made both by the Domestic Business Unit and TIM Brasil. More specifically, total revenues of the Domestic Business Unit grew for the second consecutive quarter (+2.2% YoY, speeding up compared to the +0.6% YoY in the second quarter), while TIM Brasil's total revenues grew 7.9% YoY.

Service revenues increased by 1.7% compared with the same quarter of 2022, with the domestic component heading towards stabilization (-0.6% YoY, -0.9% YoY in the second quarter, -2.4% YoY in the first quarter), while TIM Brasil's strong growth continued (+7.5% YoY).

Organic EBITDA was 1.7 billion euros (+6.5% YoY) with the Domestic Business Unit growing for the second consecutive quarter (+3.6% YoY compared to +0.5% YoY in the second quarter) and with TIM Brasil reporting very positive performance (+12.1% YoY).

EBITDA After Lease was 1.4 billion euros, up 8.6% YoY, with the Domestic Business Unit up 3.4% YoY and with TIM Brasil up 21.4% YoY, also thanks to the speeding up of the mobile site decommissioning plan.

During the quarter, cost containment actions to increase the level of the Domestic Business Unit's structural efficiency continued ('Transformation Plan', cumulative target of cash cost reduction of 1.5 billion euros by 2024 versus the inertial trend). At September 30, the reduction of cash cost with respect to the inertial trend amounted to approximately 0.6 billion euros and 77% of the incremental target set for 2023.

Net financial debt after lease at September 30 stood at 21.2 billion euros, up 0.4 billion euros compared to June 30. Net financial debt was 26.3 billion euros, up 0.2 billion euros compared to June 30.

At September 30 the **liquidity margin** was 8.9 billion euros and covers the debt maturities throughout 2025. To support its liquidity position, the Group has successfully closed several refinancing initiatives since the start of the year, collecting 4.1 billion euros, of which 2.5 billion euros in the third quarter. More specifically, in September the bond issued in July was reopened, for an amount equal to 0.75 billion euros at improved conditions. For the remainder of 2023, the Group does not expect to carry out any further refinancing.

The **Equity free cash flow after lease** in the third quarter was negative for 0.3 billion euros (Equity free cash flow -0.1 billion euros). Considering the anticipations of the NRRP, from which 700 million euros are expected by the end of 2023, the Equity free cash flow after lease is foreseen flat in the for full year.

Below is an update on the four Entities:

- **TIM Consumer** total revenues and service revenues were down respectively 3.8% YoY and 3.4% YoY in the third quarter, an improvement compared with previous quarters. The "Volume-to-Value" strategy continued with price increases applied to 50% of the mobile and 70% of the fixed customer base since the beginning of the year. As a consequence of such price increases, the ARPU increased in both fixed and mobile, with limited impacts on the churn rate.
- **TIM Enterprise** total revenues and service revenues were up respectively 4.8% YoY and 4.2% YoY in the third quarter, an improvement compared with previous quarters.

The service revenues mix in the nine months was in line with expectations:

- Connectivity (-3% YoY)
- Cloud (+8% YoY)
- IoT (-3% YoY)
- Security (+9% YoY)
- Other IT services (+9% YoY)

ICT services generated 58% of total revenues, compared with 56% in the first nine months of 2022.

- **NetCo** total revenues were up by 5.8% YoY in the quarter, also thanks to the extension to the grey areas of the commercial agreement with Open Fiber. Service revenues were down 1.1% YoY in the quarter: the benefits of 2023 new regulated prices and of the improvement in the technological mix only partly offset the decline in volumes. As regards NRRP tenders, TIM confirms completion of the walk-in activities and the acceleration of FTTH deployment of the Italia 1 Giga Plan, which will enable a progressive recovery of the delays recorded on the previous milestones; the situation remains critical in Sardinia, due to the scarcity of resident specialized labor. As regards the 5G Backhauling and 5G Densification plans, deployment is in line with the targets set in the NRRP.

It is also noted that the roll-out of fiber is continuing, in line with the aim of achieving 48% coverage of property technical units by 2025. At September 30, NetCo managed approximately 15.6 million fixed accesses (of which more than 70% in UBB technologies) with a market share of 79% and FTTx coverage of approximately 95% of active lines (approximately 61% with a speed of over 100 Mbps). The technical units covered by FTTH technology numbered 8.4 million, giving a coverage of 36%, up by 7 percentage points in the last 12 months.

- **TIM Brasil** recorded another very positive quarter, reporting 7.9% YoY growth in total revenues and 7.5% YoY growth in service revenues, thanks to the excellent performance in the mobile business, which saw the ARPU at the highest levels ever (in both pre-paid and post-paid) and thanks to the continuous increase of the TIM Live customer base in the fixed business. Third quarter EBITDA was 564 million euros (+12.1% YoY) thanks to the synergies with Oi and efficiency in costs, whose growth rate remains below inflation levels. EBITDA After Lease was 430 million euros (+21.4% YoY), also supported by the decommissioning of mobile sites. Thanks to its solid cash generation, the Company announced a dividend distribution growing from the previously announced 2.3 billion reais to 2.9 billion for fiscal year 2023 (at the current exchange rate, this translates to approximately 560 million euros).



Financial highlights

(million euros) - reported data	3rd Quarter 2023 (a)	3rd Quarter 2022 (b)	Changes % (a-b)	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes % (a-b)
Revenues	4,107	3,972	3.4	11,953	11,529	3.7
EBITDA (1)	1,547	1,287	20.2	4,217	3,945	6.9
EBITDA Margin (1)	37.7%	32.4%	5.3pp	35.3%	34.2%	1.1pp
EBIT (1)	329	41	—	568	438	29.7
EBIT Margin (1)	8.0%	1.0%	7.0pp	4.8%	3.8%	1.0pp
Profit (loss) for the period attributable to owners of the Parent	(311)	(2,245)	86.1	(1,124)	(2,728)	58.8
Capital Expenditures & spectrum	916	856	7.0	2,645	2,762	(4.2)
				9/30/2023 (a)	12/31/2022 (b)	Absolute Change (a-b)
Adjusted Net Financial Debt (1)				26,338	25,364	974

(1) Details are provided under “Alternative Performance Measures”.

Organic results ⁽¹⁾

(million euros) - organic data	3rd Quarter 2023 (a)	3rd Quarter 2022 (b)	Changes %	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes %
TOTAL REVENUES	4,107	3,961	3.7	11,953	11,541	3.6
Domestic	2,978	2,915	2.2	8,745	8,670	0.9
Brazil	1,138	1,054	7.9	3,236	2,895	11.8
Other operations, adjustments and eliminations	(9)	(8)	—	(28)	(24)	—
SERVICE REVENUES	3,771	3,709	1.7	10,982	10,761	2.1
Domestic	2,675	2,690	(0.6)	7,870	7,974	(1.3)
of which Fixed	2,028	2,016	0.6	6,073	6,093	(0.3)
of which Mobile	781	802	(2.6)	2,201	2,281	(3.5)
Brazil	1,104	1,027	7.5	3,140	2,811	11.7
Other operations, adjustments and eliminations	(8)	(8)	—	(28)	(24)	—
EBITDA	1,687	1,584	6.5	4,787	4,544	5.3
Domestic	1,123	1,084	3.6	3,230	3,214	0.5
Brazil	564	502	12.1	1,562	1,338	16.7
Other operations, adjustments and eliminations	—	(2)	—	(5)	(8)	—
EBITDA After Lease	1,420	1,308	8.6	3,977	3,788	5.0
Domestic	990	957	3.4	2,835	2,833	0.1
Brazil	430	353	21.4	1,147	963	19.0
Other operations, adjustments and eliminations	—	(2)	—	(5)	(8)	—
CAPEX (net of telecommunications licenses)	916	844	8.5	2,645	2,686	(1.5)
Domestic	728	660	10.3	2,053	2,068	(0.7)
Brazil	188	184	2.1	592	618	(4.3)

⁽¹⁾ The organic results exclude non-recurring items and the comparable base is calculated net of the foreign currency translation and the change in the scope of consolidation.

(million euros) - reported data	3rd Quarter 2023 (a)	3rd Quarter 2022 (b)	Changes %	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes %
Equity Free Cash Flow	(71)	(77)	7.8	(238)	261	—
Equity Free Cash Flow After Lease	(274)	(251)	(9.2)	(907)	(235)	—
Adjusted Net Financial Debt ⁽²⁾				26,338	25,504	3.3
Net Financial Debt After Lease ⁽²⁾				21,184	20,100	5.4

⁽²⁾ Adjusted Net Financial Debt. The change in the fair value of derivatives and related financial liabilities/assets is adjusted by the booked Net Financial Debt with no monetary effect.

The Group's ESG performance - third quarter of 2023

ENVIRONMENT

As part of the initiatives taken to increase the efficiency of the infrastructures, parallel to the decommissioning of approximately 15,000 telephone booths (already started in the second quarter), the project has been announced to install **low environmental impact digital booths** that will offer citizens and tourists infotainment, smartphone charging, digital payments and ticketing services, as well as free calls to national fixed and mobile numbers and the "Women+" emergency button to fight violence against women and micro crime. The city of Milan will be the first to implement the project, with approximately 450 stations starting 2024. Another 13 major Italian cities will then follow.

SOCIAL

As part of the actions with "external" social impact, and which are therefore related to the country's digitization, TIM has marked a new milestone in health care, making its **5G technology** available to Bari Polyclinic Hospital for the world's first ever corneal surgery to be carried out from a remote position. Thanks to TIM's 5G infrastructure, data transmission has been guaranteed with latency of less than 50 milliseconds. As part of the digitization initiatives, TIM has launched the "**TIM AI Challenge**" on the TIM Growth Platform, its open innovation platform. The challenge is intended for start-ups, scale-ups and national and international companies with significant innovative potential, in order to select Artificial Intelligence solutions to enhance the TIM Enterprise portfolio of services.

In terms of the "internal" social impact, various actions have been taken to ensure the well-being and appreciation of TIM's people. This year too, "**TIM Estate**" is back, an initiative that has been supporting TIM employees for more than 50 years now, in striking a life-work balance, offering their underage children a fifteen-day summer stay. This year, the initiative involved more than 2,600 children and teenagers. Starting September, the main corporate sites of Milan, Turin and Rome saw the renewed start-up of their **children's structures**, with special rates for employees' children. Finally, as regards strengthening competences, the **training offered** in schools, universities and business schools at special rates and discounts to TIM employees and their families, has been further enriched.

GOVERNANCE

In confirming its commitment to consumer protection, TIM has adhered to the new **Telemarketing Code of Conduct** approved by the AGCom to guarantee maximum transparency to customers signing telephone contracts and fight illegal and aggressive practices.

In the context of the initiatives aimed at reducing the gender gap, TIM has achieved **Gender Equality Certification (UNI/PdR 125:2022)**, one of the first Italian companies to do so. The certification attests to the implementation of a gender equality management system, which, with performance indicators and actions, seeks to bridge the existing gaps and foster women's empowerment. Consistently, the new "**Human Resources and Equal Opportunities Policy**" has been published, which highlights inclusion and equal opportunities in the belief that there is a positive relationship between inclusion and business performance.

Under the scope of the ESG ratings and indexes, validating the action taken this year too in respect of Diversity & Inclusion, TIM has been confirmed by the "**Refinitiv Diversity and Inclusion Index**" as the world's top telco company for inclusion and diversity promotion policies.

TIM was also rewarded at the **Institutional Investor Awards 2023**, where - in addition to coming first in Europe in relations with institutional investors and financial analysts - it also achieved the "Best ESG Program 2023" award for the "Small & Mid Cap" market capitalization in the "Mid Cap" category.



INTRODUCTION

TIM voluntarily writes and publishes periodic financial information referring to the first and third quarter of each year as part of its corporate policy on regular financial and operating performance disclosure addressed to the market and to investors, in line with the best market practices.

The consolidated data included in the periodic financial information of the TIM Group at September 30, 2023 has been prepared in compliance with the accounting standards, the recording and measurement criteria and the consolidation methods and criteria adopted to prepare the Consolidated Financial Statements at December 31, 2022, to which reference is made for a more extensive description; this applies with the exception of the changes to the accounting standards issued by the IASB and in force starting January 1, 2023. Such data is not audited.

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition.

Specifically, these alternative performance measures refer to: EBITDA; EBIT; organic change and impact of non-recurring items on revenues, EBITDA and EBIT; EBITDA margin and EBIT margin; Net financial debt carrying amount and adjusted net financial debt; Equity free cash flow; Cash flow from operations; Cash flow from

operations (net of licenses). Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance measures: EBITDA After Lease ("EBITDA-AL"), Adjusted net financial debt After Lease, Equity Free Cash Flow After Lease.

In line with the ESMA guidance on alternative performance measures (Guidelines ESMA/2015/1415), the meaning and contents of such are explained in the annexes and the analytical detail of the amounts of the reclassifications introduced and of the methods for determining indicators is also provided.

Lastly, the section entitled "Business Outlook for the year 2023" contains forward-looking statements in relation to the Group's intentions, beliefs or current expectations regarding financial performance and other aspects of the Group's operations and strategies. Readers of this release are reminded not to place undue reliance on forward-looking statements; in fact, actual results may differ significantly from forecasts owing to risks and uncertainties depending on numerous factors, the majority of which are beyond the scope of the Group's control. Please refer to the chapter "Main risks and uncertainties" and the contents of the Annual Financial Report at December 31, 2022 for more information. It provides a detailed description of the major risks pertaining to the TIM Group business activity which can, even considerably, affect its ability to meet the set goals.



MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP

The main changes in the scope of consolidation in the first nine months of 2023 were the following:

- *TS-Way S.r.l. (which joined the Domestic Business Unit scope):* Telsy S.p.A. acquired 100% share capital of the company on April 20, 2023. TS-Way operates in Information Technology security;
- *TIM Servizi Digitali S.p.A. (which has left the Domestic Business Unit scope):* TIM S.p.A. sold 100% share capital of the company on August 4, 2023.

Furthermore, in September 2023 the TIM Group, through Olivetti S.p.A., and Buffetti (Dylog Group) announced that they had signed an agreement for Buffetti to acquire Olivetti's retail cash systems business. At September 30, 2023, considering completion of the sale in the forthcoming months to be extremely likely, the business unit for sale was presented as "Asset held for sale".

In the first nine months of 2022, the main corporate transactions were as follows:

- *Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (Brazil Business Unit):* on April 20, 2022, TIM S.A. acquired 100% of the company's share capital. The business unit relating to the part share of the assets, rights and obligations of the mobile telephone business of Oi Móvel - Em Recuperação Judicial, has flowed into Cozani. The incorporation of the company into TIM S.A. took effect starting April 1, 2023;
- *Mindicity S.r.l. (Domestic Business Unit):* Olivetti S.p.A. acquired 70% share capital of the company on May 30, 2022. Mindicity manages a software platform and business under the scope of smart cities;
- *Movenda S.p.A. (Domestic Business Unit):* TIM S.p.A. acquired 100% share capital of the company in July 2022. Movenda offered digital identity solutions. In 2022, Movenda S.p.A. was merged by incorporation into TIM S.p.A., with accounting and tax effects from July 1, 2022;
- *Daphne 3 S.p.A. (Domestic Business Unit):* TIM S.p.A. sold 41% of the share capital of the holding company Daphne 3 on August 4, 2022. The company holds a 29.9% share in Infrastrutture Wireless Italiane ("INWIT").

In addition, the company *Polo Strategico Nazionale S.p.A.*, of which TIM S.p.A. holds 45% of the share capital, was established on August 4, 2022. The company deals with the design, preparation, fitting out and management of infrastructure for the supply of cloud services and solutions for the public administration.

TIM GROUP RESULTS FOR THE FIRST NINE MONTHS OF 2023

Total TIM Group revenues for the first nine months of 2023 amounted to **11,953 million euros**, +3.7% compared to the first nine months of 2022 (11,529 million euros).

The breakdown of total revenues for the first nine months of 2023, by operating segment in comparison with the first nine months of 2022 is as follows:

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	8,745	73.2	8,673	75.2	72	0.8	0.9
Brazil	3,236	27.1	2,880	25.0	356	12.4	11.8
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(28)	(0.3)	(24)	(0.2)	(4)	—	—
Consolidated Total	11,953	100.0	11,529	100.0	424	3.7	3.6

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes¹ (+12 million euros) and changes in the scope of consolidation.

Revenues for the third quarter of 2023 totaled 4,107 million euros (3,972 million euros in the third quarter of 2022).

Group EBITDA for the first nine months of 2023 was **4,217 million euros** (3,945 million euros in the first nine months of 2022, +6.9% in reported terms, +5.3% in organic terms).

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for the first nine months of 2023 compared with the first nine months of 2022, are as follows:

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	2,668	63.3	2,641	66.9	27	1.0	0.5
% of Revenues	30.5	—	30.5	—	—	0.0pp	(0.2) pp
Brazil	1,554	36.9	1,315	33.3	239	18.2	16.7
% of Revenues	48.0	—	45.6	—	—	2.4pp	2.1pp
Other Operations	(6)	(0.2)	(11)	(0.2)	5	—	—
Adjustments and eliminations	1	—	—	—	1	—	—
Consolidated Total	4,217	100.0	3,945	100.0	272	6.9	5.3

Organic EBITDA - net of the non-recurring items amounted to **4,787 million euros**; the EBITDA margin was 40.0% (4,544 million euros in the first nine months of 2022, with an EBITDA margin of 39.4%).

EBITDA in the first nine months of 2023 was impacted by non-recurring charges in the total amount of 570 million euros (594 million euros in the first nine months of 2022), mainly relating to:

- 418 million euros for employee benefits expenses and provisions (548 million euros in the first nine months of 2022) also connected with the application of Art. 4 of Italian Law 92 of June 28, 2012, as per the agreements signed with the Trade Union Organizations by the Parent Company TIM S.p.A., by Noovle S.p.A. and by Telecom Italia Sparkle S.p.A.. Said agreements involve an incentive to take redundancy for approximately 2,000 people and are valid until November 30, 2023;
- 152 million euros (46 million euros in the first nine months of 2022) for expenses mainly linked to disputes, regulatory sanctions and potential liabilities associated thereto, as well as to agreements and the development of non-recurring projects.

¹ The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.42578 for the Brazilian real in the first nine months of 2023 and 5.46570 in the first nine months of 2022; for the US dollar, the average exchange rates used were 1.08345 in the first nine months of 2023 and 1.06408 in the first nine months of 2022. The effect of the change in exchange rates is calculated by applying the foreign currency translation rates used for the current period to the period under comparison.

Organic EBITDA, net of the non-recurring items, is calculated as follows:

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	4,217	3,945	272	6.9
Foreign currency financial statements translation effect		5	(5)	
Non-recurring expenses (income)	570	594	(24)	
ORGANIC EBITDA - excluding non-recurring items	4,787	4,544	243	5.3
% of Revenues	40.0	39.4	0.6pp	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Organic EBITDA - excluding the use of the risk provisions hedging onerous contracts - in the first nine months of 2023 came to 4,667 million euros (4,206 million euros in the first nine months of 2022).

The EBITDA of the third quarter of 2023 totaled 1,547 million euros (1,287 million euros in the third quarter of 2022).

Organic EBITDA net of the non-recurring items in the third quarter of 2023 totaled 1,687 million euros (1,584 million euros in the third quarter of 2022).

TIM Group EBIT for the first nine months of 2023 was **568 million euros** (438 million euros in the first nine months of 2022).

Organic EBIT, net of the non-recurring items, amounted to **1,139 million euros** (1,036 million euros for the first nine months of 2022), with an EBIT margin of 9.5% (9.0% for the first nine months of 2022).

Organic EBIT, net of the non-recurring items, is calculated as follows:

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	568	438	130	29.7
Foreign currency financial statements translation effect		4	(4)	
Non-recurring expenses (income)	571	594	(23)	
ORGANIC EBIT - excluding non-recurring items	1,139	1,036	103	9.9

The EBIT of the third quarter of 2023 totaled 329 million euros (41 million euros in the third quarter of 2022).

Organic EBIT net of the non-recurring items in the third quarter of 2023 totaled 472 million euros (343 million euros in the third quarter of 2022).

The **Net loss attributable to Owners of the Parent for the first nine months of 2023**, was 1,124 million euros (-2,728 million euros in the first nine months of 2022), suffering the negative impact of net non-recurring expenses for 596 million euros (2,367 million euros in the first nine months of 2022).

The TIM Group **headcount** at September 30, 2023 was **48,443**, including 38,951 in Italy (50,392 at December 31, 2022, including 40,752 in Italy).

Capital expenditures and expenses for mobile telephone licenses/spectrum for the first nine months of 2023, were 2,645 million euros (2,762 million euros in the first nine months of 2022).

Capex is broken down as follows by operating segment:

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Change
		% weight		% weight	
Domestic	2,053	77.6	2,148	77.8	(95)
Brazil	592	22.4	614	22.2	(22)
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	2,645	100.0	2,762	100.0	(117)
% of Revenues	22.1		24.0		(1.9)pp

In particular:

- the **Domestic Business Unit** presents capex for 2,053 million euros, with a significant portion aimed at deploying the FTTC/FTTH networks, down 95 million euros compared to the first nine months of 2022, mainly due to the 2022 completion by Noovle of the regions connected with the partnership with Google;
- the **Brazil Business Unit** posted capital expenditures in the first nine months of 2023 of 592 million euros (614 million euros for the first nine months of 2022). Excluding the impact of changes in exchange rates (+4 million euros), capex was down 26 million euros compared with the first nine months of 2022. Technological investments represent 90% of total capex and were mainly driven by the significant coverage of the main cities with new 5G SA technology and by the full completion of Oi/Cozani

infrastructure integration. Besides Mobile core business expansion, the Business Unit continued to develop the Ultrabroadband residential business with FTTH technology (Ultrafibre).

The Group's **Operating Free Cash Flow** for the first nine months of 2023 was positive for 1,123 million euros (-1,128 million euros in the first nine months of 2022, impacted, in particular, by payments for the acquisition of rights of use of telecommunication service frequencies in Italy and Brazil).

The Equity Free Cash Flow for the first nine months of 2023 amounted to -238 million euros (+261 million euros in the first nine months of 2022). This financial measure represents the free cash flow available for the remuneration of own capital, to repay debt and to cover any financial investments and payments of licenses and frequencies.

Adjusted Net Financial Debt came to 26,338 million euros at September 30, 2023, up by 974 million euros compared to December 31, 2022 (25,364 million euros), by virtue of the net effect of the positive operating dynamics, juxtaposed against the needs deriving from tax and financial operations, lease payables and the payment of dividends in Brazil.

For a better understanding of the information, the table below shows the various ways by which the Net Financial Debt can be shown:

(million euros)	9/30/2023 (a)	12/31/2022 (b)	Change (a-b)
Net financial debt carrying amount	26,471	25,370	1,101
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(133)</i>	<i>(6)</i>	<i>(127)</i>
Adjusted Net Financial Debt	26,338	25,364	974
<i>Leases</i>	<i>(5,154)</i>	<i>(5,349)</i>	<i>195</i>
Adjusted net financial debt - After Lease	21,184	20,015	1,169

Net financial debt carrying amount amounted to 26,471 million euros at September 30, 2023, an increase of 1,101 million euros compared to December 31, 2022 (25,370 million euros). The reversal of fair value measurement of derivatives and related financial liabilities/assets recorded a change of 127 million euros due to the market dynamics on interest rates; this change is adjusted by the Net Financial Debt carrying amount with no monetary effect.

Adjusted Net Financial Debt – After Lease (net of lease contracts) was equal to 21,184 million euros at September 30, 2023, up by 1,169 million euros compared to December 31, 2022 (20,015 million euros), by virtue of the net effect of the positive operating dynamics, juxtaposed against the needs deriving from tax and financial operations and the payment of dividends in Brazil.

In the third quarter of 2023, adjusted net financial debt increased by 175 million euros compared to June 30, 2023 (26,163 million euros).

(million euros)	9/30/2023 (a)	6/30/2023 (b)	Change (a-b)
Net financial debt carrying amount	26,471	26,210	261
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(133)</i>	<i>(47)</i>	<i>(86)</i>
Adjusted Net Financial Debt	26,338	26,163	175
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,451	31,331	1,120
Total adjusted financial assets	(6,113)	(5,168)	(945)

The TIM Group's available **liquidity margin** at September 30, 2023 amounted to 8,869 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 4,869 million euros (5,001 million euros at December 31, 2022), also including 713 million euros (nominal value) in repurchase agreements expiring by June 2024;
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 24 months.

It should be noted that sales without recourse of trade receivables to factoring companies completed in the first nine months of 2023 resulted in a positive effect on the adjusted net financial debt at September 30, 2023, amounting to 986 million euros (1,155 million euros at December 31, 2022; 1,020 million euros at September 30, 2022).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 8,745 million euros, up by 72 million euros (+0.8%) compared to the first nine months of 2022. In organic terms, they increased by 75 million euros (+0.9% on the first nine months of 2022).

Stand-alone service revenues came to 7,870 million euros (-107 million euros compared to the first nine months of 2022, -1.3%) and suffer the impact of the competition on the customer base, as well as the effects deriving from the new marketing model, which, starting from the fourth quarter of 2022, entailed the elimination of the “activation contribution”; in organic terms, they drop by 104 million euros compared to the first nine months of 2022 (-1.3%).

In detail:

- **Stand-alone Fixed service revenues** amounted to 6,073 million euros in organic terms, with a negative change with respect to the first nine months of 2022 (-0.3%) mainly due to the decrease in accesses and the difference in activation contributions, partly offset by the growth in revenues from ICT solutions (+85 million euros compared to the first nine months of 2022, +8.1%);
- **Stand-alone Mobile service revenues** came to 2,201 million euros (-80 million euros compared to the first nine months of 2022, -3.5%), mainly due to the reduction in the customer base connected with human lines.

Handset and Bundle & Handset revenues, including the change in work in progress, amounted, in organic terms, to 875 million euros in the first nine months of 2023, up 179 million euros compared to the first nine months of 2022, mainly due to the commercial agreement started in 2022 by TIM and FiberCop with Open Fiber for the white areas extended, starting the third quarter of 2023, also to part of the gray areas. This agreement envisages that Open Fiber shall purchase from FiberCop the right of use (IRU) for overhead infrastructure and access connections to the customer’s home.

Revenues by customer segment/business area are stated consistently with the areas of responsibility and the related reference market focus. Consequently, the comparative data of previous periods has been restated. Below, therefore, are details of revenues divided up into: Consumer and Small Medium Business, Enterprise, Wholesale National Market, Wholesale International Market and Other, complete with the analytical description of the reference scope, as currently shown for the purpose of internal analysis.

- **Consumer and Small Medium Business (SMB).** *The reference scope consists of all the voice and Internet services and products managed and developed in Fixed and Mobile for people and families (from public telephone, caring activities and administrative management of customers) and for SME (Small and Medium Enterprises) and SOHO (Small Office Home Office) customers; the TIM Retail company is included, which coordinates the activities of its stores.*

(million euros)	3rd Quarter 2023	3rd Quarter 2022	9 months to 9/30/2023	9 months to 9/30/2022	Changes %			
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non-recurring (a/b)	organic excluding non-recurring (c/d)
Consumer and Small Medium Business revenues	1,439	1,499	4,211	4,448	(4.0)	(5.3)	(4.0)	(5.3)
Service revenues	1,321	1,369	3,840	4,049	(3.5)	(5.2)	(3.5)	(5.2)
Handset and Bundle & Handset revenues	118	130	371	399	(8.9)	(7.1)	(8.9)	(7.1)

In organic terms, the revenues of the Consumer and SMB segment totaled 4,211 million euros (-237 million euros compared to the first nine months of 2022, -5.3%) and show a trend affected by the challenging competition. The same dynamic observed in overall revenues was also seen in service revenues, which amounted to 3,840 million euros, down by 209 million euros compared to the first nine months of 2022 (-5.2%).

Also:

- **Mobile service revenues** totaled, in organic terms, 1,632 million euros (-69 million euros, -4.1% compared to the first nine months of 2022). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from traffic are down due to the progressive reduction of interconnection tariffs;
- **Fixed service revenues** came to 2,221 million euros in organic terms (-147 million euros, -6.2% on the first nine months of 2022), mainly due to the reduction in ARPU levels and the reduction in the customer base.

Handset and Bundle & Handset revenues of the Consumer and SMB segment came to 371 million euros, - 28 million euros compared with the first nine months of 2022: the change is mainly linked to a progressive slowing of the mobile terminals market.

- **Enterprise.** *The reference scope consists of all ICT solutions and connectivity products and services managed and developed for Top, Public Sector and Large Account customers. The following companies are included: Olivetti, TI Trust Technologies, Telsy and Noovle.*

In organic terms, revenues for the segment amounted to 2,107 million euros, an increase of 57 million euros compared to the first nine months of 2022 (+2.8%), of which +3.3% for stand-alone service revenues.

(million euros)	3rd Quarter 2023	3rd Quarter 2022	9 months to 9/30/2023	9 months to 9/30/2022	Changes %			
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non-recurring (a/b)	organic excluding non-recurring (c/d)
Enterprise revenues	710	681	2,107	2,050	4.3	2.8	4.3	2.8
Service revenues	645	619	1,906	1,845	4.1	3.3	4.1	3.3
Handset and Bundle & Handset revenues	65	62	201	205	5.6	(1.7)	5.6	(1.7)

In particular:

- **Mobile service revenues** changed by +3 million euros compared to the first nine months of 2022;
- **Fixed service revenues** changed by +56 million euros compared to the first nine months of 2022 (+3.7%), mainly driven by the increase in revenues from ICT services.
- **Wholesale National Market.** *The reference scope consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market and MVNOs. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese.*

The Wholesale National Market segment presented revenues of 1,503 million euros in the first nine months of 2023, an increase of 44 million euros (+3%) on the first nine months of 2022, also thanks to the positive impact of regulatory price dynamics.

- **Wholesale International Market.** *This area includes the activities of the Telecom Italia Sparkle Group, which operates in the market for international voice, data and Internet services for fixed and mobile telecommunications operators, ISPs/ASPs (Wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets.*

Revenues for the first nine months of 2023 from the Wholesale International Market came to 749 million euros, up on the first nine months of 2022 (+27 million euros, +4%), mainly thanks to the revenues from sales of spectrum/fiber and the growth in revenues relating to mobile operator solutions flanked by a strategy seeking to rationalize voice revenues.

- **Other.** *Includes:*
 - **Other Operations units:** *covering technological innovation and development, engineering, construction and operating processes for network infrastructures, IT, systems and properties;*
 - **Staff & Other:** *services provided by the Staff Departments and other support activities carried out by minor companies.*

Revenues for the first nine months of 2023 came to 338 million euros, an increase of 177 million euros compared to the first nine months of 2022. Note that revenues for the first nine months of 2023 include approximately 177 million euros relating to the specified commercial agreement started by TIM and FiberCop with Open Fiber in 2022 for the “white” areas and, starting from the third quarter of 2023, extended to include some gray areas.

- **Eliminations:** in the first nine months of 2023 these totaled 163 million euros (168 million euros in the first nine months of 2022).

Domestic Business Unit EBITDA for the first nine months of 2023 totaled 2,668 million euros (+27 million euros compared to the first nine months of 2022, +1.0%), with a margin of 30.5% (in line with the first nine months of 2022).

Organic EBITDA, net of the non-recurring items, amounted to 3,230 million euros (+16 million euros compared to the first nine months of 2022, +0.5%). In particular, EBITDA for the first nine months of 2023 was impacted by non-recurring items in the amount of 562 million euros, whilst the first nine months of 2022 reflected a total impact of 574 million euros referring to non-recurring items.

Organic EBITDA, net of the non-recurring items, is calculated as follows:

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	2,668	2,641	27	1.0
Foreign currency financial statements translation effect		(1)	1	
Non-recurring expenses (Income)	562	574	(12)	
ORGANIC EBITDA - excluding non-recurring items	3,230	3,214	16	0.5

Organic EBITDA - excluding the use of the risk provisions hedging onerous contracts - in the first nine months of 2023 came to 3,110 million euros (2,876 million euros in the first nine months of 2022).

The **EBITDA** of the third quarter of 2023 totaled 986 million euros (787 million euros in the third quarter of 2022).

Organic **EBITDA** net of the non-recurring items in the third quarter of 2023 totaled 1,123 million euros (+39 million euros compared to the same period of 2022).

Domestic Business Unit EBIT in the first nine months of 2023 totaled 1 million euros (-39 million euros compared to the first nine months of 2022), with a margin of virtually nil (-0.5 percentage points compared to the first nine months of 2022).

Organic EBIT, net of the non-recurring items, amounted to 564 million euros (-50 million euros compared to the first nine months of 2022, -8.1%), with an EBIT margin of 6.4% (down 0.7 percentage points on the 7.1% for the first nine months of 2022).

Organic EBIT, net of the non-recurring items, is calculated as follows:

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	1	40	(39)	—
Non-recurring expenses (Income)	563	574	(11)	
ORGANIC EBIT - excluding non-recurring items	564	614	(50)	(8.1)

The EBIT of the third quarter of 2023 totaled 97 million euros (-106 million euros in the third quarter of 2022).

Organic EBIT net of the non-recurring items in the third quarter of 2023 totaled 237 million euros (192 million euros in the third quarter of 2022).

Headcount at September 30, 2023 stood at 39,186 (40,984 as of December 31, 2022).

Brazil (average real/euro exchange rate 5.42578)

Revenues for the first nine months of 2023 of the **Brazil Business Unit (TIM Brasil Group)** amounted to 17,559 million reais (15,706 million reais in the first nine months of 2022, +11.8%).

The acceleration has been determined by **service revenues** (17,037 million reais vs 15,250 million reais for the first nine months of 2022, +11.7%) with mobile service revenues growing 12.1% compared to the first nine months of 2022. This performance is mainly related to the continuous improvement of the pre-paid and post-paid segments, supported by the acquisition of the mobile telephone assets of Oi (Cozani). Fixed service revenues grew by 5.6% compared to the first nine months of 2022, determined above all by the growth rate of Ultrafibre.

Revenues from the sale of products came to 522 million reais (456 million reais in the first nine months of 2022).

Revenues in the third quarter of 2023 totaled 6,056 million reais, increased by 7.9% compared to the third quarter of 2022 (5,611 million reais).

Mobile ARPU in the first nine months of 2023 totaled 29.0 reais, +11.8% higher than the first nine months of 2022 (25.9 reais).

Total mobile lines in place at September 30, 2023 amounted to 61.3 million, -1.2 million compared to December 31, 2022 (62.5 million). The reduction is attributable to the pre-paid segment for 1.1 million and to the post-paid segment for 0.1 million. Post-paid customers represented 44.4% of the customer base as of September 30, 2023 (43.6% at December 2022).

The Ultrafibre Broadband business recorded net positive growth at September 30, 2023 in the customer base of 75 thousand users compared to December 31, 2022. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

Broadband ARPU for the first nine months of 2023 amounted to 97.3 reais (95.7 reais for the first nine months of 2022).

EBITDA in the first nine months of 2023 was 8,434 million reais (7,169 million reais in the first nine months of 2022, +17.6%) and the margin on revenues was 48.0% (45.6% in the first nine months of 2022).

EBITDA in the first nine months of 2023 reflects the non-recurring charges of 41 million reais (94 million reais in the first nine months of 2022), mainly related to the development of non-recurring projects.

Organic EBITDA, net of the non-recurring items, increased by 16.7% and was calculated as follows:

(million Brazilian reais)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	8,434	7,169	1,265	17.6
Non-recurring expenses (income)	41	94	(53)	
ORGANIC EBITDA - excluding non-recurring items	8,475	7,263	1,212	16.7

The increase in EBITDA is due to the positive performance of service revenues strengthened by the acquisition of the Oi-Cozani assets and the increase in prices in post-paid tariff plans and TIM Controle.

The relative margin on revenues, in organic terms, comes to 48.3% (46.2% in the first nine months of 2022).

EBITDA for the third quarter of 2023, amounted to 2,992 million reais, up 12.6% compared to the third quarter of 2022 (2,657 million reais).

Net of non-recurring charges, the margin on revenues for the third quarter of 2023 was 49.6% (47.8% in the third quarter of 2022).

EBIT for the first nine months of 2023 amounted to 3,102 million reais (2,242 million reais for the first nine months of 2022, +38.4%).

Organic EBIT, net of the non-recurring items, in the first nine months of 2023 amounted to 3,143 million reais (2,336 million reais in the first nine months of 2022), with a margin on revenues of 17.9% (14.9% in the first nine months of 2022).

Organic EBIT, net of the non-recurring items, was calculated as follows:

(million Brazilian reais)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	3,102	2,242	860	38.4
Non-recurring expenses (income)	41	94	(53)	
ORGANIC EBIT - excluding non-recurring items	3,143	2,336	807	34.5

The EBIT of the third quarter of 2023 totaled 1,245 million reais (793 million reais in the third quarter of 2022).

Net of non-recurring charges, the margin on revenues for the third quarter of 2023 was 20.7% (14.5% in the third quarter of 2022).

Headcount at September 30, 2023 stood at 9,244 (9,395 as of December 31, 2022).

AFTER LEASE INDICATORS

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. In particular, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

EBITDA AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,687	1,584	103	6.5	4,787	4,544	243	5.3
Lease payments	(267)	(276)	9	3.3	(810)	(756)	(54)	(7.1)
EBITDA After Lease (EBITDA-AL)	1,420	1,308	112	8.6	3,977	3,788	189	5.0

EBITDA AFTER LEASE - DOMESTIC

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,123	1,084	39	3.6	3,230	3,214	16	0.5
Lease payments	(133)	(127)	(6)	(4.7)	(395)	(381)	(14)	(3.7)
EBITDA After Lease (EBITDA-AL)	990	957	33	3.4	2,835	2,833	2	0.1

EBITDA AFTER LEASE - BRAZIL

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	564	502	62	12.1	1,562	1,338	224	16.7
Lease payments (*)	(134)	(149)	15	10.1	(415)	(375)	(40)	(10.7)
EBITDA After Lease (EBITDA-AL)	430	353	77	21.4	1,147	963	184	19.0

(*) In the first nine months of 2023, penalties are not included (approximately 155 million reais; approximately 29 million euros), connected with the decommissioning plan consequent to the purchase of the mobile business of the Oi Group.

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	9/30/2023	12/31/2022	Change
Adjusted net financial debt	26,338	25,364	974
Leases	(5,154)	(5,349)	195
Adjusted Net Financial Debt - After Lease	21,184	20,015	1,169

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Change	9 months to 9/30/2023	9 months to 9/30/2022	Change
Equity Free Cash Flow	(71)	(77)	6	(238)	261	(499)
Change in lease contracts (principal share)	(203)	(174)	(29)	(669)	(496)	(173)
Equity Free Cash Flow After Lease	(274)	(251)	(23)	(907)	(235)	(672)

BUSINESS OUTLOOK FOR THE YEAR 2023

In light of the performance of the main business segments in the first nine months of 2023, the guidance already communicated with the approval of the TIM 2023-2025 Industrial Plan, is confirmed.

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2023

Adjusted Closure Price agreement for the acquisition of Oi's mobile telephone assets

On October 4, 2023, TIM S.A., a Brazilian subsidiary of the TIM Group, reported that the Court of Arbitration had approved an agreement stipulated between the Company, Telefônica Brasil S.A. and Claro S.A. (the "Buyers") and Oi S.A. - Em Recuperação Judicial (the "Seller") to put an end to the dispute and arbitration proceedings relating to the post-closing adjustment of the purchase price assigned to Oi's mobile telephone assets. The final price for the portion of the mobile telephone assets attributed to TIM S.A., considering the post-closing adjustment negotiated in the agreement, was 6.68 billion reais, taking the closing date as reference ("TIM Adjusted Final Price").

Considering the TIM Adjusted Final Price, TIM S.A. has therefore redeemed a portion equal to half the amount that had been deposited in court and subsequently transferred to the Court of Arbitration, which was initially equivalent to approximately 317 million reais. The amount, redetermined at the closing date, will be updated with the 100% change in the CDI index until deposit in court, interest and/or monetary update applicable until the date on which the respective reimbursement is paid. The remaining amount has been collected by the Seller as part of the purchase price of the mobile telephone assets attributed to TIM S.A..

Following the agreement, all matters and disputes pending between TIM S.A. and Oi S.A. in connection with the acquisition of the mobile telephone assets, have been settled.

TIM: binding offer from KKR for NetCo

See the press releases issued on October 16, 2023, 5 and 6 November 2023.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted an Enterprise Risk Management model that is constantly evolving, aligned with international regulations and standards, to allow the identification, assessment and management of risks in a uniform way within the Group, highlighting potential synergies between the actors involved in the assessment of the Internal Control and Risk Management System. The Enterprise Risk Management process is integrated with the strategic and operative planning processes and is designed to identify potential events that may influence business activity, so as to manage the risk within acceptable limits and provide reasonable assurance on achievement of the corporate objectives.

The Enterprise Risk Management Model adopted by the TIM Group:

- (2) identifies and updates, in collaboration with the Risk Owners, the comprehensive portfolio of risks to which the Group is exposed by means of an analysis of the Industrial Plan and the most significant investment projects, the monitoring of the reference context (e.g. macroeconomic and regulatory), specific analyses of risks to which corporate assets may be exposed, the monitoring and continuous analysis of the risk profile, so as to intercept any changes and/or new risk scenarios;
- ② qualitatively assesses the risks not just individually but also in terms of the portfolio, taking into account correlations;
- ③ supports the management in defining and monitoring risk mitigation plans;
- manages the flow of information to top management and the organizations assigned to assess the Internal Control and Risk Management System (ICRMS), producing the related support reports.

In this context, we highlight the continued Russia-Ukraine conflict, the onset of the recent conflict in the Middle East between Israel and Palestine and the possible increases in costs connected with inflation pressure. In addition, non-exhaustively, the following additional factors are mentioned: an evolution in market context, entry of new potential competitors in the fixed-line and mobile sphere, the initiation of procedures by Authorities and consequent delays in the implementation of new strategies, problems connected with the new networks and infrastructures, requirements connected to the exercise of the Golden Power by the Government with effects to be assessed in terms of strategic choices and timing of the Plan objectives.

Risks related to macro-economic factors

The TIM Group's economic and financial situation, including its capacity to support the expected level of cash flows and business margins, depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates, inflation rate and exchange rates in the markets where it operates.

These factors come in addition to the uncertainties tied to the evolution of the war in Ukraine, the recent Israel-Palestine conflict and the structural transformation of the energy markets.

The Gross Domestic Product (GDP) in the second quarter of 2023, expressed in chain-linked values with reference year 2015, corrected for the calendar effects and deseasonalized, is down 0.4% compared with the previous quarter and has grown 0.4% compared with the second quarter of 2022. The second quarter of 2023 had three working days fewer than the previous quarter and one working day less than the second quarter of 2022. The change acquired for 2023 is +0.7%¹.

The volatility in the energy prices impacts European industry, especially the more energy-intensive sectors. The shock of the energy supply has revealed the dependency of European countries on fossil fuels. The greater uncertainty is tied to the growth of the other major world economies, possible developments of the war in Ukraine and its possible repercussions both in terms of sanctions and impacts on the energy market. Moreover, the recent Israel-Palestine conflict could bring about further imbalances with problems relating to energy, considering the importance of the region that hosts the main oil producers, as well as the main sea routes through the Suez Gulf.

With regard to the cost of energy, TIM Group has implemented a hedging and saving program that, on the domestic perimeter, has made it possible to cover most of the 2022 and part of the 2023 requirements in advance.

One point worthy of particular attention is the impact that the current geopolitical context may have on the supply chain. More specifically, a scenario of inflation affecting energy costs can impact transport costs and commodity costs too. In addition, an increased sense of geopolitical risk and stress within the global procurement chains following the COVID-19 pandemic and the Russia-Ukraine conflict are contributing towards fears of a slow to global trade growth. A series of targeted interventionist policies by the West in regard to countries that depend on the import of advanced technology and growing tension between the United States and China may heighten what is already a tense situation.

As concerns Brazil, growth suffers the slow-down of the global economy, in particular the USA and China. Also following a restrictive monetary policy that helped somewhat restore the credibility and stability of the Brazilian currency and limit inflation, a slowing of growth is expected for the Brazilian economy in 2023, which should settle at around 2.9%². The reduction in growth and the need to maintain subsidies for the poorer portion of the population, who are experiencing difficulty in coping with the rise in the cost of petrol and food products, coupled with the growing public and private debt are the main risks and challenges the country is facing following the presidential elections at the end of the year.

Geopolitical uncertainty

As regards the Russia-Ukraine conflict, at present, the impact of the geopolitical situation on the TIM Group's business is indirect, mainly linked to the increase in costs for energy, materials and transport.

If military, economic and political tensions should continue to grow, the situation could have major consequences globally, causing a serious threat to global security that could increase and intensify risks for the TIM Group. Such risks include the security and protection of the TIM Group workforce, the possibility that cyber attacks may strike the networks and data of the TIM Group or its customers, an increased probability of a shock of the supply chain that would entail higher inflation in the short and medium term.

More specifically, for the TIM Sparkle entities (a TIM Group member) that operate in the areas impacted by the Russia-Ukraine conflict, no significant repercussions have been recorded on commercial relations, the demand for international services by the areas involved by the conflict and the substantively regular collection of trade receivables. The TIM Group does not have significant assets in the countries concerned. The Russia-Ukraine conflict has indirectly also led to a general increase in energy prices and, for the third quarter of 2023, some TIM Sparkle entities have incurred higher energy costs than in previous periods. The increase in energy prices has also entailed an increase in inflation and, ultimately, the cost of finance. The TIM Sparkle entities are taking steps to reduce the fluctuation in energy costs in around 40 countries worldwide. In Italy, the steps taken by the TIM Sparkle entities are in line with the TIM Group strategies to address inflation. In addition, the Russia-Ukraine conflict could entail cyber attacks against the countries supporting economic sanctions against Russia. The TIM Sparkle entities are liaising with the National Cybersecurity Agency (ACN) to raise the ICT monitoring alert level for cyber security risks and, in line with the other TIM Group entities, have incorporated the technical indications given by the ACN.

As regards the conflict in the Middle East, between Israel and Palestine, which onset early October 2023, the implications for the Group are as yet uncertain and should become clearer over time. In any case, a preliminary examination may reveal impacts both in terms of volatility of costs (e.g. energy) and in international trade.

New COVID-19 variants

Although the peak of the COVID-19 pandemic has passed, the possibility of new outbreaks due to new variants cannot be excluded entirely. This could impact the TIM Group's operations and may lead to a decline in roaming volumes, lesser customer growth, an increase in bad debt, negative effects on network maintenance and the supply chain with a consequent reduction in margins, revenues or delays in cash flows.

¹ ISTAT – Quarterly Economic Accounts – Quarter II 2023 – September 2023

² Banco Central do Brasil - Inflation Report - September 2023



The Executive responsible for preparing the corporate financial reports, Adrian Calaza Noia, hereby declares, pursuant to subsection 2, Art. 154 bis of Italy's Consolidated Law on Finance, that the accounting information contained herein corresponds to the company's documentation, accounting books and records.

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November 8, 2023

TIM GROUP – STATEMENTS

The Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity as well as the Consolidated Net Financial Debt of the TIM Group, herewith presented, are consistent with the consolidated financial statements included in the Annual Financial Report and in the Half-Year Financial Report. Such statements were not audited by the independent auditors.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2022, to which reference should be made, except for the amendments to the standards issued by the IASB and in force as of January 1, 2023.

TIM GROUP – SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)	3rd Quarter 2023	3rd Quarter 2022	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			(a)	(b)	(a-b) absolute	%
Revenues	4,107	3,972	11,953	11,529	424	3.7
Other income	36	49	145	127	18	14.2
Total operating revenues and other income	4,143	4,021	12,098	11,656	442	3.8
Acquisition of goods and services	(1,831)	(1,810)	(5,410)	(5,195)	(215)	(4.1)
Employee benefits expenses	(580)	(882)	(2,291)	(2,436)	145	6.0
Other operating expenses	(300)	(183)	(638)	(525)	(113)	(21.5)
Change in inventories	(8)	19	58	54	4	7.4
Internally generated assets	123	122	400	391	9	2.3
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,547	1,287	4,217	3,945	272	6.9
Depreciation and amortization	(1,214)	(1,245)	(3,643)	(3,540)	(103)	(2.9)
Gains (losses) on disposals of non-current assets	(1)	(1)	(3)	33	(36)	—
Impairment reversals (losses) on non-current assets	(3)	—	(3)	—	(3)	—
Operating profit (loss) (EBIT)	329	41	568	438	130	29.7
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(7)	(2)	(22)	29	(51)	—
Other income (expenses) from investments	(11)	174	(8)	174	(182)	—
Finance income	146	508	741	1,281	(540)	(42.2)
Finance expenses	(621)	(897)	(1,973)	(2,356)	383	16.3
Profit (loss) before tax from continuing operations	(164)	(176)	(694)	(434)	(260)	(59.9)
Income tax expense	(63)	(2,007)	(206)	(2,109)	1,903	90.2
Profit (loss) from continuing operations	(227)	(2,183)	(900)	(2,543)	1,643	64.6
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—	—	—
Profit (loss) for the period	(227)	(2,183)	(900)	(2,543)	1,643	64.6
Attributable to:						
Owners of the Parent	(311)	(2,245)	(1,124)	(2,728)	1,604	58.8
Non-controlling interests	84	62	224	185	39	21.1

TIM GROUP – CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements), presented below is the Consolidated Statement of Comprehensive Income, including the Profit (loss) for the period, as shown in the Separate Consolidated Income Statement, and all other non-owner changes in equity.

(million euros)

		3rd Quarter 2023	3rd Quarter 2022	9 months to 9/30/2023	9 months to 9/30/2022
Profit (loss) for the period	(a)	(227)	(2,183)	(900)	(2,543)
Other components of the Consolidated Statement of Comprehensive Income					
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement					
Financial assets measured at fair value through other comprehensive income:					
Profit (loss) from fair value adjustments		4	—	7	(4)
Income tax effect		—	—	—	—
	(b)	4	—	7	(4)
Remeasurements of employee defined benefit plans (IAS 19):					
Actuarial gains (losses)		—	—	4	58
Income tax effect		—	—	(1)	(14)
	(c)	—	—	3	44
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:					
Profit (loss)		—	—	—	—
Income tax effect		—	—	—	—
	(d)	—	—	—	—
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	(e=b+c+d)	4	—	10	40
Other components that will be reclassified subsequently to Separate Consolidated Income Statement					
Financial assets measured at fair value through other comprehensive income:					
Profit (loss) from fair value adjustments		(1)	(49)	12	(137)
Loss (profit) transferred to Separate Consolidated Income Statement		1	1	(4)	15
Income tax effect		1	1	1	4
	(f)	1	(47)	9	(118)
Hedging instruments:					
Profit (loss) from fair value adjustments		14	369	(156)	1,000
Loss (profit) transferred to Separate Consolidated Income Statement		(124)	(308)	(23)	(692)
Income tax effect		27	(15)	43	(74)
	(g)	(83)	46	(136)	234
Exchange differences on translating foreign operations:					
Profit (loss) on translating foreign operations		(83)	175	227	890
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—	—	—
Income tax effect		—	—	—	—
	(h)	(83)	175	227	890
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:					
Profit (loss)		—	—	—	—
Loss (profit) transferred to Separate Consolidated Income Statement		—	—	—	—
Income tax effect		—	—	—	—
	(i)	—	—	—	—
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	(k=f+g+h+i)	(165)	174	100	1,006
Total other components of the Consolidated Statement of Comprehensive Income	(m=e+k)	(161)	174	110	1,046
Total comprehensive income (loss) for the period	(a+m)	(388)	(2,009)	(790)	(1,497)
Attributable to:					
Owners of the Parent		(451)	(2,121)	(1,090)	(1,951)
Non-controlling interests		63	112	300	454

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)	9/30/2023	12/31/2022	Changes
	(a)	(b)	(a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	19,188	19,111	77
Intangible assets with a finite useful life	7,241	7,656	(415)
	26,429	26,767	(338)
Tangible assets			
Property, plant and equipment owned	14,348	14,100	248
Rights of use assets	5,355	5,488	(133)
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	546	539	7
Other investments	150	116	34
Non-current financial receivables arising from lease contracts	113	49	64
Other non-current financial assets	1,059	1,602	(543)
Miscellaneous receivables and other non-current assets	2,302	2,365	(63)
Deferred tax assets	790	769	21
	4,960	5,440	(480)
Total Non-current assets	(a) 51,092	51,795	(703)
Current assets			
Inventories	364	322	42
Trade and miscellaneous receivables and other current assets	4,642	4,539	103
Current income tax receivables	201	147	54
Current financial assets			
<i>Current financial receivables arising from lease contracts</i>	154	69	85
<i>Securities other than investments, other financial receivables and other current financial assets</i>	1,822	1,600	222
<i>Cash and cash equivalents</i>	3,291	3,555	(264)
	5,267	5,224	43
Current assets sub-total	10,474	10,232	242
Discontinued operations / Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	1	—	1
	1	—	1
Total Current assets	(b) 10,475	10,232	243
Total Assets	(a+b) 61,567	62,027	(460)

(million euros)	9/30/2023	12/31/2022	Changes
	(a)	(b)	(a-b)
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	13,992	15,061	(1,069)
Non-controlling interests	3,810	3,664	146
Total Equity	(c) 17,802	18,725	(923)
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	21,393	21,739	(346)
Non-current financial liabilities for lease contracts	4,574	4,597	(23)
Employee benefits	843	684	159
Deferred tax liabilities	192	84	108
Provisions	840	910	(70)
Miscellaneous payables and other non-current liabilities	1,061	1,146	(85)
Total Non-current liabilities	(d) 28,903	29,160	(257)
Current liabilities			
Current financial liabilities for financing contracts and others	6,096	5,039	1,057
Current financial liabilities for lease contracts	847	870	(23)
Trade and miscellaneous payables and other current liabilities	7,894	8,199	(305)
Income tax payables	24	34	(10)
Current liabilities sub-total	14,861	14,142	719
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	1	—	1
	1	—	1
Total Current Liabilities	(e) 14,862	14,142	720
Total Liabilities	(f=d+e) 43,765	43,302	463
Total Equity and Liabilities	(c+f) 61,567	62,027	(460)

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)

	9 months to 9/30/2023	9 months to 9/30/2022
Cash flows from operating activities:		
Profit (loss) from continuing operations	(900)	(2,543)
Adjustments for:		
Depreciation and amortization	3,643	3,540
Impairment losses (reversals) on non-current assets (including investments)	(3)	9
Net change in deferred tax assets and liabilities	172	2,753
Losses (gains) realized on disposals of non-current assets (including investments)	13	(209)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	22	(29)
Change in employee benefits	108	474
Change in inventories	(50)	(55)
Change in trade receivables and other net receivables	13	32
Change in trade payables	(614)	(62)
Net change in income tax receivables/payables	(32)	(742)
Net change in miscellaneous receivables/payables and other assets/liabilities	163	337
Cash flows from (used in) operating activities	(a) 2,535	3,505
Cash flows from investing activities:		
Purchases of intangible, tangible and rights of use assets on a cash basis	(2,762)	(5,302)
Capital grants received	—	3
Acquisition of control of companies or other businesses, net of cash acquired	(32)	(1,183)
Acquisitions/disposals of other investments	(39)	(30)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(206)	672
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of	—	1,278
Proceeds from sale/repayments of intangible, tangible and other non-current assets	9	4
Cash flows from (used in) investing activities	(b) (3,030)	(4,558)
Cash flows from financing activities:		
Change in current financial liabilities and other	82	(570)
Proceeds from non-current financial liabilities (including current portion)	4,032	2,230
Repayments of non-current financial liabilities (including current portion)	(3,814)	(3,902)
Change in hedging and non-hedging derivatives	70	(34)
Share capital proceeds/reimbursements (including subsidiaries)	—	9
Dividends paid	(164)	(53)
Changes in ownership interests in consolidated subsidiaries	(6)	(4)
Cash flows from (used in) financing activities	(c) 200	(2,324)
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	(d) —	—
Aggregate cash flows	(e=a+b+c+d) (295)	(3,377)
Net cash and cash equivalents at beginning of the period	(f) 3,555	6,904
Net foreign exchange differences on net cash and cash equivalents	(g) 28	(8)
Net cash and cash equivalents at end of the period	(h=e+f+g) 3,288	3,519

Purchase of intangible, tangible and rights of use assets

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022
Purchase of intangible assets	(636)	(826)
Purchase of tangible assets	(1,946)	(1,892)
Purchase of rights of use assets	(702)	(583)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(3,284)	(3,301)
Change in payables arising from purchase of intangible, tangible and rights of use assets	522	(2,001)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(2,762)	(5,302)

Additional Cash Flow information

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022
Income taxes (paid) received	(90)	(43)
Interest expense paid	(1,512)	(1,242)
Interest income received	406	387
Dividends received	16	153

Analysis of Net Cash and Cash Equivalents

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents - from continuing operations	3,555	6,904
Bank overdrafts repayable on demand - from continuing operations	—	—
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	—	—
	3,555	6,904
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents - from continuing operations	3,291	3,519
Bank overdrafts repayable on demand - from continuing operations	(3)	—
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	—	—
	3,288	3,519

TIM GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2022 to September 30, 2022

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period			
Balance at December 31, 2021	11,614	2,133	49	(128)	(2,500)	(130)	—	6,376	17,414	4,625	22,039
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	—	(58)	(58)
Total comprehensive income (loss) for the period	—	—	(122)	234	621	44	—	(2,728)	(1,951)	454	(1,497)
Issue of equity instruments	—	—	—	—	—	—	—	7	7	—	7
Daphne3 - deconsolidation	—	—	—	—	—	—	—	—	—	(1,332)	(1,332)
Other changes	—	—	—	—	—	—	—	(9)	(9)	1	(8)
Balance at September 30, 2022	11,614	2,133	(73)	106	(1,879)	(86)	—	3,646	15,461	3,690	19,151

Changes from January 1, 2023 to September 30, 2023

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period			
Balance at December 31, 2022	11,614	2,133	(58)	65	(2,085)	(71)	—	3,463	15,061	3,664	18,725
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	—	(156)	(156)
Total comprehensive income (loss) for the period	—	—	16	(136)	151	3	—	(1,124)	(1,090)	300	(790)
LTI granting of treasury shares	6	—	—	—	—	—	—	(6)	—	—	—
Other changes	—	(1,558)	—	—	—	—	—	1,579	21	2	23
Balance at September 30, 2023	11,620	575	(42)	(71)	(1,934)	(68)	—	3,912	13,992	3,810	17,802

TIM GROUP - NET FINANCIAL DEBT

(million euros)	9/30/2023 (a)	12/31/2022 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	15,514	15,259	255
Amounts due to banks, other financial payables and liabilities	5,879	6,480	(601)
Non-current financial liabilities for lease contracts	4,574	4,597	(23)
	25,967	26,336	(369)
Current financial liabilities (*)			
Bonds	3,255	2,799	456
Amounts due to banks, other financial payables and liabilities	2,841	2,240	601
Current financial liabilities for lease contracts	847	870	(23)
	6,943	5,909	1,034
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	32,910	32,245	665
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(113)	(49)	(64)
Financial receivables and other non-current financial assets	(1,059)	(1,602)	543
	(1,172)	(1,651)	479
Current financial assets			
Securities other than investments	(1,578)	(1,446)	(132)
Current financial receivables arising from lease contracts	(154)	(69)	(85)
Financial receivables and other current financial assets	(244)	(154)	(90)
Cash and cash equivalents	(3,291)	(3,555)	264
	(5,267)	(5,224)	(43)
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	(6,439)	(6,875)	436
Net financial debt carrying amount	26,471	25,370	1,101
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(133)	(6)	(127)
Adjusted Net Financial Debt	26,338	25,364	974
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,451	31,682	769
Total adjusted financial assets	(6,113)	(6,318)	205
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	3,255	2,799	456
Amounts due to banks, other financial payables and liabilities	1,658	1,139	519
Current financial liabilities for lease contracts	815	856	(41)

TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Change
	(a)	(b)	(a-b)
EBITDA	4,217	3,945	272
Capital expenditures on an accrual basis	(2,645)	(2,762)	117
Change in net operating working capital:	(515)	(2,389)	1,874
<i>Change in inventories</i>	(50)	(55)	5
<i>Change in trade receivables and other net receivables</i>	13	32	(19)
<i>Change in trade payables</i>	(706)	(485)	(221)
<i>Change in payables for mobile telephone licenses/spectrum</i>	(24)	(2,119)	2,095
<i>Other changes in operating receivables/payables</i>	252	238	14
Change in employee benefits	108	474	(366)
Change in operating provisions and Other changes	(42)	(396)	354
Net Operating Free Cash Flow	1,123	(1,128)	2,251
<i>% of Revenues</i>	<i>9.4</i>	<i>(9.8)</i>	<i>19,2pp</i>
Sale of investments and other disposals flow	9	1,283	(1,274)
Share capital increases/reimbursements, including incidental expenses	—	9	(9)
Financial investments	(74)	(1,775)	1,701
Dividends payment	(164)	(53)	(111)
Increases in lease contracts	(639)	(539)	(100)
Finance expenses, income taxes and other net non-operating requirements flow	(1,229)	(1,114)	(115)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(974)	(3,317)	2,343
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	(974)	(3,317)	2,343

Equity Free Cash Flow

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Change
Reduction/(Increase) in adjusted net financial debt from continuing operations	(974)	(3,317)	2,343
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	474	728	(254)
Payment of TLC licenses and for the use of frequencies	24	2,217	(2,193)
Financial impact of acquisitions and/or disposals of investments	74	589	(515)
Dividend payment and Change in Equity	164	44	120
Equity Free Cash Flow	(238)	261	(499)

TIM GROUP - COMPLEX CONTRACTS

As part of a process aiming to ensure the identification and definition of the initiatives for the evolution of the internal control system for the management of corporate risks, starting 2022 the TIM Group instituted a Technical Committee to supervise complex contracts (the "Technical Committee").

The Technical Committee defined:

- the objective criteria on which basis to classify a contract as a "complex contract";
- the procedure for the assessment and authorization of complex contracts, which envisages the involvement of multiple subjects and competences able to assess the different risk profiles (board decision-making process);
- the update of the policy regulating the process for formalizing contracts in the Group contracts, envisaging a clear identification and formalization of the reasoning behind the decision-making process to assign complex contracts as well as the related escalation mechanisms, thus strengthening the process for identifying and reconstructing sources, information elements and controls performed.



During 2021 and 2022, some contracts for the supply of connectivity and multimedia content in connection with the current partnerships, including that between TIM and DAZN, have highlighted a comprehensive negative margin throughout the entire contract duration, with the need to make a provision for posting a contractual risk provision for onerous contracts for the remaining contract duration.

The use of the Contractual risk provision for onerous contracts over the contractual term makes it possible to offset the negative item of the margin (EBITDA) - referring to both the operating performance of the business and commitments in terms of prices that TIM is contractually obliged to pay to counterparties - thereby obtaining a null operating margin (organic).

The Provision for contractual risks for onerous contracts at September 30, 2023 came to 129 million euros.

Below are:

- the amount used in the first nine months of 2023 of the Provision for risks to cover the negative margin;
- the amount of the total organic margins (organic EBITDA) without using the risk provision for onerous contracts.

(million euros)	TIM Group		Domestic Business Unit	
	9 months to 9/30/2023	9 months to 9/30/2022	9 months to 9/30/2023	9 months to 9/30/2022
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	4,787	4,544	3,230	3,214
- Use of the risk provision for onerous contracts to cover the negative margin	(120)	(338)	(120)	(338)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	4,667	4,206	3,110	2,876

The amount of 120 million euros is the negative margin, for which the provision was used.

From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows.

With reference to the multi-year contracts, which in some cases require TIM to pay the counterparty prices by way of guaranteed minimum, it should be recalled that the valuation of these contracts and the estimation of the associated costs is subject to numerous uncertainties that include, amongst others, market dynamics, rulings by the market regulatory authorities and the development of new technologies in support of the service. These estimates are revised from time to time on the basis of the final data in order to make sure that the provisional figures remain within the reasonably foreseeable range. Not all the factors mentioned are under the company's control hence they could have a significant impact on future forecasts regarding the performance of the contracts, the estimated amount of (positive or negative) margins and the cash flows that are generated.

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

Domestic

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non- recurring
Revenues	8,745	8,673	72	0.8	0.9
EBITDA	2,668	2,641	27	1.0	0.5
% of Revenues	30.5	30.5		0.0pp	(0.2)pp
EBIT	1	40	(39)		(8.1)
% of Revenues	—	0.5		(0.5)pp	(0.7)pp
Headcount at period-end (number) (*)	39,186	(*)40,984	(1,798)	(4.4)	

(*) Includes 31 agency contract workers at September 30, 2023 (15 at December 31, 2022).

(*) Headcount at December 31, 2022.

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non- recurring
Revenues	2,978	2,919	59	2.0	2.2
EBITDA	986	787	199	25.3	3.6
% of Revenues	33.1	27.0		6.1pp	0.5pp
EBIT	97	(106)	203	—	23.4
% of Revenues	3.3	(3.6)		6.9pp	1.4pp

Fixed

	9/30/2023	12/31/2022	9/30/2022
Total TIM Retail accesses (thousands)	8,066	8,290	8,383
of which NGN ⁽¹⁾	5,553	5,417	5,372
Total TIM Wholesale accesses (thousands)	7,297	7,525	7,604
of which NGN	5,241	5,171	5,147
Active TIM Retail Broadband accesses (thousands)	7,260	7,443	7,523
Consumer ARPU (€/month) ⁽²⁾	27.9	28.3	28.4
Broadband ARPU (€/month) ⁽³⁾	35.7	35.6	34.1

(1) Ultrabroadband access in FTTx and FWA mode, also including “data only” lines and GBE (Gigabit Ethernet).

(2) Revenues from organic Consumer retail services in proportion to the average Consumer accesses.

(3) Organic Broadband service revenues in proportion to the average active TIM Retail Broadband accesses.

Mobile

	9/30/2023	12/31/2022	9/30/2022
Lines at period end (thousands)	30,232	30,407	30,515
of which Human	18,201	18,438	18,590
Churn rate (%) ⁽⁴⁾	9.6	13.3	10.0
Broadband users (thousands) ⁽⁵⁾	12,705	12,577	12,685
Retail ARPU (€/month) ⁽⁶⁾	6.8	7.1	7.0
Human ARPU (€/month) ⁽⁷⁾	11.3	11.5	11.4

(4) Percentage of total lines that ceased in the period compared to the average number of total lines.

(5) Mobile lines using data services.

(6) Revenues from organic retail services (visitors and MVNO not included) compared to the total average number of lines.

(7) Revenues from organic retail services (visitors and MVNO not included) compared to the average number of human lines.

Brazil

	(million euros)		(million Brazilian reais)		Changes		
	9 months to 9/30/2023	9 months to 9/30/2022	9 months to 9/30/2023	9 months to 9/30/2022	absolute	%	% organic excluding non- recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	3,236	2,880	17,559	15,706	1,853	11.8	11.8
EBITDA	1,554	1,315	8,434	7,169	1,265	17.6	16.7
% of Revenues	48.0	45.6	48.0	45.6		2.4pp	2.1pp
EBIT	572	409	3,102	2,242	860	38.4	34.5
% of Revenues	17.7	14.3	17.7	14.3		3.4pp	3.0pp
Headcount at period-end (number)			9,244	(*)9,395	(151)	(1.6)	

(*) Headcount at December 31, 2022.

	(million euros)		(million Brazilian reais)		Changes		
	3rd Quarter 2023	3rd Quarter 2022	3rd Quarter 2023	3rd Quarter 2022	absolute	%	% organic excluding non- recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	1,138	1,061	6,056	5,611	445	7.9	7.9
EBITDA	561	502	2,992	2,657	335	12.6	12.1
% of Revenues	49.4	47.4	49.4	47.4		2.0 pp	1.8pp
EBIT	233	149	1,245	793	452	57.0	53.9
% of Revenues	20.6	14.1	20.6	14.1		6.5 pp	6.2pp

TIM GROUP - HEADCOUNT

Average salaried workforce

(equivalent number)	9 months to 9/30/2023 (a)	Year 2022 (b)	9 months to 9/30/2022 (c)	Change (a-c)
Average salaried workforce – Italy	34,316	36,866	37,411	(3,095)
Average salaried workforce – Outside Italy	9,174	9,046	8,993	181
Total average salaried workforce ⁽¹⁾	43,490	45,912	46,404	(2,914)

⁽¹⁾ Includes agency contract workers: 31 average employees in Italy in the first nine months of 2023; 15 average employees in Italy in 2022; 14 average employees in Italy in the first nine months of 2022.

Headcount at period end

(number)	9/30/2023 (a)	12/31/2022 (b)	9/30/2022 (c)	Change (a-b)
Headcount – Italy	38,951	40,752	42,341	(1,801)
Headcount – Outside Italy	9,492	9,640	9,565	(148)
Total headcount at period end ⁽¹⁾	48,443	50,392	51,906	(1,949)

⁽¹⁾ Includes agency contract workers: 31 employees in Italy at 9/30/2023; 15 employees in Italy at 12/31/2022; 19 employees in Italy at 9/30/2022.

Headcount at period end – Breakdown by Business Unit

(number)	9/30/2023 (a)	12/31/2022 (b)	9/30/2022 (c)	Change (a-b)
Domestic	39,186	40,984	42,578	(1,798)
Brazil	9,244	9,395	9,316	(151)
Other Operations	13	13	12	—
Total	48,443	50,392	51,906	(1,949)

TIM GROUP - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS

The effects of non-recurring events and transactions on the Separate Consolidated Income Statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022
Other income:		
Lesser other income previous years	(11)	—
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(31)	(40)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(418)	(548)
Other operating expenses:		
Other expenses and provisions	(110)	(6)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(570)	(594)
Gains (losses) on disposals of non-current assets:		
Gains on disposals of non-current assets	2	—
Impairment reversals (losses) on non-current assets:		
Impairment losses on non-current assets	(3)	—
Impact on Operating profit (loss) (EBIT)	(571)	(594)
Other income (expenses) from investments:		
Other (expenses)/income from corporate transactions	(11)	174
Finance expenses:		
Other finance expenses	(25)	(5)
Impact on profit (loss) before tax from continuing operations	(607)	(425)
Tax realignment pursuant to Decree Law 104/2020 Art. 110	—	(1,964)
Income tax expense on non-recurring items	9	18
Impact on profit (loss) for the period	(598)	(2,371)

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND MATURING BONDS

Revolving Credit Facility

The following table shows committed credit lines^(*) available at September 30, 2023:

(billion euros)	9/30/2023		12/31/2022	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF - May 2026	4.0	—	4.0	—
Total	4.0	—	4.0	—

(*) In accordance with the contract signed, the Banks have committed to make the funds available on demand (with at least 3 days' notice). As this is a "Committed" line, the banks have no mechanisms in place not to honor the request for funds made by the Company, without prejudice to the market standard early mandatory cancellation clauses (Natural contract expiry, Change in control, Borrower illegality, Events of default, each as defined in the contract).

Bonds

The change in bonds in the first nine months of 2023 was as follows:

(millions of original currency)	Currency	Amount	Issue date
New issues			
TIM S.p.A. 850 million euros 6.875%	Euro	850	1/27/2023
TIM S.p.A. 400 million euros 6.875%	Euro	400	4/12/2023
TIM S.p.A. 750 million euros 7.875%	Euro	750	7/20/2023
TIM Brasil Serviços e Participações S.A. 5,000 million BRL	BRL	5,000	7/31/2023
TIM S.p.A. 750 million euros 7.875%	Euro	750	9/28/2023

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 1,000 million euros 3.25%	Euro	1,000	1/16/2023
Telecom Italia S.p.A. 375 million GBP 5.875% ^(a)	GBP	375	5/19/2023
Telecom Italia S.p.A. 1,000 million euros 2.5%	Euro	1,000	7/19/2023

(a) Net of 25 million GBP bought back in June 2016.

(millions of original currency)	Currency	Amount	Buy-back date
Buy-backs			
Telecom Italia S.p.A. 750 million euros 3.625%, due 1/19/2024	Euro	300	7/20/2023
Telecom Italia S.p.A. 1,250 million euros 4%, due 4/11/2024	Euro	300	7/20/2023

The nominal repayment amount, net of the Group's bonds buy-back, related to the bonds maturing in the 18 months following September 30, 2023 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 2,816 million euros, as detailed below:

- 450 million euros, due January 19, 2024;
- 950 million euros, due April 11, 2024;
- 1,416 million euros (equivalent-value 1,500 USD), due May 30, 2024.

Bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that result in the automatic early redemption of the bonds in relation to events other than the insolvency of the TIM Group; furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relating to the assumption of future guarantees, except for the full and unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..

Since these bonds have been placed principally with institutional investors in main world capital markets (Euromarket and USA), the terms which regulate the bonds are in line with the market practice for similar transactions effected on these same markets.

Regarding loans taken out by TIM from the European Investment Bank (EIB), on May 19, 2021, TIM entered into a loan for an amount of 230 million euros, in support of projects to digitize the country. In addition, on that same date, it extended the loan signed in 2019 (for an initial amount of 350 million euros) for an additional amount of 120 million euros. These loans are currently partially guaranteed.

In addition, on May 5, 2023, TIM signed a new loan with the EIB for an amount of 360 million euros, partly backed by SACE.

Therefore, at September 30, 2023 the nominal total of outstanding loans with the EIB was 1,060 million euros.

The loans with the EIB contain, *inter alia*, the following covenants and commitments:

- in the event the company becomes the target of a merger, demerger or conferral of a business segment outside the TIM Group, or sells, disposes of or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan agreements, the EIB shall have the option to demand the immediate repayment of the loan (should the merger, demerger or contribution of a business segment outside the TIM Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- TIM undertook to ensure that, for the entire duration of the loan, the total financial debt of the TIM Group companies other than TIM – except for the cases when that debt is fully and irrevocably secured by TIM – is lower than 35% (thirty-five percent) of the TIM Group's total financial debt;
- "Inclusion clause", under which, in the event TIM commits to uphold financial covenants in other loan contracts (and even more restrictive clauses, including, for instance, cross default clauses and commitments restricting the sale of goods) that are not present in or are stricter than those granted to the EIB, the EIB will have the right – if, in its reasonable opinion, it considers that such changes may have a negative impact on TIM's financial capacity – to request the provision of guarantees or an amendment of the loan contract in order to establish an equivalent provision in favor of the EIB;
- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan agreement or choose an alternative solution.

Some TIM loan agreements contain financial covenants (e.g. Debt/EBITDA, EBITDA/interest ratios, etc.), failure to comply with which would entail an obligation to repay the loan in place, except for the loan signed on July 6, 2022, which is backed by the "Italy Guarantee" (in accordance with art. 1, subsection 1 of Decree-Law no. 23 of April 8, 2020, as subsequently amended and supplemented).

The loan agreements contain the usual other types of covenants, including the commitment not to pledge the Company's assets as collateral for loans (negative pledge) and the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content can be found in the export credit loan agreement.

In the loan agreements TIM is required to provide notification of change of control. Identification of the occurrence of a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash and the cancellation of the commitment in the absence of agreements to the contrary – are specifically covered in the individual agreements.

In addition, the outstanding loans generally contain a commitment by TIM, whose breach is an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group, unless specific conditions exist. Such an Event of Default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the annulment of the undrawn commitment.

The documentation of the loans granted to certain companies of the TIM Group generally contain obligations to comply with certain financial ratios, as well as the usual other covenants, under penalty of a request for the early repayment of the loan.

Finally, as at September 30, 2023, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

TIM GROUP - DISPUTES AND PENDING LEGAL ACTIONS

A description is provided below of the most significant judicial, arbitration and tax disputes in which TIM Group companies are involved as of September 30, 2023, as well as those that came to an end during the period.

The TIM Group has posted liabilities totaling 364 million euros for those disputes described below where the risk of losing the case has been considered probable.

It should be noted that for some disputes described below, on the basis of the information available at the closing date of the Financial Information at September 30, 2023, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardize the position of TIM or its subsidiaries, only the general nature of the dispute is described.

Lastly, as regards proceedings with the Antitrust Authority, note that based on Article 15, subsection 1 of Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative sanction calculated on the turnover of the Group in cases of breaches considered serious.

a) Significant disputes and pending legal actions

Compared with what was published in the 2022 Annual Financial Report, no significant events have occurred regarding the Colt Technology Services dispute (linked to the Antitrust Case A428).



International tax and regulatory disputes

At September 30, 2023, the companies forming the Brazil Business Unit were involved in tax or regulatory disputes the outcome of which is estimated as a possible loss totaling around 19 billion reais (18.2 billion reais at December 31, 2022), corresponding to approximately 3.6 billion euros at September 30, 2023. The main types of dispute are listed below, classified according to the tax to which they refer.

Federal taxes

In relation to the federal level of taxation, the following disputes should be noted:

- disallowance of the tax effects of the merger between the companies of the TIM Brasil Group;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself;
- challenges regarding offsetting against previous tax losses;
- further challenges regarding the tax deductibility of the amortization of goodwill;
- imposition of income tax on certain types of exchange rate differences;
- imposition of withholding taxes on certain types of payments to foreign entities (for example, payments for international roaming);
- further challenges regarding offsets made between taxes payable and Group company credit positions.

Overall, the risk for these cases, considered to be possible, amounts to 3.2 billion reais (3.3 billion reais at December 31, 2022).

State taxes

Within the scope of the state levy, there are numerous challenges regarding ICMS, and in particular:

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular, now incorporated into TIM S.A., on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance;
- challenges of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States;

- challenges of ICMS credits deriving from the “special credit” recognized by the company to its prepaid customers, against subsequent top-ups.

Overall, the risk for these cases, considered to be possible, amounts to 10.2 billion reais (9.6 billion reais at December 31, 2022).

Municipal taxes

Among disputes classified with a “possible” degree of risk, there are some relating to municipal taxes for a total amounting to around 1.7 billion reais (around 1.6 billion reais at December 31, 2022).

FUST and FUNTTEL

The main challenges about contributions to the regulatory body (Anatel), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 3.9 billion reais (3.7 billion reais at December 31, 2022).

Golden Power Case

In August 2017 the Prime Minister's office brought proceedings against TIM (as well as Vivendi) in order to verify the fact that TIM has an obligation to notify, pursuant to the “Golden Power” law, Vivendi's acquisition of corporate control of TIM and the strategic assets it holds. In September 2017, the proceedings in question concluded by affirming that this obligation did exist for TIM with effect from May 4, 2017 (the date of the Shareholders' Meeting that renewed TIM's corporate boards).

As a result of this decision by the Presidency of the Council of Ministers, new and separate administrative proceedings started for the imposition on TIM of the financial penalty laid down by the Golden Power law for non-compliance with the aforementioned obligation to notify. These proceedings ended on May 8, 2018 with the imposition of a financial penalty of 74.3 million euros.

The Company, is convinced that it has the legal arguments to demonstrate that it was under no obligation to notify the control exercised over it by Vivendi, filed separate extraordinary appeals to the President of the Republic to request the abrogation of the order of September 2017 and before the Lazio Regional Administrative Court (TAR) against the aforementioned order of May 8, 2018, which imposed a financial penalty, requesting its precautionary suspension. As regards the appeal to the Lazio Regional Administrative Court (TAR) against the provision of May 8, 2018, which imposed the financial penalty, the TAR, in upholding in July 2018 the interim petition lodged by the Company, has suspended payment of the penalty. Subsequently, with a non-definitive ruling in May 2019, the Lazio Regional Administrative Court (TAR): (i) accepted TIM's request for provisional measures to suspend the fine conditional on the offer of the guarantee; (ii) granted the suspension of the procedure to wait for the final judgment in the (injurious) case pending before the President of the Republic regarding the notification obligation, pursuant to the Golden Power provisions; (iii) rejected the procedural objections raised by the defendant administrations.

It should also be noted that in May 2018 a guarantee bond for 74.3 million euros was issued in favor of the Presidency of the Council. TIM had been requested to submit such a bond for its application to Lazio TAR for precautionary suspension of the collection of the fine imposed for alleged breach of Art. 2 of Decree Law 21 of March 15, 2012 (the “Golden Power” law). This surety was then renewed until November 30, 2024.

On September 13, 2023, TIM was sent the notice of the five-year deadline extinguishing of the petition, in accordance with article 82 of the Code of Administrative Procedure, given that five years had passed since it was filed. TIM therefore asked that the public hearing be scheduled for discussion of the petition. Such public hearing has not yet been scheduled.

Furthermore, TIM appealed before the Lazio TAR and then appealed before the Council of State against the provision with which Consob, on September 13, 2017, affirmed Vivendi's control over TIM. In December 2020, the Council of State issued a final judgment upholding TIM's appeal and canceling the provision by Consob, a significant premise to the entire subsequent proceedings of the Presidency of the Council in relation to the obligation to Golden Power notification as described above. On June 14, 2021, Consob submitted an extraordinary appeal to the Court of Cassation on grounds of jurisdiction; TIM filed an appearance, objecting that the appeal is unlawful and inadmissible. Following the hearing in chambers held on October 11, 2022, on January 24, 2023, the order was published whereby the Court of Cassation declared that Consob's petition was unacceptable, consequently ordering it to pay the dispute expenses.

Antitrust Case A428

At the conclusion of case A428, in May 2013, AGCM (the Italian Competition Authority) imposed two administrative fines of 88,182,000 euros and 15,612,000 euros on TIM for abuse of its dominant position. The Company allegedly (i) hindered or delayed activation of access services requested by OLOs through unjustified and spurious refusals; (ii) offered its access services to final customers at economic and technical conditions that allegedly could not be matched by competitors purchasing wholesale access services from TIM itself, only in those geographic areas of the Country where disaggregated access services to the local network are available, and hence where other operators can compete more effectively with the Company.

TIM appealed against the decision before the Regional Administrative Court (TAR) for Lazio, applying for payment of the fine to be suspended. In particular, it alleged: infringement of its rights to defend itself in the proceedings, the circumstance that the organizational choices challenged by AGCM (the Italian Competition Authority) and allegedly at the base of the abuse of the OLO provisioning processes had been the subject of specific rulings made by the industry regulator (AGCom), the circumstance that the comparative examination of the internal/external provisioning processes had in fact shown better results for the OLOs than for the TIM retail department (hence the lack of any form of inequality of treatment and/or opportunistic behavior by TIM), and (regarding the second abuse) the fact that the conduct was structurally unsuitable to reduce the margins of the OLOs.

In May 2014, the judgment of the Lazio TAR was published, rejecting TIM's appeal and confirming the fines imposed in the original order challenged. In September 2014 the Company appealed against this decision.

In May 2015, with the judgment no. 2497/15, the Council of State found the decision of the court of first instance did not present the deficiencies alleged by TIM and confirmed the AGCM ruling. The company had already proceeded to pay the fines and the accrued interest.

In a decision notified in July 2015, AGCM (the Italian Competition Authority) started proceedings for non-compliance against TIM, to ascertain if the Company had respected the refrain notice to comply requiring it to refrain from undertaking behaviors analogous to those that were the object of the breach ascertained with the concluding decision in case A428 dated May 2013.

On January 13, 2017, TIM was served notice of AGCM's final assessment, which recognized that TIM had complied in full with the A428 decision and, as such, the conditions for the imposition of a fine for non-compliance were not present.

AGCM (the Italian Competition Authority) recognized, furthermore, that TIM's behavior subsequent to the 2013 proceedings had been directed towards continuous improvement of its performance in the supply of wholesale access services concerning not only the services which were the subject of the investigation, but also the new Ultrabroadband access services. In assessing compliance, AGCM (the Italian Competition Authority) recognized the positive impact of the implementation, albeit not yet completed, of TIM's New Equivalence Model (NME). The AGCM (the Italian Competition Authority) decision orders TIM to: (i) proceed with the implementation of the NME until its completion which is expected to be by April 30, 2017; (ii) inform the Authority about the performance levels of the systems for providing wholesale access services and about the completion of the corresponding internal reorganization plan by the end of May 2017. The Company quickly complied with both orders, and the Authority communicated its satisfaction on August 9, 2017.

Vodafone lodged an appeal with the Lazio Regional Administrative Court against the final decision in the proceedings for non-compliance taken by AGCM (the Italian Competition Authority). TIM filed an appearance, as in the other lawsuits filed in March 2017 by the operators CloudItalia, KPNQWest Italia and Digitel. With judgments 311 and 312/23 respectively of January 11, 2023, the regional administrative court rejected the appeals lodged by KPNQWest and CloudItalia. On April 11, 2023, KPNQWest, now Comm 3000, lodged an appeal with the Council of State against the ruling of the Regional Administrative Court.

COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) - A428

With writ of summons before the Rome Court, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) filed a damages claim for a total of 37 million euros in compensation for alleged anticompetitive and abusive conduct over the period 2009–2011, in the form of technical boycotting (refusals to activate wholesale services – KOs); the claim was based on the contents of the decision of AGCM (the Italian Competition Authority) that settled the A428 case. TIM filed an appearance, contesting all of the plaintiff's allegations. In the judgment with ruling in April 2019, the Court of Rome partially received the petitions of COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), sentencing TIM to pay an amount significantly lower than the amount in the counterparty's claim for damages. In June 2019, TIM appealed against the judgment. In the judgment given in April 2021, the Court of Appeal of Rome partly upheld TIM's appeal, reducing the amount of the compensation due to COMM 3000, which was in any case entirely covered by the relevant provision. In November 2021, TIM has appealed to the Court of Cassation over the judgment of the Court of Appeal of Rome in. The hearing in chambers was held on June 13, 2023. By interim order of July 19, 2023, the Court re-submitted the case and we are now, therefore, waiting for the new hearing to be scheduled.

Eutelia and Clouditalia Telecomunicazioni (now Irideos) - A428

With a writ of summons dated May 2020, Eutelia in Extraordinary Administration and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC branch, brought an action against TIM before the Court of Rome, making claims for damages, of around 40 million euros, for damages allegedly suffered, in the period 2009–2012, following the technical boycott and margin squeeze conduct, subject of the AGCM A428 procedure. TIM filed an appearance, contesting the claims made by the opposing party and formulating a counterclaim, subject to quantification of the damages incurred during the proceedings. On April 1, 2022, AGCM (the Italian Competition Authority) deposited the opinion envisaged by Art. 14, third subsection of Italian Legislative Decree 3/2017, whereby it: (i) proposed certain benchmarks for use to define the counterfactual scenario on which basis to quantify the damages allegedly suffered by Eutelia and Clouditalia; (ii) provided some additional indication and criteria to estimate the various damage items demanded by Eutelia and Clouditalia. At the hearing held on June 15, 2022, the Investigating Judge assigned time to the parties until July 8, 2022, by which to deposit written notes on the implications of the opinion of the AGCM (the Italian Competition Authority) and the contents of any queries to be raised with the court appointed expert. On October 24, 2022, the judge lifted the reservation and ordered an expert report on the *an* of TIM's conduct and the *quantum* of any damages suffered by Eutelia and Irideos as a result of such. On November 15, 2022, the court-appointed expert witness was sworn in. The public hearing for the examination of the court-appointed expert witness, originally scheduled for October 18, 2023, has been postponed to February 7, 2024.

Antitrust Case A514

In June 2017 the Italian Competition Authority (AGCM) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of article 102 of the "Treaty on the Functioning of the European Union". The proceedings were started based on some complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concern a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the Broadband and Ultrabroadband fixed network. In particular, the AGCM (the Italian Competition Authority) hypothesized that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) pre-emptively securing customers on the retail market for Ultrabroadband services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.

After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM's offices in the month of July 2017. On November 2, 2017, TIM filed a defense brief in which, in support of the correctness

of its actions, it challenged all the arguments that the conduct it had allegedly engaged in, and which was the subject of the case, was unlawful.

On February 14, 2018, AGCM (the Italian Competition Authority) resolved to extend the scope of the case to investigate further behavior concerning TIM's wholesale pricing strategy on the market for wholesale access to Broadband and Ultrabroadband, and the use of the confidential information of customers of the alternative operators.

On July 5, 2018 TIM filed proposed undertakings which, if accepted by the Authority, would close the investigation without any offense being established or sanction being administered. The undertakings were considered as admissible by the Authority, that market tested them in August and September.

On October 30, 2018, TIM replied to observations made by third parties and modified its proposed undertakings. With its decision notified on December 4, 2018, AGCM (the Italian Competition Authority) once and for all rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised.

On March 4, 2019, TIM requested AGCM (the Italian Competition Authority) for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).

On April 10, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM (the Italian Competition Authority) notified TIM of the results of the investigation (CRI). In the CRI, AGCM (the Italian Competition Authority) essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.

On June 12, 2019 AGCM (the Italian Competition Authority) extended the deadline for deposit of TIM's final defense to September 20, 2019 and set the final hearing for September 25, 2019.

On September 18, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until February 28, 2020.

On March 6, 2020, TIM was notified of the decision to close the investigation: AGCM (the Italian Competition Authority) ruled that TIM had abused its dominant position, finding that TIM had put in place an anti-competitive strategy designed to hinder the competitive development of investment in Ultrabroadband network infrastructure. The fine imposed on TIM for the anti-competitive offense is 116,099,937.60 euros.

On June 25, 2020 TIM sent AGCM (the Italian Competition Authority) the so-called compliance report as ordered in the final provision.

In May 2021, the Company in any case paid the fine.

TIM appealed the aforementioned fine before the Lazio Regional Administrative Court (TAR). By judgment 1963/2022 of February 28, 2022, TIM's appeal was rejected; TIM has appealed to the Council of State against the decision of the regional administrative court.

In August 2022, Irideos notified a deed of intervention *ad opponendum* with respect to TIM's principal appeal.

The related hearing for oral discussion has been scheduled for May 25, 2023. Upon completion of the hearing, the Council of State arranged for an official technical consultant to be appointed to provide a report on 3 aspects relating to the profitability of the investment in the white zones, deferring discussion of the case to the hearing scheduled for December 6, 2023. On October 11, 2023, the court-appointed expert witnesses were duly sworn in at the Council of State. The witnesses declared that they would start their investigations by November 6 and asked for an extension on the deadline.

Open Fiber

In March 2020, Open Fiber (OF) sued TIM before the Court of Milan, claiming damages of 1.5 billion euros for alleged abuse of an exclusive and dominant position in relation to OF. The alleged actions consist of: (i) pre-emptive investments in FTTC networks in white areas; (ii) initiating specious legal action to obstruct Infratel tenders; (iii) spurious repricing of certain wholesale services; (iv) commercial lock-in offers on the retail market; (v) false disclosure to AGCom in connection with the approval of a wholesale offer and spreading rumors about TIM being interested in acquiring OF; (vi) discriminatory access conditions to TIM passive infrastructure. TIM filed an appearance, contesting the arguments of OF. Enel S.p.A. intervened in the proceedings, asking that TIM be ordered to compensate all damages suffered and being suffered by Enel and OF, without, however, quantifying such. During the course of proceedings, Open Fiber redetermined the damage allegedly suffered, taking it to 2.6 billion euros plus interest and monetary revaluation. Open Fiber has also clarified that it believes such damages are still to be suffered. Enel has quantified the damages allegedly suffered as 228 million euros, plus interest. On October 19, 2022, the hearing was held for admission of the evidence, after which the judge reserved the right to deliberate. By order of July 17, 2023, the Court of Milan lifted the reservation and deferred to the hearing of April 3, 2024 for the closing arguments.

Irideos

In January 2022, Irideos summonsed TIM to the Court of Rome, making a claim for damages allegedly suffered as a consequence of the unlawful conduct of TIM, as sanctioned by AGCM (the Italian Competition Authority), with the provision that concluded case A514 ("follow-on claim"). The compensation claim comes to 23,204,079.87 euros for damages caused by the anti-competitive behavior of TIM from 2017 to 2019 (with effects also in subsequent years) on the market for services of wholesale access to the Broadband and Ultrabroadband fixed network (the "wholesale market") and on the market for retail telecommunications services on the Broadband and Ultrabroadband fixed network (the "retail market"). TIM filed an appearance, contesting the opposing party's arguments. At the hearing held on June 1, 2022, the investigating judge (i) assigned the parties time for depositing the briefs with terms running from February 15, 2023 and (ii) deferred the case to the hearing of June 7, 2023. The public hearing for the examination of the evidence has been scheduled for October 5, 2023. Having acknowledged the request for postponement made by Irideos, on the grounds of the proceedings pending on Case A514 before the Council of State, the Judge deferred the parties to the hearing of October 10, 2024.

Eutelia and Voiceplus

In June 2009, Eutelia and Voiceplus asked that alleged acts of abuse by TIM of its dominant position in the premium services market (based on the public offer of services provided through so-called Non-Geographic Numbers) be investigated. The plaintiffs quantified their damages at a total of approximately 730 million euros.

The case follows a precautionary procedure in which the Milan Appeal Court prohibited certain behaviors of the Company relating to the management of some financial relations with Eutelia and Voiceplus concerning the Non-Geographic Numbers, for which TIM managed the payments from the end users, on behalf of such OLOs and in the light of regulatory requirements. After the judgment with which the Milan Court of Appeal accepted TIM's objections, declaring that it was not competent in this matter and referring the case to the Civil Court, Eutelia in extraordinary administration and Voiceplus in liquidation resubmitted the matter to the Milan Court. The first hearing took place in the month of March 2014. TIM filed an appearance challenging the claims of the other parties. After the collapse of Voiceplus, the Milan Court declared the case suspended, in an order in September 2015. The case was later resumed by Voiceplus.

With a judgment issued in February 2018, the Milan Court accepted TIM's defense and rejected the plaintiffs' claim for compensation, ordering them, jointly and severally, to pay the legal costs. In March 2018 Eutelia and Voiceplus proposed an appeal against the judgment at first instance.

TIM appealed against the claim, requesting confirmation in full of the judgment in the first instance. The appeal of Eutelia and Voiceplus was fully rejected with the judgment of August 5, 2019. In December 2019 Eutelia and Voiceplus appealed to the Court of Cassation over the judgment of the Court of Appeal. TIM notified a counterclaim asking confirmation of the ruling appealed against. The hearing in chambers is scheduled for February 16, 2023. On the request of the appellants, at the hearing of February 16, 2023, public discussion was ruled, for which a date has not yet been scheduled.

28-day billing

AGCom resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed lines, that the interval should be monthly, or multiples thereof, and, for mobile lines, that it should be at least four-weekly. TIM appealed Resolution 121/17/CONS to the Regional Administrative Court. The judgment rejecting the appeal was published in February 2018. TIM appealed this judgment to the Council of State in June 2018. On September 23, 2020, the non-definitive judgment was published whereby the Council of State joined the appeals submitted by TIM, Vodafone, Fastweb and Wind Tre and ordered the prejudicial deferral to the European Union Court of Justice (EUCJ) on whether or not the Authority had the power to regulate the frequency of renewal of the commercial offers and invoicing periods, at the same time rejecting the other grounds of appeal submitted by the operators and suspending proceedings. On June 8, 2023, the decision of the EU Court of Justice was published according to which the Italian legislation assigning AGCom the power to impose a monthly or multiple-monthly frequency of renewal and billing of such offers on fixed telephony services and converging offers, is not in conflict with the Union law. The proceedings were summarized before the Council of State and the hearing for discussion was scheduled for December 15, 2023.

With its Resolution 499/17/CONS, having confirmed the breach of Resolution 121/17/CONS, AGCom fined TIM 1,160,000 euros, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts corresponding to the fee for the number of days that, from June 23, 2017, had not been used by the users in terms of the supply of service due to the misalignment of the four-weekly and monthly billing cycles.

In March 2018 with resolution no. 112/18/CONS AGCom (i) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle, (ii) cautioned TIM, with regard to fixed-line voice services only, against postponing the starting date of invoices issued after the return to monthly invoicing by the same number of days as those presumably deducted starting from June 23, 2017 with the four-weekly invoicing cycle.

Under Presidential Decree 9/18/PRES, AGCom amended the provisions of Decision 112/18/CONS requiring the deferral of billing once the billing cycle was restored to monthly intervals, or multiples thereof, while also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations.

In July 2018, AGCom issued resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators had to return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM has appealed all of the above resolutions.

With the judgment published in November 2018, the Regional Administrative Court (TAR) canceled the pecuniary administrative sanction of 1.16 million euros imposed with Resolution 499/17/CONS, and confirmed the obligation of *restitutio in integrum* to the fixed-line customers by December 31, 2018, the grounds for the judgment were instead published on May 10, 2019. TIM has appealed the judgment before the Council of State and discussion of the case has been scheduled for November 10, 2023.

In September 2019, TIM also challenged resolution 221/19/CONS, before the Regional Administrative Court (TAR), with which the sanction pursuant to Resolution 499/17/CONS, canceled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euros, with the maximum fine provided for by Art. 98, subsection 16 of the CCE in force at the time of the events applied. We are waiting for a date to be fixed for the discussion hearing.

In August 2019, AGCom initiated new proceedings (CONT 12/19/DTC) for failure to comply with the order to refund the days eroded by billing every 28 days for fixed network and convergent customers, according to the procedures established with resolutions nos. 112/18/CONS and 269/18/CONS. On conclusion of these proceedings, by means of Resolution 75/20/CONS, the Authority found that TIM did not comply with the above resolutions, imposing a fine of 3 million euros. The measure was challenged by TIM before the Regional Administrative Court in July 2020. We are waiting for a date to be fixed for the discussion hearing.

Moreover, since June 2019, TIM has offered its fixed network customers, active prior to March 31, 2018 and subject to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS and from September 2019 it has been accepting requests for reimbursement of eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

In the civil proceedings, by judgment published on October 14, 2021 the Court of Milan, under the scope of the case on the merits brought by Associazione Movimento dei Consumatori in 2018 regarding the pricing and 28-day renewal for fixed line and converging offers, confirmed the order given on June 4, 2018 by the same Court upon closure of the complaint brought by TIM pursuant to Art. 669 *terdecies* of the Italian Code of Civil Procedure and the measures set out therein, ordering TIM to fulfill the requests for repayment of prices paid as a result of customer maneuvers - including discontinued, as indeed TIM had already been doing since 2018, at the same time also extending the period relevant to the recognition of the reimbursement through to April 1, 2017 and therefore earlier than June 23, 2017, the date on which the operators will need to comply with Resolution no. 121/17/CONS. TIM has appealed the judgment of the Court of Milan, at the same time filing an request for suspension of its enforcement. With order of January 11, 2022, the Court of Appeal of Milan partially accepted TIM's request, suspending the charge in the judgment relating to the order to send a registered letter to all discontinued customers that were subject to billing every 28 days to inform them of the possibility to obtain a refund of the additional amounts paid as a result of the maneuver. By judgment published on December 9, 2022, the Milan Court of Appeal confirmed the first instance judgment in full. On January 12, 2023, TIM notified the appeal to the Court of Cassation and on January 16, 2023 it also filed the appeal pursuant to Art. 373 of the Italian Code of Civil Procedure with the Milan Court of Appeal, asking that enforcement of the ruling be suspended until the judgment pending before the Court of Cassation had been settled.

By order of February 14, 2023, the Milan Court of Appeal, in partially upholding TIM's appeal, ordered suspension of the judgment in connection with the order to send the recorded delivery letters to former customers, whilst awaiting the decision of the Supreme Court. The Court of Cassation has scheduled the hearing in chambers for discussion of the appeal for December 14, 2023.

Antitrust Case I820

On February 19, 2018, AGCM (the Italian Competition Authority) initiated a I820 preliminary proceeding against the companies TIM, Vodafone, Fastweb, Wind Tre and the industry association ASSTEL to investigate the alleged existence of an agreement among the major fixed-line and mobile telephone operators to restrict competition by coordinating their respective commercial strategies, in breach of Art. 101 of the TFUE.

The presumed coordination, according to the opening provision of the proceedings by AGCM (the Italian Competition Authority), would take the form of implementation of the obligation introduced by Article 19-*quinquiesdecies* of Legislative Decree 148/2017 (converted by Law 172/2017) which requires operators of electronic communication services to send out monthly (or monthly multiples) bills and renewed offers for fixed and mobile services.

On March 21, 2018, AGCM (the Italian Competition Authority) issued a provisional precautionary measure against all the operators involved in the proceedings with which it ordered the suspension, pending the proceedings, of the implementation of the agreement concerning the determination of repricing communicated to users at the time of reformulating the billing cycle in compliance with Law 172/17 and to independently redetermine its commercial strategy. With its decision no. 27112 of April 11, 2018, AGCM (the Italian Competition Authority) confirmed the precautionary measure.

On June 12, 2018, TIM filed an appeal with the Regional Administrative Court for the quashing of said measure.

On January 31, 2020, TIM was notified of the decision to close the investigation, in which AGCM (the Italian Competition Authority) confirmed the existence of the agreement between Telecom, Vodafone, Fastweb, Wind Tre, but excluding Asstel from participation in the agreement. The fine imposed on TIM for participation in the anti-competitive agreement was 114,398,325.00 euros. In April 2020, TIM also challenged the sanction order.

In a ruling published on July 12, 2021, the Lazio Regional Administrative Court upheld the petition and the grounds added and submitted by TIM, canceling the measures taken by AGCM (the Italian Competition Authority), including that relating to the existence of the agreement and application of the sanction.

On September 11, 2021, AGCM (the Italian Competition Authority) presented a petition to the Council of State, requesting the cancellation of the judgment given by the regional administrative court.

Note that on July 25, 2023, the Council of State reformed the decision of the Regional Administrative Court of Lazio, confirming the validity of the AGCM measure on case I820 and deferring to the Authority for the redetermination of the sanction following the reduction in the duration of the infraction.

Considering the rulings by the Council of State on the *quantum* of the sanction, by request submitted on August 28, 2023, TIM asked the AGCM (the Italian Competition Authority) to redetermine the sanction hearing both parties in specific proceedings.

By judgment given on September 26, 2023, notified to the Company on October 3, 2023, AGCM (the Italian Competition Authority) notified TIM that it had quantified the fine as 100,670,526.00 euros, believing it had no discretion in executing the Council of State judgment. On October 12, 2023, TIM appealed for revocation of the Council of State's decision and on October 13, 2023, it appealed to the Regional Administrative Court of Lazio for the cancellation of the provision to redetermine the sanction, requesting its precautionary suspension. The hearing in chambers for discussion of the precautionary judgment has been scheduled for November 8, 2023.

Antitrust Case I850

By decision given on December 15, 2020, AGCM (the Italian Competition Authority) started an investigation in regard to the company Telecom Italia S.p.A., Fastweb S.p.A., Teemo Bidco S.r.l., FiberCop S.p.A., Tiscali Italia S.p.A. and KKR & Co. Inc., to ascertain the existence of any breaches of article 101 of the TFEU in relation to the coinvestment offer.

More specifically, the investigation regards the contracts governing the establishment and operation of FiberCop and the supply agreements with Fastweb and Tiscali. AGCM (the Italian Competition Authority) intends to verify that such agreements do not hinder competition between operators in the medium and long-term and assure the rapid modernization of the country's fixed telecommunications infrastructures.

On August 6, 2021, TIM submitted a proposal of undertakings to AGCM (the Italian Competition Authority) in order to resolve the competition concerns subject of the investigation and close the proceedings without any sanction being applied.

On September 7, 2021, AGCM (the Italian Competition Authority) judged these commitments to not be clearly unfounded and ruled publication on the Authority's website from September 13, 2021; thus market testing began and was completed by October 13, 2021, the date by which all subjects so wishing submitted their observations to AGCM in respect of the relevant commitments.

On December 14, 2021 AGCM (the Italian Competition Authority) extended the deadline for the conclusion of the proceedings, initially set for December 31, 2021, to February 15, 2022.

Precisely during the meeting held on February 15, 2022, AGCM (the Italian Competition Authority) finally resolved to approve the commitments insofar as they were considered suitable to eliminate the alleged anti-competition aspects investigated.

As envisaged by the final ruling, on April 22, 2022, TIM sent AGCM (the Italian Competition Authority) a first report on the measures taken to fulfill the commitments made.

On May 11, 2022, AGCM notified TIM of its acknowledgment of the measures presented in such report.

On January 31, 2023 TIM sent AGCM (the Italian Competition Authority) a second report on the implementation of the undertakings given.

By petition notified in April 2022 Open Fiber has challenged the above AGCM provision no. 3002, whereby the proceedings were closed, before the regional administrative court of Lazio; the petitioner believes that the commitments, made mandatory by the closure, are not sufficient to remove the anticompetitive aspects identified at the start of proceedings.

Upon completion of the interim hearing of last June 1, 2022, the regional administrative court rejected the request and scheduled the merits hearing for January 26, 2023. At the January 26 hearing, after extensive discussion, the judge reserved the right to deliberate. By judgment given on April 14, 2023, the Regional Administrative Court declared Open Fiber's petition to be lacking in grounds and consequently rejected it; on July 10, 2023, Open Fiber appealed to the Council of State against such judgment.

Antitrust Case I857

On July 6, 2021, AGCM (the Italian Competition Authority) started an investigation in regard to TIM and DAZN for a possible understanding reached with a view to restricting competition in connection with the agreement for the distribution and technological support for TV rights for Serie A football in the 2021-2024 period.

The investigation also aims to verify the restrictive nature of the understanding with reference to additional elements regarding the possible adoption by TIM of technical solutions not available for competitor telecommunications operators and which may effectively hinder the adoption of their own technological solutions.

At the same time, the Authority has also initiated proceedings for the potential adoption of protective measures.

By resolution passed on July 27, 2021, AGCM (the Italian Competition Authority) closed the interim proceedings, considering that the initiatives and amendments to the agreement proposed by TIM and DAZN in the meantime are presently able to prevent any serious and irreparable damage to competitors while investigations are completed.

Indeed, said measures aim, as a whole, to avoid possible discrimination in the use of the DAZN service, due to its activation by users using Internet connection services other than those offered by TIM. In addition, the agreement between TIM and DAZN has been amended to guarantee DAZN complete freedom in applying discounts and promotions. TIM has also undertaken to provide DAZN with a sufficient number of white label set-top-boxes to also guarantee DAZN customers the viewing of matches over digital terrestrial TV, in the event of connection problems.

Finally, TIM has undertaken to supply wholesale services to OAOs interested therein to manage traffic peaks deriving from live data transmissions, regardless of the type of contents transmitted.

On October 29, 2021 TIM submitted a proposal for undertakings to AGCM (the Italian Competition Authority) with a view to resolving the competitive concerns that were the subject of the investigation and closing the proceedings without the finding of any infringement and therefore without any sanction being applied.

On December 14, 2021, AGCM (the Italian Competition Authority) approved the publication of the aforementioned proposal for undertakings on the Authority's website, as these undertakings, taken as a whole, do not appear to be manifestly unfounded and are capable of removing the restrictions to competition hypothesized in the measure initiating the investigation in question.

On January 5, 2022, with the publication on the AGCM website, market testing began.

The deadline for rebuttal arguments and proposing any accessory amendments to the commitments presented by TIM and DAZN is scheduled for March 7.

On February 23, 2022, TIM and DAZN were convened separately to the AGCM offices. During the hearing, the Offices informed TIM - and thereafter confirmed this in the hearing meetings - that in a hearing held on February 15, the Board deemed it necessary to make certain “accessory” changes in order to approve the commitments submitted.

On March 4, 2022, TIM and DAZN requested an extension of the deadline for the submission of observations, also in view of the new aspects that had emerged on February 23. The new deadline was set as March 23.

On March 22, 2022, TIM informed the Authority that the additional changes considered necessary by the Board to approve the commitments would have entailed a complete overhaul of the contents and economic balance of the agreements signed by TIM and DAZN, such as to make it no longer possible to pursue the hypothesized business model. At the same time, TIM informed the Authority of the start of negotiations with DAZN possibly concerning the revision of the distribution exclusivity clause, which was the main object of the Authority’s investigation. Considering the complexity of negotiations, TIM requested an extension of another 30 days for submission of observations. The extension was authorized and the new deadline set as April 23.

On April 20, 2022, in consideration of the extension of negotiations, also due to the complexity and economic relevance of that being negotiated, DAZN and TIM requested an additional extension. The new deadline was set as May 9.

On May 9, 2022, TIM informed the Authority that it had declared willing to DAZN to waive the exclusivity of the distribution of Serie A football rights, as currently regulated by the Deal Memo, with DAZN consequently having the faculty to distribute such rights also through third party operators and that, in exchange for the willingness to waive this right, the Parties had begun negotiations for a review of the contracted economic commitment envisaged by TIM.

On June 7, 2022, the Authority ruled on the rejection of the commitments submitted, which “would appear, both where considered comprehensively and individually, to be unable to eliminate the anticompetitive aspects identified in the resolution that started the proceedings, insofar as they do not resolve the competition concerns highlighted in the initial proceedings, where not translated into shared contractual amendments such as to eliminate the critical competition issues” highlighted by the Authority.

Again on June 7, 2022, the Authority ruled on the deferral of the deadline for the conclusion of proceedings to March 31, 2023.

On August 2, 2022, TIM informed the Antitrust Authority that it had reached a new agreement with DAZN, under which the latter has the faculty to distribute football rights through any third party, surpassing the previous system of exclusivity in TIM’s favor.

On January 20, 2023, notification was given of the investigation results (CRI).

AGCM (the Italian Competition Authority) believes that the agreement reached on January 27, 2021 (the “Deal Memo”) had contents and resulted in effects that reduced competition for its entire duration (and therefore until stipulation of the new agreement on August 3, 2022).

On January 31, 2023, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until May 31, 2023.

TIM filed its defense brief last March 28, while the final hearing before the authority was held on April 4, 2023.

On April 18, 2023, AGCM decided to further extend the deadline for the conclusion of the proceedings to June 30, 2023, due to the complex nature of the defense arguments given by the Parties in the briefs submitted.

On June 28, 2023, AGCM resolved that the conduct implemented by TIM and DAZN constituted an agreement that restricted competition, in breach of Article 101 of the TFEU.

However, the agreement, with specific reference to its exclusive nature, lasted for approximately just one month, whilst its potential competition-restricting effects have been neutralized by the timely initiation of the investigation proceedings by the Authority on July 6, 2021.

The simultaneous interim sub-proceedings, which were held just after the start of the first football season of the three years 2021-2024 in fact prevented any effects being experienced of the agreement insofar as early August 2021, TIM and DAZN ceased applying the disputed contractual clauses, adopting voluntary measures. The original agreement was then replaced by a new contract, stipulated in August 2022, which eliminated the exclusivity entirely, thereby removing the competition concerns underlying the existence of the exclusive distribution arrangements, from the root.

Consequently, also in light of the attenuating circumstances acknowledged, AGCM (the Italian Competition Authority) has applied a pecuniary sanction of 760,776.82 euros to TIM and a pecuniary sanction of 7,240,250.84 euros to DAZN.

On September 20, 2023, TIM paid the sanction with reservation, considering the appeal against the ruling of losing that the Company has submitted to the Regional Administrative Court of Lazio.

Antitrust Case A556

On November 30, 2022, AGCM (the Italian Competition Authority) started proceedings against TIM in order to verify the existence of an abuse of a dominant position in breach of Art. 3 of Law no. 287/90.

The proceedings stem from a report made by Fastweb concerning TIM’s refusal to grant Fastweb its radio mobile signal coverage maps that had been requested in order to take part in the “Open tender for mobile telephone services for public authorities - Edition 9 - Sigef ID 2452” (Consip TM9 tender).

The authority simultaneously also launched precautionary sub-proceedings in accordance with Article 14-bis of Law No. 287/1990, aiming to verifying the existence of precautionary measures aiming to protect competition.

On December 20, 2022, the authority resolved that there were no grounds on which to take precautionary measures, in accordance with Art. 14-bis of Law no. 287/90 and thus closed the precautionary sub-proceedings, rejecting Fastweb's appeal.

On September 7, 2023, the AGCM sent TIM notification of the investigation results in relation to the main proceedings in question.

The AGCM acknowledged that insufficient evidence and findings had been presented such as to confirm the existence of an abuse of a dominant position by TIM.

Consequently, the AGCM chose not to bring any charges against the company.

Completion of the proceedings will be the coming December 1, 2023.

Antitrust Case PS 12304 "Post-withdrawal billing"

On April 28, 2022, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice, challenging alleged undue billing following a request to terminate the line, including cases of switch to another operator, with reference to fixed and mobile lines.

Although convinced of the diligence of its conduct, TIM chose to implement a series of measures to make the procedures for terminating contracts and, therefore, the related billing, even more efficient and transparent.

On March 31, 2023, the authority resolved to conclude the proceedings, applying a sanction of 200 thousand euros insofar as the remedial action taken by TIM was considered positively when quantifying the sanction. Similar proceedings have been concluded by the authority against the main communication operators.

Universal Service

In a decision published in July 2015, the Council of State rejected the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999-2003. With this judgment the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euros. Essentially, the judgment confirms that the Authority has not demonstrated the particular degree of "replaceability" between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling. TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgment of the Court of Appeal to the Court of Cassation (which subsequently ruled that the appeal was inadmissible).

In April 2016 Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgment of the Council of State. This appeal referred to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euros as contribution, restitution of which was requested).

In its judgment of November 2016, the Council of State rejected the appeal, referring to the Regional Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Regional Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanning the resolutions for the years 1999-2003 and repayment of the aforesaid amounts of around 38 million euros already paid to the Ministry of Economic Development as a contribution.

With a judgment issued in June 2018, the TAR rejected all of Vodafone's appeals for observance, and, as requested by TIM, expressly affirmed that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone challenged the four judgments before the Council of State, which, with a decision of October 2019, upheld Vodafone's appeal and confirmed the restitutory obligation of the sums in question applicable to TIM.

With resolution no. 263/20/CIR, AGCom started proceedings to renew the investigation into the iniquity of the net cost of the universal service for 1999-2009 and the allocation of contribution expenses. Vodafone has challenged this resolution before the Regional Administrative Court. The renewal proceedings concluded with resolution 18/21/CIR, which substantively confirmed the draft order. This same resolution has only been challenged before the regional administrative court by TIM for the years 1999 and 2000, while Vodafone, Wind and Fastweb have challenged the resolution for all years concerned with opposite grounds. By judgments published in February 2022, resolution 18/21/CIR was partially canceled; indeed, the regional administrative court has rejected the main complaint reporting the lack of power of renovation and upheld only the grounds hinged on the alleged unreasonable nature of the threshold envisaged by AGCom for the analysis of iniquity second facie. Fastweb, Vodafone, Wind, AGCom and TIM have appealed to the Council of State against the judgment of the regional administrative court and the related hearings of the merits have been scheduled for April 4 and April 27, 2023. Upon completion of the hearing of April 4, the related proceedings were reserved for decision. On April 18, the Council of State issued a board order whereby it submitted some prejudicial matters to the EU Court of Justice.

Dispute relating to "Adjustments on license fees" for the years 1994-1998

With regard to the judgments sought in previous years concerning the Ministry of Communications' request for payment of the balance of the amounts paid in concession charges for the years 1994-1998 (for a total of 113 million euros), the Lazio Regional Administrative Court (TAR) rejected the Company's appeal against the request for adjustment of the license fee for 1994 in the amount of approximately 11 million euros, 9 million euros of which against turnover not received due to bad debts. TIM lodged an appeal. On the outcome of proceedings, with the ruling of December 2019, the Council of State partially accepted TIM's position, establishing the principle, according to which, the receivables referring to 1994 not collected for reasons not attributable to the operator, could have been deducted from the tax base for calculating the concession fee. As the Ministry of Economic Development has not followed up on TIM's requests aimed at obtaining fulfillment

of the judgment, TIM has submitted a further petition to the Council of State for failure to execute the judgment, but with judgment given in April 2022, the request for compliance brought by TIM was rejected. TIM appealed for revocation of this judgment to the Council of State, which, with judgment 3318/2023, was declared inadmissible.

With two further judgments the Lazio Regional Administrative Court (TAR), reiterating the reasons expressed previously, also rejected the appeals in which the Company challenged the requests for payment of outstanding balances of license fees for the years 1995 and 1996-1997-1998, in the amount of approximately 46 million euros. TIM has appealed before the Council of State also against these judgments. By judgment published in April 2022, the Council of State stressed the principles already set for 1994, namely that receivables that have become uncollectable for reasons not the fault of the operator, correctly handled in the accounts, on the financial statements and in terms of tax, can be deducted from the tax base for calculating the concession fee.

With reference to the 1998 fee adjustment (equal to about 41 million euros), the Lazio TAR, by TAR order of December 2018, suspended the judgment, raising preliminary questions with the EU Court of Justice on the correct scope of EC Directive no. 97/13 (in the matter of general authorizations and individual licenses in the field of telecommunications services on the basis of the currently pending litigation on the 1998 license fee, currently pending before the Rome Court of Appeal and illustrated in a subsequent paragraph).

The referred questions were based, inter alia, on the question posed to the Court of Justice on the possible conflict between the aforementioned EC Directive 97/13 and national law, which extended the obligation for telecommunications license-holders to pay the license fee for 1998 (commensurate with a portion of turnover), despite the liberalization process underway. In its judgment of March 2020, the EU Court of Justice held that the EU regulatory system must be interpreted as not allowing national legislation to extend to 1998 the obligation imposed on a telecommunications undertaking that was previously the concession holder (such as TIM) to pay a fee calculated on the basis of turnover and not only the administrative costs connected with the granting, management, control and implementation of the general authorizations and individual licenses scheme. The Court held, inter alia, that the Council of State – having held in its judgment 7506/2009 that the fee imposed for 1998 on TIM, the holder of an authorization existing on the date of entry into force of Directive 97/13, was due – interpreted national law in a way that was incompatible with EU law, as interpreted by the Court in its judgment of February 21, 2008. Following the judgment of the EU Court of Justice, the opinion on the final calculation of the 1998 charges was summarized before the Lazio Regional Administrative Court, which, in a judgment given last February, declared TIM's appeal as unacceptable for procedural reasons, namely due to the prevalence of the formal ruling consisting of judgment no. 7506/09; in substantive terms, on the other hand, the judgment of the EU Court of Justice once again ascertained the European Community unlawful nature of the credit claim by the PA to obtain payment of the 1998 charges and, consequently, the final balance. The company has challenged the judgment of the Lazio Regional Administrative Court before the Council of State.

Poste

There are some pending disputes brought, at the end of the '90s, by Ing. C. Olivetti & C. S.p.A. (now TIM) against Poste, the Italian postal service, concerning non-payment of services delivered under a series of contracts to supply IT goods and services. The judgments issued in the lower courts established an outcome that was partially favorable to the ex-Olivetti, and have been appealed against by Poste in individual hearings.

In this respect, while a 2009 judgment of the Rome Appeal Court confirmed one of the outstanding payables to TIM, another judgment by the same Court declared void one of the disputed contracts. After this judgment, Poste had issued a writ for the return of approximately 58 million euros, opposed by TIM given that the judgment of the Supreme Court for amendment of the above judgment is still pending.

After the 2012 judgment of the Supreme Court that quashed and remanded the decision of the Appeal Court on which the order was based, the Rome Court declared that the matter of issue in the enforcement proceedings was discontinued, since the claim made by Poste had been rejected. The judgment was resubmitted to another section of the Rome Appeal Court. In ruling no. 563 of January 25, 2019, the Rome Court of Appeal at the time of proceedings, reversing the Company's previous unfavorable appeal, confirmed the contract's validity and, with it, the legitimacy of TIM's view of the amount already collected, of which Poste had requested reimbursement. This ruling was challenged by Poste with appeal filed with the Court of Cassation, notified on July 31, 2019, which TIM challenged with relevant counter appeal. The hearing in chambers has been scheduled for December 21, 2023.

Elinet S.p.A. Bankruptcy

In 2014, the receiver of Elinet S.p.A., and subsequently the receivers of Elitel S.r.l. and Elitel Telecom S.p.A. (the parent, at the time, of the Elitel group) appealed the judgment by which the Court of Rome dismissed the damages claim brought by the receivers of the Elinet-Elitel group, filing a new damages claim for a total of 282 million euros. The Company is alleged to have exercised direction and coordination powers over the plaintiff, and, with it, over the Elitel group (an OLO in which TIM has never held any equity interest) through the management of trade receivables. TIM filed an appearance, challenging the claims made by the other party. The judgment on the appeal was handed down with ruling in July 2019, which with reference to TIM confirmed full legality of its conduct and total non-existence of any element of direction and coordination. The receivers of Elinet S.p.A. and Elitel Telecom S.p.A. appealed to the Court of Cassation in January 2020 to obtain the annulment of the judgment in the second instance. The receiver of Elitel S.r.l. has not filed an appeal with the Court of Cassation and, consequently, the total claim for damages has been reduced to 244 million euros. TIM notified a counterclaim asking confirmation of the ruling appealed against.

The Court of Cassation made a ruling of inadmissibility of the petition for Elinet Bankruptcy and Elitel Telecom Bankruptcy, ordering the two bankruptcies to jointly repay TIM the costs of the dispute. The events should therefore now be considered as definitively closed.

Brazil - Opportunity Arbitration

In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the Opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the claimant's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, *inter alia*, unlawful activities engaged in by former employees of TIM.

The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.

In September 2015, the Court of Arbitration declared the proceedings closed, as the award was going to be filed.

In September 2016 the ICC Court notified the parties of its judgment, based on which the Court of Arbitration rejected all the claims made by the Opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties (the "2016 Arbitration Award").

In April 2017 the Opportunity group filed an appeal against the 2016 Arbitration Award before the Paris Court of Appeal.

In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a Request for Revision of the 2016 Arbitration Award, filed by the Opportunity group, asking for a new award. A Court of Arbitration was subsequently established.

In October 2018, TIM and Telecom Italia Finance requested proceedings with the Paris Court of Appeal to be suspended, in the light of proceedings pending with the Court of Arbitration of the International Chamber of Commerce to review the same 2016 Arbitration Award. In November 2018, the Paris Court of Appeal suspended the proceedings until the decision is taken by the Court of Arbitration in the review proceedings.

As regards the proceedings to review the 2016 Arbitration Award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Court of Arbitration issued the award rejecting the Request for Revision presented by the Opportunity Group (the "2020 Arbitration Award"). In December 2020, the Opportunity group filed an appeal against the 2020 Arbitration Award before the Paris Court of Appeal. In May 2021 the Opportunity group asked the Paris Court of Appeal to summarize the proceedings brought against the 2016 Arbitration Award. Thereafter, the Opportunity Group, TIM and Telecom Italia Finance filed their briefs in the two proceedings pending before the Paris Court of Appeal, respectively against the 2016 Award and the 2020 Award. The Court of Appeal has scheduled the hearing for discussion of both proceedings for January 8, 2024.

Iliad (winback)

By writ of summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euros.

TIM filed an appearance, fully disputing the requests of Iliad Italia S.p.A. and, in turn, submitting a counterclaim in accordance with Art. 2598 of the Italian Civil Code, with reference to the denigration implemented by Iliad Italia S.p.A. in regard to TIM and formulating a symmetrical claim for compensation for damages. In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euros.

The proceedings closed with the judgment given on September 25, 2023 without recognizing any damages in Iliad's favor, TIM's counterclaim was declared inadmissible.

Iliad (restrictions of duration and costs of withdrawal)

By writ of summons notified in September 2021, Iliad Italia S.p.A. summonsed TIM before the Court of Milan for the alleged application to customers of unlawful contractual conditions in terms of time limits and economic costs for withdrawal with reference to mobile and fixed telephone offers, with a consequent petition to order TIM to compensate damages, currently quantified as 120.4 million euros.

The case has been deferred for the ruling of the conclusions to the hearing of May 28, 2024.

Fastweb (Ethernet ATM migration)

By writ of summons notified in December 2021, TIM summonsed Fastweb before the Court of Milan, asking that it be ascertained and declared that Fastweb had not achieved the minimum objectives of migration from ATM bitstream technology to Ethernet bitstream technology in any of the 30 Collection Areas into which the national territory is divided by the deadline envisaged by industry regulation and the migration plan agreed by the parties; and therefore that it ascertain and declare that Telecom is entitled to: (a) reverse the economic benefits relating to this migration granted retroactively from April 12, 2016 to Fastweb and (b) obtain from Fastweb the prices for the ATM bandwidth envisaged by the contract stipulated by the parties and the current Reference Offer in force *ratione temporis*; (c) therefore declare and order Fastweb to pay Telecom the total amount of 79,240,329.47 euros (or other amount, potentially greater, as may be assessed during the course of proceedings).

Fastweb filed an appearance and submitted a counterclaim for abuse of a dominant market position and breach of contract. Fastweb's application is essentially based on alleged delays in the development of Ethernet coverage. The counterparty complains of damages of around 81.4 million euros. Having noted that the counterclaim made by Fastweb would appear to go beyond the profile of breach of contract and that, in this case, the specialized business chambers may be competent to judge the matter, the investigating judge has returned the case to the Chambers President for due consideration. The Chambers President has submitted the case to the President of the specialized business chambers. The first hearing took place on December 14, 2022. The hearing for the admission of the preliminary motions has been postponed to June 13, 2023. Following the filing of the preliminary briefs, Fastweb updated the quantification of the damages allegedly suffered as a result of TIM's unlawful conduct, taking it to approximately 101.1 million euros (of which 13.2

million euros subject to the upholding of TIM's main claim). At the June 13, 2023 hearing, the investigating judge reserved the right to deliberate. In lifting the reservations, the investigating judge ordered the appointment of the expert witness and scheduled the hearing for such appointment and the swearing in of the expert (or experts) for November 21, 2023.

Iliad (INWIT)

By writ of summons notified in July 2022, Iliad Italia S.p.A. summonsed Telecom, Vodafone and Infrastrutture Wireless Italiane S.p.A. ("INWIT") before the Court of Milan to assess the alleged unlawful conduct of INWIT, Telecom and Vodafone, consisting of refusal to allow Iliad to upgrade its mobile telephone transmission systems installed on INWIT-owned infrastructures. As a result of this conduct, Iliad has asked that Telecom be ordered, together with INWIT and Vodafone, to compensate the damages allegedly suffered, which it has reserved the right to quantify during the course of proceedings. The first appearance was filed at the hearing held on April 5, 2023 and the Court reserved the objection of nullity of the writ of summons raised by TIM. The first hearing was postponed to October 11, 2023 following the upholding of the objection of nullity of the writ of summons raised by TIM. At the hearing, the judge scheduled three dates for the exchange of briefs by the parties: November 10, 2023, December 11, 2023 and January 2, 2024.

b) Other information

With reference to "Mobile telephony - criminal proceedings", no significant facts have emerged with respect to that published in the 2022 Annual Financial Report.



Dispute concerning the license fees for 1998

TIM has issued civil proceedings against the office of the Prime Minister for compensation of the damage caused by the Italian State through appeal judgment no. 7506/09 by the Council of State that, in the view of the Company, violates the principles of current European community law.

The main claim which the proceedings are founded on is based on community jurisprudence that recognizes the right to assert the responsibility of the State in relation to violation of rights recognized in community law and injured by a judgment that has become definitive, in respect of which no other remedy may be applied. The judgment of the Council of State definitively denied TIM the right to obtain restitution of the concession charge for 1998 (totaling 386 million euros for Telecom Italia and 143 million euros for the former TIM Company, plus interest), already denied by the Lazio regional administrative court despite the favorable and binding opinion of the European Court of Justice in February 2008. This judgment concerned the conflict between EC Directive 97/13 on general authorizations and individual licenses in the telecommunications services industry, and the national regulations that had deferred, for 1998, the obligation to pay the fee payable by telecommunications concession holders, despite the intervening deregulation process. The Company then proposed an alternative compensation claim, within the sphere of the same proceedings, for tort pursuant to art. 2043 of the Italian Civil Code. The compensation claimed has been quantified as approximately 529 million euros, plus legal interest and revaluation. The Avvocatura di Stato filed an appearance and submitted a counterclaim for the same sum. The case is subject to eligibility analysis by the Court, which declared the inadmissibility of TIM's main claim (case for damages for manifest breach of community law pursuant to law 117/88). However, this decision was amended in favor of the Company on appeal. In March 2015 the Rome Court issued its judgment in the first instance, declaring the Company's application inadmissible.

In 2015, TIM has appealed the decision, and the case is now pending the hearing specifying the nature of the forms of order sought. The Court of Appeal has scheduled the hearing for closing arguments for April 2, 2019. Thereafter, without any new procedural activities having taken place, the Court of Appeal incontrovertibly deferred the hearing for closing arguments first to 2020 and then to 2021 (from when the terms for conclusion and replies shall run, which will be followed shortly thereafter by the issue of the judgment). These deferrals were followed by the latest, of January 15, 2021, scheduling the new hearing for January 25, 2022.

On the matters underlying the case, the following must be noted:

- on the considered lack of jurisdiction of the Court of Rome (concerned by the judgment of the Court of Rome appealed by TIM) to judge the liability of the Italian government for the work of senior magistrates (in the case in point, the Council of State), which would have led to the declared inadmissibility of the claim in accordance with Art. 5, law no. 117/1978 (old text) - the United Chambers of the Court of Cassation ruled with judgment no. 14842 on June 7, 2018, confirming the jurisdiction of the Court of Rome and, therefore, the correctness of TIM's choice to base its lawsuit in the Court of Rome;
- on the unlawful nature of the conduct of the Italian government - and, therefore, on the liability of the State-Court in accordance with Law no. 117/1998 - once again, the EU Court of Justice has ruled, deciding on the prejudicial matter raised by the Lazio TAR in other, connected proceedings, in its judgment given on March 4, 2020 in C-34/19, stressing that TIM was not required to pay the charges demanded by the State for 1998 and, therefore, confirming the clear violation by the Council of State of European Community law (also because in clear conflict with the decision already given by the EU Court of Justice on February 21, 2008 in C-296/06, as, moreover, already ruled by the Court of Appeal of Rome, Chambers I, in Decree of January 31, 2012, which sanctioned the procedural admissibility of TIM's lawsuit);
- on the matter of the right to repeat the charges paid for 1998 - the Court of Cassation ruled in its judgment no. 18603 given on September 7, 2020, rejecting the appeal brought by the Presidency of the Council against the judgment whereby the Court of Appeal of Rome had upheld the claim for compensation made by Vodafone (payment of charges for 1998) for the same title in separate proceedings.

In short, the company paid the charges disputed in 1998; it promptly challenged the administrative provision that had unfairly required said payment, before the administrative court; the administrative proceedings before the Council of State concluded negatively in 2009 (despite the recalled opposite judgment of the European Court of Justice); the civil proceedings of first instance concluded in March 2015 with a judgment of rejection for grounds of admissibility (then solved in the sense indicated by the company with the referenced judgment of Cassation in United Chambers no. 14842/18) and more than 6 years after the first instance judgment - going from deferral to deferral - the appeal judgment (that could only uphold the mentioned judgments of the Court of Justice and the Court of Cassation) has not yet been issued (nor, on the basis of these repeated deferrals, can the company forecast when it will be given).

The company is examining the various scenarios and legal claims (national, European Community, etc.) that may contribute towards defining the appeal dispute. It is considered, in fact, that the principles of the reasonable duration of the trial, in accordance with subsection 2 of article 111 of the Constitution and in accordance with article 6 of the European Convention on Human Rights, are violated by these events, considering: (i) the year in which payment was made of the undue charges is 1998; (ii) the value of these charges is approximately 529 million euros plus interest from that date; (iii) the extremely long procedural process has not even led to an appeal judgment (started in 2015 and with an unpredictable conclusion, given the continuous deferrals); (iv) the circumstance that the legal matter appears to be readily able to be settled, as not one but two judgments have already been given by the EU Court of Justice declaring payment of the charges to be incompatible with European Community legislation (judgments that have currently been ignored by the national court).

As part of the aforementioned analyzes aimed at reaching a definition of the appeal sentence, it should be pointed out that on January 25, 2021 the Company filed a request with the Rome Court of Appeal to bring forward the hearing (postponed, as mentioned, to January 25, 2022) in order to avoid yet another postponement of the case, which, as we know, concerns the non-compliance with two *inter partes* decisions, on the same matter, by the Court of Justice of the European Union for a clear violation of European law by the State-Judge. With a ruling on February 8, 2021, the Rome Court of Appeal (second section specializing in corporate matters) deemed it could grant the request for an advance ruling, setting the hearing for November 30, 2021. On that date the case was taken to decision with the assignment of the legal terms for closing statements and replies. By order of February 22, 2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent on to the President of the Court of Appeal. On March 4, 2022, the case was reassigned to another judge. By judgment of March 31, 2022, the Board scheduled the hearing for December 1, 2022 for closing arguments. The Board has deferred the case to the hearing of January 19, 2023 for verbal discussion. Following the request made by the State advocacy, the case was deferred to the hearing of March 9, 2023 and is currently up for discussion.

TIM S.A. - Arbitration proceedings no. 28/2021/SEC8

In March 2020, TIM S.A., a Brazilian subsidiary of the TIM Group, concluded negotiations with the C6 bank and, in April 2020, launched exclusive offers for TIM customers who had opened C6 bank accounts and used their services. By way of compensation in this contract, TIM S.A. receives commission for each account activated, as well as the option of obtaining an investment in the bank upon achieving certain targets linked to the number of active accounts.

The number of shares received for each target achieved varies throughout the contract term, with the initial percentages being more advantageous for TIM due to the greater effort required for a new digital company to take off.

Even with the project's success, differences between the partners resulted in the initiation of arbitration proceedings in 2021.

Arbitration proceedings no. 28/2021/SEC8 were filed with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce, by TIM S.A. against Banco C6 S.A., Carbon Holding Financeira S.A. and Carbon Holding S.A. through which the interpretation will be discussed of certain clauses of the contracts governing the partnership. In the event of losing, the partnership may be dissolved.

On February 1, 2021, TIM S.A. had reported having obtained, under the scope of such partnership, the right to exercise a Subscription Bonus equal to an indirect share of approximately 1.44% in the share capital of Banco C6 S.A. following the December 2020 achievement of the 1st level of objectives agreed and that this would be exercised at the time deemed appropriate by the Company's management. It is important to stress that this subscription bonus assigns TIM S.A., when exercised, a minority position without control or significant influence over the management of Banco C6 S.A..

Thereafter, the Company exercised the option to purchase and convert C6 shares, which account for 1.44% of the share capital, equal to 163 million reais.

TIM S.A. - Arbitration proceedings connected with the acquisition of the Oi Group mobile telephone assets

On September 19, 2022, TIM S.A. reported that the Buyers (TIM S.A., Telefônica Brasil S.A. and Claro S.A.) of the mobile telephone assets of Oi Móvel S.A. (the "Seller") had identified differences in the assumptions and calculation criteria, that, under the Share Purchase Agreement and Other Covenants ("SPA") justified proposing an amendment of the Adjusted Closing Price ("ACP") by TIM of approximately 1.4 billion reais. In addition to differences relating to the Adjusted Closing Price, others have also been identified relating to the contracts of Cozani (the company into which TIM S.A.'s share of the assets, rights and obligations of the Oi Móvel mobile telephone business, flowed) with companies supplying mobile infrastructure services (site/tower rental), which, under the terms of the SPA, give rise to indemnity by the Seller in TIM S.A.'s favor, of approximately 231 million reais. As a result of the differences found, TIM S.A. retained an amount of 634 million reais (671 million reais at December 31, 2022).

On October 3, 2022, considering the Seller's express violation of the dispute resolution mechanisms provided for in the SPA, TIM S.A. communicated that the Buyers had no other alternative but to file an arbitration procedure with the Market Arbitration Chamber (Câmara de Arbitragem do Mercado) of B3 S.A. - Brasil, Bolsa,

Balcão against the Seller to determine the effective amount of the adjustment to the Adjusted Closing Price, in accordance with the SPA.

On October 4, 2022, TIM S.A. was surprised by news published by the press and by a Material Fact released by the Seller that a preliminary decision had been handed down by the 7th Business Court of the Judicial District of Rio de Janeiro determining the deposit in court by the Buyers of approximately 1.53 billion reais – of which approximately 670 million reais by TIM S.A. – in an account linked to the court-ordered reorganization process of Oi, where it would be safeguarded until a later decision by the arbitration court. Said deposit has been made, remaining in an account linked to the Court pending the installation of the Court of Arbitration.

TIM S.A. has appealed against the decision and on October 17, 2022, the Superior Court of Justice, by monocratic judgment, rejected TIM S.A.'s appeal and that of the other Buyers. Therefore, on October 19, 2022, TIM S.A. paid the 7th Business Court of the Judicial District of Rio de Janeiro, the amount of 670 million reais by way of guarantee.

On October 4, 2023, TIM S.A. reported completion of an agreement with Oi S.A., which resulted in the redemption of approximately 317 million reais of the amount previously deposited. The remaining amount has been collected by Oi S.A. as part of the purchase price of the mobile telephone assets attributed to TIM S.A..

Following the agreement, all disputes pending between TIM S.A. and Oi S.A. in connection with the acquisition of the mobile telephone assets, have been settled.

ALTERNATIVE PERFORMANCE MEASURES

In addition to the conventional financial performance measures established by IFRS, the TIM Group uses certain alternative performance measures in its internal presentations (business plan) and in external presentations (to analysts and investors) for the purposes of enabling a better understanding of the performance of its operations and its financial position. These indicators in fact represent a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level).

Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS. As these measurements are not defined by the IFRSs, their calculation may differ from the alternative indicators published by other companies. This is why comparability between companies may be limited.

The alternative performance measures normally used are described below:

- **EBITDA:** this indicator is used by TIM as the financial target, in addition to the EBIT. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments
+/-	Share of losses (profits) of associates and <i>joint ventures</i> accounted for using the equity method
EBIT – Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
EBITDA – Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets	

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT:** these measures express a change (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, the exchange differences and the non-recurring events and transactions. The TIM Group presents a reconciliation between the “accounting or reported” figures and the “organic excluding the non-recurring items”.
- **EBITDA margin and EBIT margin:** TIM believes that these margins represent useful indicator of the ability of the Group (as a whole and at Business Unit level) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively.
- **Net Financial Debt:** TIM believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. The TIM Group presents a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group.
To provide a better representation of the true performance of Net Financial Debt, in addition to the usual indicator (renamed “Net financial debt carrying amount”), the TIM Group reports a measure called “Adjusted net financial debt”, which neutralizes the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted net financial debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities.

Net financial debt is calculated as follows

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	Gross financial debt
+	Non-current financial assets
+	Current financial assets
+	Financial assets relating to Discontinued operations/Non-current assets held for sale
B)	Financial assets
C=(A - B)	Net financial debt carrying amount
D)	Reversal of fair value measurement of derivatives and related financial liabilities/assets
E=(C + D)	Adjusted Net Financial Debt

- **Equity Free Cash Flow (EFCF):** this financial measure represents the free cash flow available for the remuneration of own capital, to repay debt and to cover any financial investments and payments of licenses and frequencies. In particular, the indicator highlights the change in adjusted net financial debt without considering the impacts of payment of dividends, changes in equity, acquisitions/disposals of equity investments, outlay for the purchase of licenses and frequencies, increases/decreases of finance lease liabilities payable (new lease operations, renewals and/or extensions, cancellations/early extinguishing of leases).

The Equity Free Cash Flow measure is calculated as follows:

Reduction/(Increase) in adjusted net financial debt from continuing operations	
+/-	Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))
-	Payment of TLC licenses and for the use of frequencies
+/-	Financial impact of acquisitions and/or disposals of investments
-	Dividend payment and Change in Equity
Equity Free Cash Flow	

- **Capital expenditures (net of TLC licenses):** this financial measure represents the capital expenditures made net of investments for competence relating to TLC licenses for the use of frequencies.
- **Operating Free Cash Flow (OFCF) and Operating Free Cash Flow (net of licenses):** these financial measures represent the cash flow available to repay the debt (including lease payables) and cover any financial investments and, in the case of OFCF, payments of licenses and frequencies.

Operating Free Cash Flow and Operating Free Cash Flow (net of licenses) are calculated as follows:

EBITDA	
-	Capital expenditures on an accrual basis
+/-	Change in net operating working capital (Change in inventories, Change in trade receivables and other net receivables, Change in trade payables, Change in payables for mobile telephone licenses/spectrum, Other changes in operating receivables/payables, Change in employee benefits, Change in operating provisions and other changes)
Operating Free Cash Flow	
-	Payment of TLC licenses and for the use of frequencies
Operating Free Cash Flow (net of licenses)	

Alternative performance measures after lease

Following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

- **EBITDA After Lease ("EBITDA-AL"),** calculated by adjusting the Organic EBITDA, net of the non-recurring items, from the amounts connected with the accounting treatment of the lease contracts;
- **Adjusted Net Financial Debt After Lease,** calculated by excluding from the adjusted net financial debt the net liabilities related to the accounting treatment of lease contracts. TIM believes that the Adjusted net financial debt After Lease represents an indicator of the ability to meet its financial obligations;
- **Equity Free Cash Flow After Lease,** calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments. In particular, this measure is calculated as follows:

+	Equity Free Cash Flow
-	Principal share of lease payments

This measure is a useful indicator of the ability to generate Free Cash Flow.